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**ECONOMIC AND SOCIAL CONDITIONS
IN NORTH AFRICA
2005**

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Forward

This report takes into account of the (ECA-NA) ICE¹ recommendations dated April 2005, which asks the social and economic report to go further in depth into the analytical aspects of the economic and social situation in North Africa, rather than a description backed by figures, and to put greater emphasis on regional as opposed to national characteristics. Like for the 2004 report, analysis of the economic and social performance is accomplished more in terms of regional, as opposed to national macroeconomic variables.

The Office's regional database t was developed and refined thanks to the national information it was able to access, including replies to the questionnaires issued by the Office. Whenever necessary, the data were gathered from websites of the concerned countries before referral to other sources².

At its 20th meeting, the ICE also recommended standardization of statistical data. For that purpose, the Office discussed with ECA headquarters and the regional offices of the Commission. This discussion led to a request for the organization of a meeting between African statisticians on the 1993 National Accounting System, so as to ensure a minimum degree of national data standardization.

Likewise, the 2004 ICE meeting recommended to carry out structural studies as to explain the economic situation of the different countries of the region. In 2005, the Office did an in-depth report on the situation of structures which led to the organization in March 2006 of a round table with experts from the countries of the region, ECA, and international organizations.

This report presents the economic, financial and social performances, and reviews the policy measures adopted by Governments in 2005. The conclusions and recommendations concern both the economic and social performance and the policies adopted.

This approach constitutes the first answer to the repeated requests made by the Intergovernmental Committee of Experts. The Office with the member States support will continue along these lines, and in the future, will submit more in-depth versions of the economic and social report, by developing therewith the reasons and justifications for the policies adopted and actions undertaken as well as an analysis of the successes and failures.

¹ *Intergovernmental Committee of Experts of the ECA North Africa Office*

² *EIU (Economic Intelligence Unit), IMF, ECA*

Introduction

1. The economic situation of North Africa in 2005 can be described as follows:
 - Rainfall less favorable than in 2004 in most countries, leading to lower growth.
 - Soaring oil prices benefiting growth in petroleum exporting countries thanks to the energy and other sectors able to take advantage of the higher demand generated by rising oil revenues. On the other hand, this hike in prices was the cause of difficulties in public finances in oil importing countries, which led to a lower public demand and as a result, in growth.
 - Plummeting demand in textiles due to the end of the Multi-fiber Agreement and slightly decelerating world demand.
 - Steady but still weak growth in tertiary and secondary sectors of the economy, in spite of the rebound in tourism and communications.
 - Monetary systems marked by the abundance of foreign assets. Also to be noted is the regeneration of financial market, which remain very limited in relation to bank intermediation. Interest rates went down but failed to provoke a general upswing in investment.
 - A firm grip over inflation and exchange rates and, apart from few cases, full control of internal and external financial balances.
2. This situation could be explained by factors linked to the international environment, and to the domestic front. These factors will be recalled in the report, before describing the economic, financial and social performance for 2005.
3. The first chapter of this report describing the 2005 economic and social situation, makes mention of the significant events that took place at the international and regional level. The second chapter takes a look at the regional economic situation and reviews the principal influencing factor such as rainfall levels, uninterrupted rise in oil prices, growth and other macro-economic indicators. These factors will be highlighted in the third chapter. The document ends with some conclusions and recommendations.

I. International and regional environment

1.1 International environment

4. According to the IMF³, in 2005 growth in the world economy hovered around 4.3%, after reaching a level of 5.1% in 2004, with the world activity continuing to benefit from the dynamism of the U.S. economy, in spite of the negative effects of hurricanes Katrina and Rita, and the high level of growth in emerging economies in Asia, with China in the lead.

5. Economic activity solidly reactivated at the end of the year in the Euro zone (1.5% in the fourth quarter with an annual average of 1.2% vs. 2% in 2004). It remained favorable in emerging countries but is thought to have been less vigorous than in 2004, settling at 6.4% in 2005 vs. 7.3% in 2004. This slight regression is due to the moderate growth in world trade and prudence on the part of the principal central banks worried about soaring oil prices.

6. Developing economies in Asia maintained a pace of growth greater than in other regions, even though most economies showed relative moderation in their level of activity due to the slowdown in external demand and rising energy costs. The GDP in this region grew by 7.8% in 2005⁴, with 7.1% for India and 9% for China where the year was marked by accession to the WTO and financial reforms ensuring solvency of the banking sector.

7. ECA foresaw a growth of about 5% in Africa. According to the IMF, the growth rate for 2005 was estimated at 4.5%. This rate is supposedly due to the continuation in fundamental macroeconomic balance, improvement in climatic conditions and growth in the service, tourism and mining sectors, as was the case in 2004.

8. The rise in oil prices, the evolving parity of the Euro - Dollar and interest rates in world markets were among the other factors that characterized the world economy in 2005.

9. Oil prices continued to soar starting the second half of 2003. This rise sharpened in 2005. The cost of Brent reached an average of 54 \$/barrel over the first 9 months of 2005 (+40% compared to the average for 2004). In August it set a new record (nearly 68 \$/b), caused by the devastating effects of the hurricanes in the Gulf of Mexico (Katrina and Rita). Prices eased in November but since, they continued to rise. This upward trend, according to the IMF, is attributable to the strength in demand for oil by China and limited refining and production capacities. These arguments, however, do not form a general consensus and some analysts think that these explanations are not new and that other reasons must be attributed to the surge in oil prices.

10. The Euro will continue its downward correction in comparison to the Dollar, affected by the exchange rate differentials and growth to the benefit of the United States. Nevertheless, the elimination of political uncertainties in Germany, after the great coalition, made possible support to the Euro at the year-end.

11. Indeed, the FED⁵ continued to raise interest rates bringing its leading rate to 4.25% on December 14, 2005 supported by solid growth and inflationary trend (rise in consumer price index of 4.3% in 2005). The Central European Bank raised its refinancing rate by a fourth of a point taking it to 2.25%.

³ *World Economic Outlook, September 2005 International Monetary Fund*

⁴ *World Economic Outlook, September 2005 International Monetary Fund*

⁵ *Federal Reserve System. (Banque Centrale des USA)*

12. The world economic situation was characterized by a slower pace in world trade for goods and services settling at 7% after reaching 10.3% in 2004. The Sixth Ministerial Conference of the WTO held in Hong Kong in December 2005, produced a ministerial declaration defining the concrete methods of negotiation the most important of which concern:

- (i) Agricultural products: An agreement was signed to ensure the parallel elimination of all types of subsidy for exports and discipline regarding export measures of equivalent effect, to be completed by the end of 2013. This shall occur progressively and in parallel so that a substantial share will be ready by the end of the first half of the period of implementation. With regard to the symbolic issue of cotton, the Declaration stipulates the end of export subsidies by the end of 2006 and access to the markets of developed countries by the less developed. However, questions regarding internal support for production and financial compensation were not resolved.
- (ii) Market access for non agricultural products (AMNA): To boost more intense international competition, it was decided to apply a Swiss-inspired non linear type formula for the reduction of customs tariffs, even though the application thereof could lead to wide opening of the markets of developing countries which practice the highest tariffs on industrial products.
- (iii) Services: The Declaration adopted liberalization affecting sectors in which developed countries have a world monopoly, such as banks, insurance or trade while free circulation of labor failed to give rise to any specific decision.

13. In the framework of relaunching of the Euro Mediterranean Partnership, the Barcelona Summit was held (November 27- 28, 2005) with an emphasis on human security and greater cooperation with regard to migration. It also allowed the development of transnational (transport, energy) and educational projects. The other major element was the agreement to create a Mediterranean investment bank.

14. In March, this year saw the organization of the United Nations Commission, on the Status of Women meeting to review the commitments agreed upon at international fora dealing with this issue. This meeting was held at the headquarters of the United Nations and showed that over the past ten years, several laws and legal reforms had been adopted and implemented in all regions of the world. Improvements were achieved with regard to access to education and maternal and infantile healthcare. However, new challenges remain to be taken up, such as the overwhelming effect of HIV/Aids among women, the increasing feminization of poverty and traffic in human beings.

1.2 Regional environment

15. The economic situation in the region was influenced by major factors the most significant of which are:

- Poor weather conditions
- End of the multi-fiber agreement
- Effects of fundamentalism and terrorism
- Darfur crisis
- Civil agreement in Algeria
- Blockage of the Arab Maghreb Union

16. After benefiting from good agricultural campaigns in 2003 and 2004, the region experienced unfavorable climactic conditions in 2005. The effects of the drought were felt to a greater or lesser extent from one country to another, thus affecting their growth.

17. This year was marked by the end of the multi-fiber agreement which provoked a drop in employment (to a greater or lesser degree depending on the country) and in export revenues attributable to the textile sector. The drop in employment affected above all, unskilled workers (especially women). This situation was worsened by the new membership of China in the WTO and the impact of European Union enlargement to Eastern European countries, competitors of North Africa, in the move toward delocalization practiced by European countries.

18. The region continued to suffer from the effects of media coverage of fundamentalism and terrorism in their own countries or by their nationals. These effects particularly affect tourism and foreign investments.

19. In Sudan, the Darfur crisis continued to hit economic and social development, in addition to losses in human life and material as well as infrastructures.

20. North Africa lags behind the rest of the world regarding economic integration process. The Arab Maghreb Union, the main regional economic community in the region, is stifled by political factors that to date have not been overcome. In front of this situation, the countries of the region entered into bilateral agreements with other countries or groups outside NA. In 2005, the association agreement was signed between Algeria and the European Union. Similarly, the Agadir agreement between Morocco, Egypt, Tunisia and Jordan started to come into effect and was already adopted by the Moroccan Parliament in July 2005.

21. Other measures have been adopted during the year, either by governments or the private sector along the same lines as the agreement which, as of September 2006, will see the new Tunisio-Egyptian private airline begin its activity in Egypt, the participation in December 2005 by Attijari Wafabank of Morocco in the capital of *Banque du Sud Tunisienne* via repurchase of Government shares, and the arrival of BMCE Bank (Moroccan bank) by 50% in the capital of Axxis, a Tunisian consultancy and financial research group. Mention should be made of the Great Arab Free Trade Zone which entered into force in 2005.

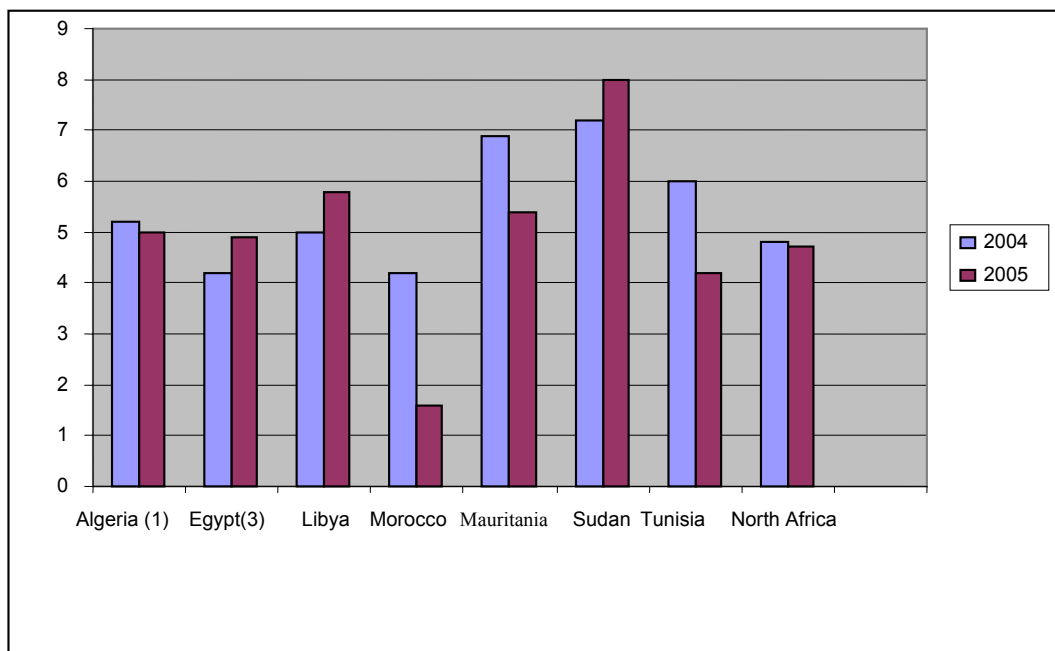
II- Macro economic performance and social trends

22. In 2005, the average regional economic growth rate was maintained, like in 2004, at approximately 5%. This performance was achieved in spite of certain negative factors, namely a mediocre agricultural campaign and the end of the multi fiber agreement. The proactive policies to boost demand and investment, particularly in Morocco and Algeria, and the implementation of reforms, all worked in favor of this trend. However, the economic situation in 2005 yet again showed the structural vulnerability of North African economies to oil prices and weather conditions.

II.1. Growth: Growth maintained but fluctuations still to be thwarted

23. Out of the seven countries, only Algeria scored growth similar to 2004, around 5%. Three countries, Libya, Sudan Egypt registered accelerated growth of 5.8%, 8% and 4.9%, respectively vs. 5%, 7.2% and 4.2% in 2004. The other countries saw a net drop compared to 2004: Morocco, Tunisia and Mauritania, with respective growth rates of 1.6%, 4.2% and 5.4% vs., 4.2%, 6% and 6.9%. Average growth for the region in 2005 saw a rise of 4.7%, i.e. quasi stagnation compared to the 4.8% growth registered in 2004.

GROWTH RATE IN TERMS OF VOLUME IN 2004 AND 2005



Source: National statistics

24. In Algeria, the stimulating effects of the rise in oil prices enabled a strong resumption of public investment, thwarted however by the transformation of the public enterprises. As an indication, public sector industrial production remained almost stable in the first quarter of 2005, compared to the same period in 2004. In particular, the hydrocarbon production rose by only 1% between the two periods, while the food, leather, footwear, wood-paper-cork and ISMEE registered drops of 14.9%, 15.2%, 17.5% and 2%, respectively. This state of affairs explains the measures taken by the country to improve the investment environment and stimulate the private sector. Maintaining the reform process in concerted manner, along with the institution of civil concord should bring this country to a higher level of growth, resulting from a judicious use of the extra income generated by hydrocarbon exports.

25. In spite of soaring oil prices, Libya did not experience high growth in the secondary sector. Growth in the oil industry is estimated at 1.4% and transformation industries at 1.8%. This country is, however, experiencing high growth in the tertiary sector (10% for trade, transports and financial services and 7% for housing).

26. On the other hand, the rise in oil prices had a negative effect on importing countries, due to imbalances in public finance, which was resolved only to the detriment of domestic demand, in particular with regard to public investment.

27. Analysis of the effect of situational factors on sector performance shows that Morocco and Tunisia experienced drops in the added value of the primary sector of 5% and 15.4%, respectively, attributable to the drought situation. In Mauritania, the drop is expected to be just as great resulting from years of drought aggravated by the locust invasion of 2004. Growth in the secondary and tertiary sectors shows relative stability with a rise of 5.6% in 2005 vs. 5.5% in 2004 for Tunisia and 4.1% vs. 4.7% in 2004, for Morocco.

28. The only countries escaping the impact of situational factors are Egypt and Sudan which show signs of rapidly accelerating growth given the fact that they are relatively free of fluctuations in rainfall patterns. In addition, Sudan continues to grow its hydrocarbon production capacity and consequently output, all of which has an impact on the now fast moving growth. As for Egypt, after solving the monetary crisis, this country is experiencing the implementation of a certain number of reforms that stimulates domestic demand, in addition to rekindling of tourism after the drastic fall in recent years.

29. One could therefore conclude that the growth seen in the region was largely due to several factors. Among the positive one, there was the rise in oil prices in Algeria, Libya and Sudan, and growing petroleum output capacities in Sudan. Growth was not rapid due to the poor climatic conditions in Morocco, Tunisia and Mauritania, the transformation of the public sector in Algeria and Libya and the high oil prices for Morocco and Mauritania⁶, and to a lesser degree in Tunisia.

30. It is obvious that the economies of the region are still highly dependent on two exogenous factors, namely climatic fluctuations and oil prices. It is therefore crucial to establish management and regulation instruments designed to limit their negative fallout and guarantee stronger and more sustainable rates of growth. This issue should be approached by stressing national solidarity among the various regions of each country and also between the nations themselves.

II.2. Inflation and exchange rates: well controlled except in Mauritania

Rate of inflation

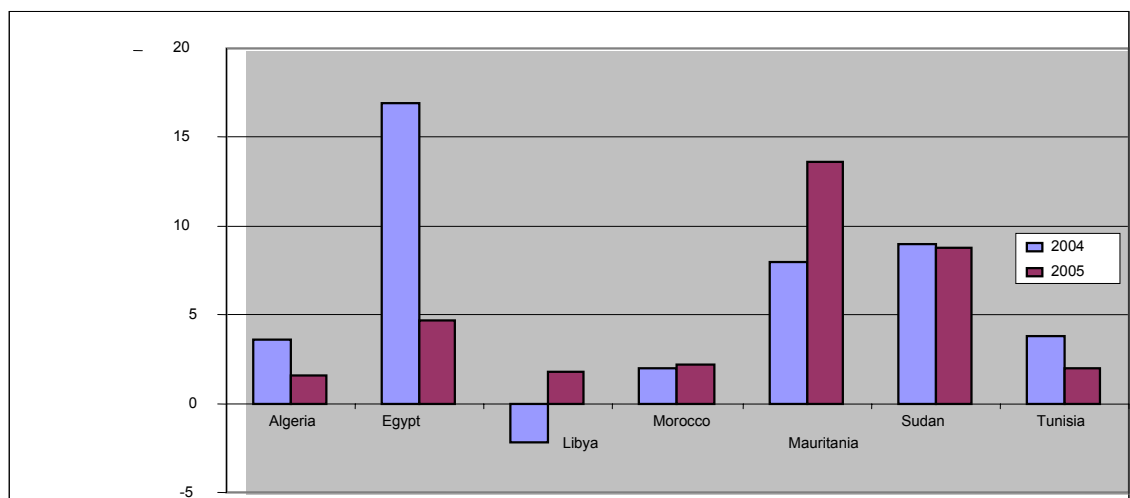
31. The control of inflation figures out among the region short-term objectives. Prudent monetary policies and exchange rate stability were recommended to achieve this goal. This policy has been put in place over the past few years and gave positive results, in spite of a slight return to higher prices in 2004.

32. Compared to 2004, this region saw a global drop in inflation. Apart from Morocco which reports quasi stability in inflation (2.2% vs. 2%), two countries constitute exceptions to this trend. In 2004 Libya announced a deflation of 2.2%, after strong deflations caused by the lifting of the trade embargo, and in 2005 an inflation rate of 1.8%. Mauritania registered a considerable rise in prices of 13.6% in 2005 after the 8% mark reached in 2004. Behind this slide (when inflation was only 3.5% in 2003), was the unavailability of food products in several regions of the country further to successive years of drought. In spite of the intervention of the international community, inflation is thought to continue due to the rise in public and privates wages.

⁶ *Mauritania is not yet an oil producer. It will become so in 2006.*

33. To be noted, are the effects on inflation of the monetary and exchange rate reforms undertaken in Egypt, nearly 17% in 2004, and this year only 4.7%. In Sudan, in spite of the slight drop, inflation remains high due to the difficult circulation of goods causing higher costs to the consumer shopping basket.

RATES OF INFLATION IN 2004 AND 2005



Sources: National statistics

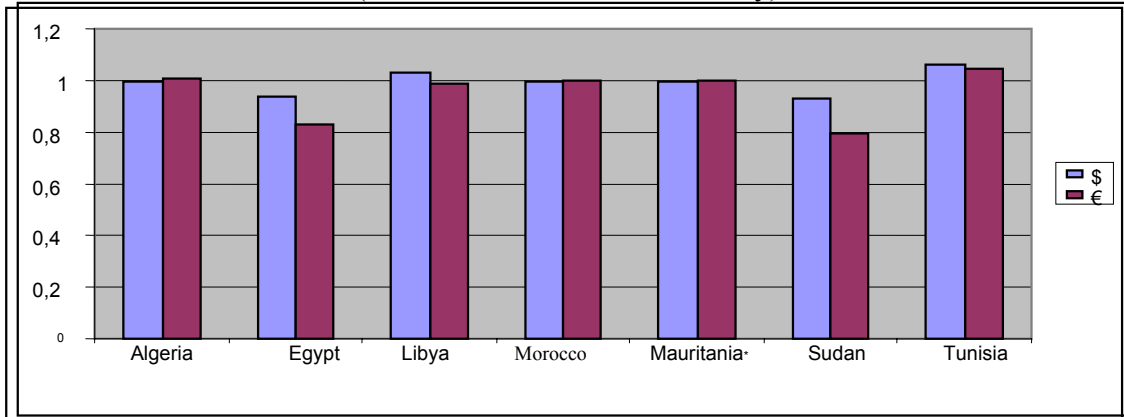
Exchange rates

34. This deceleration in the rise of prices went hand in hand with the relative stability in the average exchange rate in relation to the U.S. Dollar and the Euro.

35. Most currencies in the region remained at almost the same parity compared to the Dollar and Euro. This situation is due to the relative stability in the Euro/Dollar parity, on one hand, and the frequent practice of using a currency basket system in determining the value of currencies.

36. The Egyptian and Sudanese pound were, exceptions. Indeed, further to overcoming the monetary crisis, the Egyptian currency saw net consolidation in 2005, with rises in value from (1/614) \$US to (1/575) \$US and from (1/835) € to (1/692) €. Improvement of the Egyptian exchange rate market, along with the increasing availability of external assets sparked an appreciation of the Egyptian Pound during the year.

**RELATIONSHIP BETWEEN EXCHANGE RATES OF 2005 AND 2004
IN DOLLARS AND EUROS**
(Dollar and Euro in local currency)



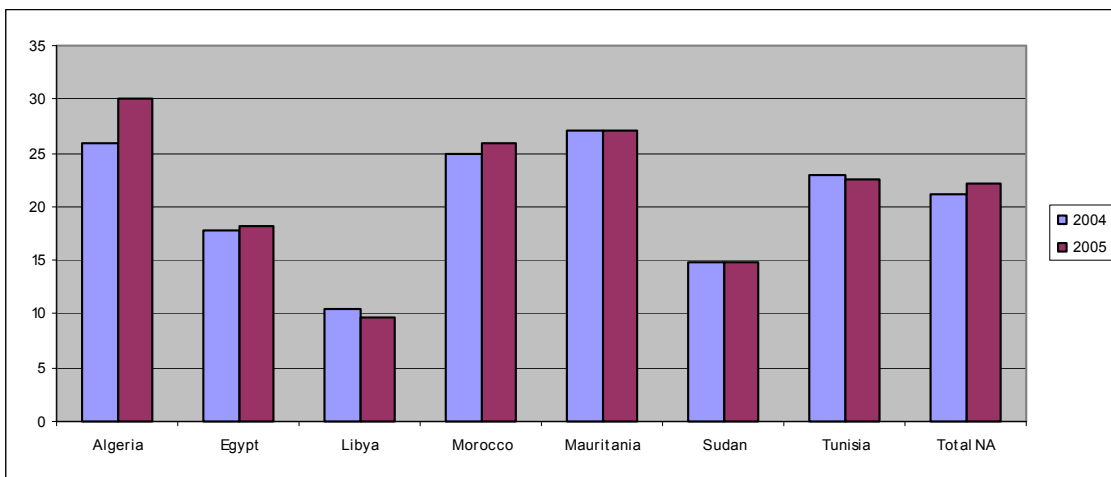
Sources: National data completed by EIU data

37. Likewise, Egypt and Sudan saw an appreciation of the Pound by 7% compared to the Dollar and 20% compared to the Euro resulting from the entirely free exchange rate market and flow of foreign currencies, thanks to the FDIs in the field of petroleum equipment. The FDIs could have been larger and directed also to other sectors of activity if general and long-lasting peace had been established in this country.

II.3. Investment: Definite rekindling of activity but not in general

38. Analysis of investment in North Africa shows considerable evolution in this aggregate from 53.6 billion \$US in 2004 to 66.5 billion \$US in 2005, i.e. an annual growth of nearly 25%. This trend came after a 10% rise in 2004 compared to 2003 and is the result of growth in the value of the GDP strengthened by improvement in the rates of investment in Algeria and Morocco.

RATE OF INVESTMENT IN 2004 AND 2005 in %



Sources: National data completed by EIU data

39. Algeria saw a vigorous resurgence in investment reaching 30% of GDP in 2005, thanks to the high increase in public investments. This rate of investment, however, remains below the rate of savings which was of 51.6% according to the Governor of the Bank of Algeria. Indeed, the budget set aside for equipment expenditures rose by 30.8%⁷ in the finance law of 2005 vs. 2004. The finance law of 2004 included an equipment budget 41% higher than for the same purpose in the finance law of 2003.

40. Morocco saw its rate of investment rise by 26/5% this year, thanks to the growth in GFCFs over recent years, reaching 10.3% in 2003, 8.5% in 2004 and 9.1% in 2005 despite an average growth the value of which was of no more than 5% over the three year period.

II.4. Trend in external trade

II.4.a. Trade in goods and services: fast growth

Trade balance for goods and services per country in 2005

(in billion \$US)

Country	Algeria	Egypt	Libya	Morocco	Mauritania	Sudan	Tunisia	North Africa
Imports	20,7	24,193	10,480	19,560	0,745	4,527	14,271	94.5
in %	9.0	32,3	+30.3	14,5	10,0	62,9	7,8	16.0
Exports	46,5	13,816	29,742	15,494	0,600	5,598	13,526	125.3
in %	43.9	32,2	+50,9	11,0	47,0	37,3	8,6	33,8
Balance C	+25,8	-10,377	19,262	-4,066	-0,145	+1,071	-0,745	+30,800
in %	94.0	32,5	65	81.0	-46,3	260,5	0,4	+74.0
BGS/GDP in %	+38,0	-11.2	+52.0	-8.3	-7.8	+4.3	-2.0	+12,1

Sources: National data completed by EIU data

41. The external trade in the region saw a rapid growth in 2005. It grew from 177 to 220 billion dollars, from 2004 to 2005, i.e. up by 25%. This rise is due to a jump in exports (approximately 34%) and imports (16%). This led to a strengthening of the trade balance surplus which rose from 30,8 billion dollars in 2004 to 26,8 billion dollars in 2005.

42. The countries having registered trade surpluses are Algeria, Libya and Sudan, while trade in the rest of the region was characterized by deficits. However, the trends in regional trade balances above all are dependent on the trade situation in Algeria, Egypt and Libya. The other countries influenced only slightly these trends, either because of slow moving aggregates in foreign trade, or the low level of regional trade. This is the case of Mauritania (0.5%) and Sudan (5%).

43. In Algeria, good performance in the external sector remains shaky due to its high dependency on the oil market (providing 90% of currency receipts). Over recent years the favorable trends observed in external trade, repeated themselves in 2005: the continuation of increased imports (20.7 billion dollars in 2005) was the result of the very high level in export incomes.

⁷ Estimates of EIU

44. In Egypt, the trade balance saw worsening of its deficit rising from 8.2 billion dollars in 2003-2004, to 10.4 billion dollars in 2004-2005, an increase in exports (32.3%) comparable to the increase in imports (32.2%) was behind this situation.

45. In Libya, trade is dependent on world crude oil prices. Ninety-seven percent (97%) of total exports consisted of hydrocarbons. National data suggest a 51% increase in exports amounting to 30 billion dollars. Imports accounted for 8.9 billion dollars in 2004 and rose 30.3%, in 2005, reaching 10.5 billion dollars.

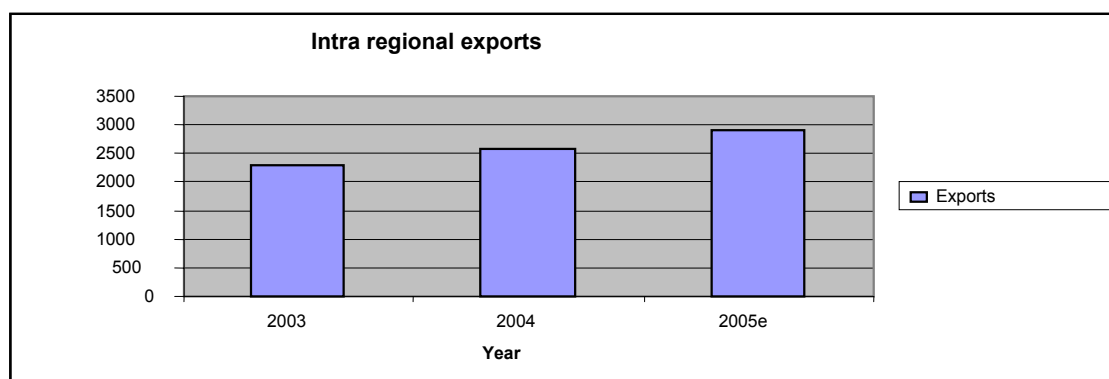
46. On the basis of the above, it can be seen that external trade in the region was induced solely by the rise in oil prices. Apart from that, exports (and also imports) grew only slightly, despite the liberalization measures practiced by all countries.

47. Indeed, these external trade liberalization measures cannot be sufficient if they do not go hand in hand with measures for encouraging competitiveness. The sources of competitiveness are spread out among the seven countries, i.e. natural resources, human capital, financial resources and advances in the modernization of institutions and infrastructures. Even before the signing of economic integration agreements, member States would do well to mutually program together with the sub-region or with neighboring countries, measures enabling contribution of the comparative advantages of each party by attempting to overcome the constraint of very limited national markets

II.4.b. Intra regional trade: relatively slow movement

48. In 2004, intra regional exports moved ahead by 13 percent in terms of value, reaching 2581,81 million dollars. This jump in exports is attributable to the rise in exports of Tunisia, Algeria, Libya and Egypt. Exports from Tunisia, especially to Libya and Algeria; export of Algeria to Egypt and Morocco, and exports of Egypt to Sudan. Intra regional imports were led by Tunisia, Egypt and Libya.

Exports in value



Source: Estimates of the North Africa Office of the AEC (2005) and the African Development Bank

49. Although this trend is encouraging, it is far from equaling growth in external trade which is estimated at nearly 25%. The share of intra regional trade at the global level in the region continues to fall, dropping from 2% in 2000, to 1.5% in 2004 and is expected to be of only 1.3% in 2005.

50. The expansion of intra regional trade is still hindered by the freezing of in the integration process, in particular in the framework of the Arab Maghreb Union. The different countries try to get around this hurdle by entering into bilateral trade agreements between themselves, but the size of market remains small, hindering the economies of scale required for developing and expanding trade.

II.4.c. Current operations in the balance of payments: paced by the rise in oil prices

51. The table below depicts the situation of the current balance of payments of the seven countries from 2003 to 2005. It shows the surplus in the current balance of Algeria (11.7% of GDP in 2003 and 20.7% of GDP in 2005). This performance is due to the sustained rise of oil prices and the increased amounts of hydrocarbons exported. In such circumstances, the considerable trade surplus of 25% of GDP, globally compensate for the service deficit (4.3% of GDP).

52. Libya is the second country to register a high surplus in current accounts reaching 41% of GDP in 2005, while Sudan reports almost 10%, and the other countries only modest balances of 1% (Morocco) and 3% (Egypt). Only Mauritania showed a large deficit (-21%) due to the fact that it is a poor and highly indebted country eligible for complete debt forgiveness. If the IMF's stance of refusing this eligibility does not change, given the structure of its external financial relations, this country risks facing more than uneasy financial straits.

Current account in the balance of payments in 2003 and 2005 (in % of GDP)

Country / Years	Algeria	Egypt *	Libya	Morocco	Mauritania*	Sudan	Tunisia
2003	11.7	2.4	13.4	3.6	-18,3	5,5	3.0
2004	18.9	4.3	20.5	2.2	-22,0	4,1	2.0
2005	20.7	3.1	41.0	1.0	-21,0	9,5	2.0

Sources: National data - * EIU estimates

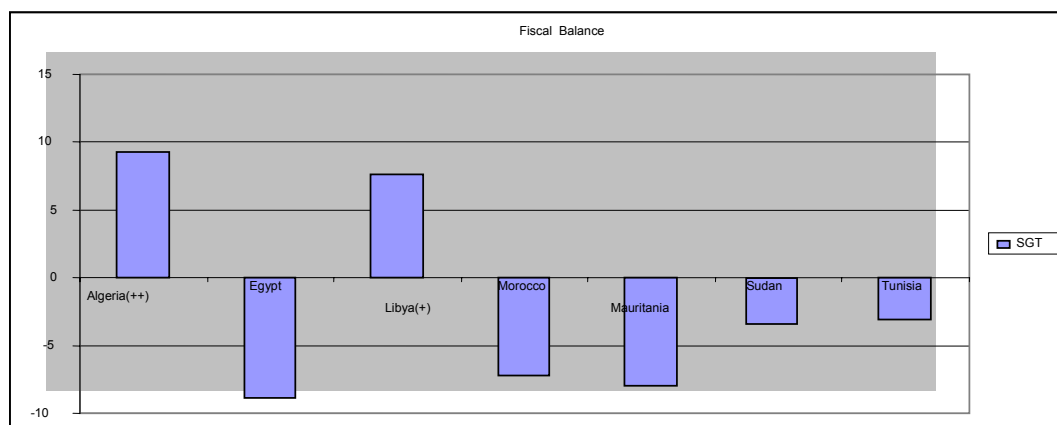
II.5. Public financing: also under the influence of oil prices

53. As it could be expected, the situation of public finances in North African countries is reflective of the oil price. Oil producing countries have surpluses, even Algeria, while public investment is historically up. The other countries show deficits ranging from 9% for Egypt to 3% for Tunisia

54. Sudan has a financial deficit, in spite of being an oil producer. The reason is that the receipts from oil production; represents less than 20% of GDP. Oil receipts are currently shared with foreign companies who did prospecting and financed the production. Incomes will be boosted once the relevant agreements have expired.

55. Egypt's deficit is explainable by the still weak level of revenues (19.5% of GDP), while the non-compressible budgetary expenditures are the same as in non oil producing countries, i.e. about 30%.

Fiscal Balance in % GDP in 2005



Sources: National data completed by EIU data

Fiscal Balance in 2005 (excluding privatization) in % of GDP

Country	Algeria(++)	Egypt	Libya(+)	Morocco	Mauritania	Sudan	Tunisia
Receipts	44.3	19.5	40.3	22.9	40.0	20,4	29.1
Expenditures	35.0	28.4	32.7	30.1	32.0	23,5	32.2
SGT	+9.3	-8.9	7.6	-7.2	-8.0	-3,4	-3.1

Source: SRO-NA and EIU for Algeria and Mauritania, National Statistics and IMF for Libya

+ This balance does not take account of receipt for the Petroleum Fund (23.3% of GDP), without these receipts, the balance would represent -5.0% of GDP

++ SRO-AN estimate on the basis of 54 \$US per barrel as average price in 2005 not taking account of payments made to the Regulation Fund (This estimate is close to that of the EIU (9%).

II.6. Currency, credit and capital markets: Wide variety of interventions but low interest rate levels

II.6.a. Money supply

56. North Africa is experiencing rises in the money supply. In M2 terms, 2005 registered rises between 8.6% in Tunisia and 40.6% in Sudan. When compared to GDP growth, such trends should lead to increased monetarization of the economies. The relationship of money supplies to the sum of GDPs would therefore increase to over 75% in 2005, vs. 70% in 2003.

57. In Algeria, the money supply (M2) saw an increase of 11 % during the year, reaching 4 196 billion Dinars. In Egypt, the growth was of 14%, in Libya 12/6%, in Morocco 12.1% and in Mauritania 15.1%.

58. Compared to GDP growth in terms of value, the growth levels in the money supply lead to greater monetarization of the economies, except for Mauritania. With an inflation rate of 13.5% and growth in volume of 5.4% this country managed to increase its money supply over the year by only 15%. The largest increases compared to growth in GDP were experienced by Sudan, Morocco and Libya.

59. Among the reasons for this increase in the money supply mention should be made of external assets as counterpart to the money supply, which this year were very favorable thanks to rising oil revenues. However, this does not explain the diversity in the behavior of issuing institutions with regard to monetary creation. In 2005, Algeria had external assets amounting to 3 837 billion Dinars (September), up by 23 % (compare to December 2004), but increased its money supply no more than the GDP growth.

Money supply (M2) and counterparts

Country	Algeria (1)	Egypt (1)	Libya (3)	Morocco (1)	Mauritania (2)+	Sudan (1)	Tunisia (1)
Supply (M2) (growth)	(11%)	(14%)	(12.6%)	(12.1%)	(15.1%)	(40.6%)	8.6%
Scriptural money as % of M2	6.8	5.8	15.7+	60.5	not available	29.6	23,5
Quasi money (-M2-M1) as % of M2	39.9	80.6	28.4+	15.9	30.5	42.9	61,3
Credit to the economy/GDP	4.6%	6.7%	10.9%	9.7%	not available	15.3%	9.9%
Net external assets /GDP	10%	2.9%	26.7%	5.2%	not available	6.6%	1.5%

+ 2004

data- Source: National central banks- (2): EIU - (3): IMF

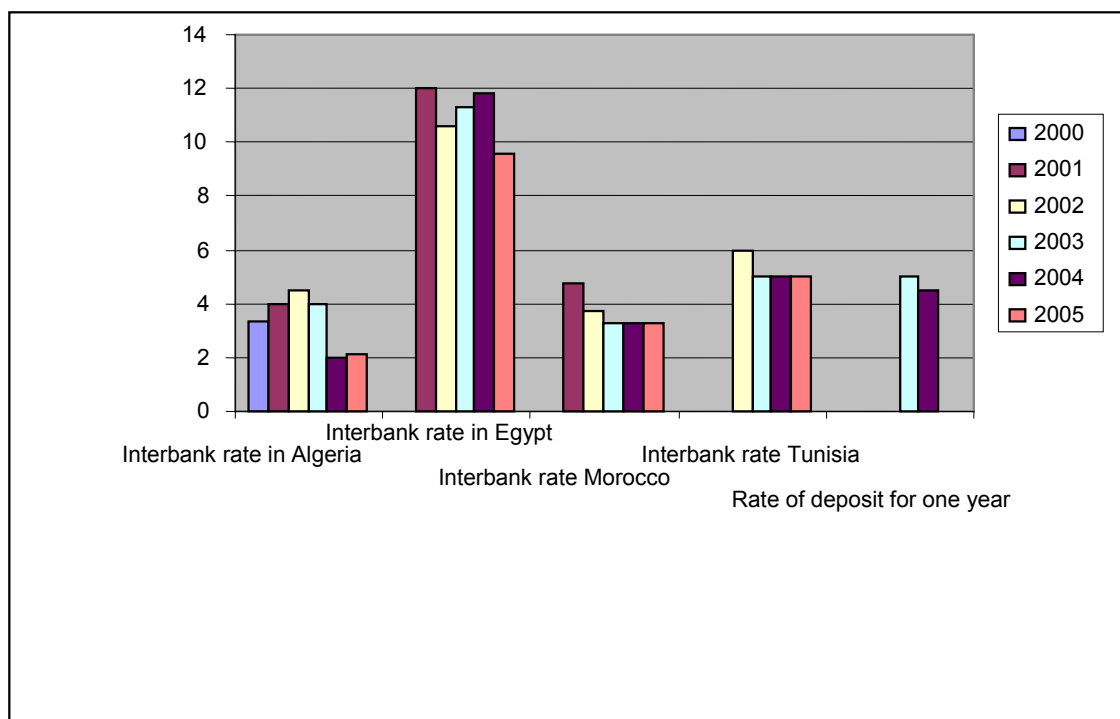
60. In this context, the difference between the money supply structures emerges as another characteristic. While quasi money represents 80% of the money supply in terms of M2 in Egypt, it is of less than 16% in Morocco, of 30% in Libya and in Mauritania, 40% in Sudan and 60% in Tunisia. This difference is also found in the structure of money between bank and paper money. Indeed, paper money represents less than half of bank money in Morocco and less two thirds in Tunisia, while it is of more than four times higher in Algeria and Libya, three times higher in Egypt and twice as high in Sudan.

61. This diversity in monetary intervention and in money supply structures is also found at the level of interest rates. It also exists in the application of the reforms called for by the international financial community. (see ECA's report on economic and social conditions in 2001), which impede capital transfers, and even more so multiple financing operations between the countries of the region. Pending future financial and monetary integration, studies should be initiated and measures adopted to enable achieving a minimum coordination between the NA banking systems, as well as between capital market institutions.

II.6.b. Interest rates

62. In spite of the notable difference in the interest rate structures between the countries, the comparison between interbank rates (for countries with monetary markets) shows a very high level in Egypt (9.5%), even though down since 2001 when it was at 12%. For the other countries, maintaining of low interest rates forms part of their monetary policy as shown in the graph below, where Libya, instead of the interbank rate, is represented by the rate of deposit for one year.

INTEREST RATE TRENDS IN THE SUB-REGION BETWEEN 2000 AND 2005



II.6.c. Stock exchange activities: Net improvement

63. The region has five different stock exchanges: the stock exchange of Algiers, of Cairo and Alexandria, of Casablanca, of Khartoum and Tunis. In spite of the listings announced for 2005, the Algerian stock exchange does not yet appear to show any noteworthy activity and that of Khartoum, in absence of the Khartoum Index, registered uncertain results, the three others, however, experienced a rebound in activity in 2005. The stock exchange indices available all reported positive net situations.

64. The case 30 index assessing the activity of the Cairo and Alexandria Stock Exchanges registered substantial rises moving from 2749 to 6324.7 between 2004 and 2005. The Casablanca Stock Exchange showed a sturdy upward swing in indices. The MASI and MADEX indices solidified by 13.3% and 15.2%, respectively. The Tunis Stock Exchange also showed clear-cut improvement, as demonstrated by the BVMT and TUNINDEX indicators. These indices were up by 22% and 17.5% between 2004 and 2005, respectively.

65. The Khartoum Stock Exchange (KSE) assessed an index (KI: Khartoum Index) in 2003. This index was of 1652 points in 2004 vs. 979 in 2003, i.e. a rise of 68.6% in one year. The KSE was not able to communicate this index for 2005. However, activity on this exchange in 2005 shows positive trends in a number of new contracts signed, but also registered a drop in marketable stocks. These two indicators respectively marked +2% and -12.5% during the year.

Stock Exchange activity in the region

Country	Organism	Index	Average value in 2004	Average value in 2005	Changes%
Algeria	The Algiers Stock Exchange still reports no significant activity given the very limited number of securities. Listing were announced for late 2005				
Egypt	Cairo and Alexandria SE (CASE)	CASE30 *	2749	6324.7	-
Morocco	Casablanca SE	MASI	4510	5111	13,3
		MADEX	3450	3975	15,2
Sudan	Khartoum SE (KSE)	Number of securities in billions	2.1	1.76	-12,5
		Number of contracts	3534	3600	+1,87
Tunisia	Tunis SE	Tunindex	1332	1623	21.8
		BVMT*	975	1145	17.4

* values at year end - Sources: Country Stock Exchanges (organisms cited in Table)

II. 7 Employment: Curbing joblessness, particularly among the young, constitutes a formidable challenge

66. The average rate of unemployment in the Middle East and North Africa region stagnated from 2004 to 2005, with rates of 13.1 % and 13.2 %, respectively⁸. This region has the highest rate of joblessness in the world, followed by sub-Saharan Africa (9.7%). However, for North Africa, the trends were different from one country to another. Algeria and Tunisia saw their respective unemployment rates fall, from 17.7% and 13.9 % in 2004, to 15.3% and 13.3% in 2005. On the other hand, Egypt and Morocco saw the falling trends stopped with, for the first country, stagnation (10.5% in 2004 and 2005) and for the second country, a slight rise (10.8% in 2004 and 11.2% in 2005)

Rates of unemployment in North Africa, estimates for 2004 - 2005 (in % of the active population)

Indicators	Year	Algeria	Egypt	Libya	Morocco	Mauritania	Sudan	Tunisia
Unemployment rate	2004	17.7	10.47	n.a.	10.8	n.a.	15	13,9
	2005	15.3	10.5 (June)	n.a.	11.2	n.a.	n.a.	13,3*
Unemployment rate for females	2004	n.a.	25.58	n.a.	11.4	n.a.	26	n.a.
	2005	n.a.	22.3	n.a.	11.6	n.a.	n.a.	n.a.
Unemployment rate for young people (15-24)	2004	31.02 (20-24 years)	n.a.	n.a.	33.2 (urban) 5.0 (rural)	n.a.	28	n.a.
	2005	29.9 (20-24 years) (September)	n.a.	n.a.	34.3 (urban) 5.8 (rural)	n.a.	n.a.	n.a.
Unemployment rate for young degree-holders	2004	n.a.	n.a.	n.a.	25.6	n.a.	49	n.a.
	2005	n.a.	n.a.	n.a.	25.8	n.a.	n.a.	n.a.

Sources: Algeria: www.ons.dz; Egypt: www.capmas.gov.eg; Morocco in « Rapport économique et social 2005 et Loi de finances 2006 » ; Sudan in « Millennium Development Goals, Interim Unified Report », December 2004 (This data makes reference to the North of Sudan), Tunisia: www.ons.nat.tn and *: IMF Estimate in « Tunisia – Preliminary Conclusions for the Consultative Mission per Article IV for 2005 », 20 January 2006 (www.imf.org).

⁸ *Idem, op. cit.*

67. The International Labor Office (ILO) also emphasizes that young people, who represent no more than one fourth of the active world population, make up almost half of all unemployed. In North Africa, there is also a high concentration of unemployment among young people with rates well above the national average. In Morocco, the rate of unemployment of the young under 24 years of age, is of 34.3% in urban areas (5.8% in rural areas); in Algeria, for the young between 20 and 24 years of age the rate of unemployment is 29.9% and those under 30 years of age, make up the majority of the jobless (75 % in 2005)⁹. In Sudan, the rate of unemployment among the young is of 28%.

III- Principal measures and reforms in 2005

68. Qualitative aspects of development can be ignored if corrective measures are not taken in time. In particular, the social aspects can be neglected even when the macroeconomic indicators are positive. Likewise, the sustainability of growth requires additional efforts in organization directed to the future and sometimes in a very long-term perspective. Annual monitoring of the principal measures adopted can constitute an important complement to analysis the short-term indicators. For that, the Office has started such monitoring in the 2005 report. It is obvious that without the participation of member States, this objective cannot be reached. Monitoring of the actions undertaken by the different countries offers the occasion to assess the efforts deployed by each country in achieving the MDGs

III.1. Economic policy measures

69. The review of the economic measures and reforms undertaken shows, beyond the indicated figures, the efforts deployed at institutional and sectorial levels as well as the allocation of revenues and resources.

70. The economic policies adopted by the seven countries of North Africa in 2005 aimed at:

- Improving business environment
- Stabilizing public finances
- Pursuing the external trade liberalization

71. To improve the business climate, extensive budgetary resources were allocated via the 2005 national budget, in Algeria and Libya to upgrade their infrastructures. Algeria, adopted a complementary budget during the year, clearly accentuating this trend. Libya continued its tax reform by introducing new measures in taxation administration. Egypt revitalized its privatization program for public enterprises and launched the initial step to develop the General Taxation Code.

72. In addition, the means to develop the information and communications technologies were reinforced, particularly via the instauration of regulatory legal frameworks in the sector by Algeria, Egypt, Morocco and Tunisia. To be noted also, the granting in Morocco, of two new generation licenses using Wimax and CDMA technologies, to Méditel and Morocco Connect. In Mauritania, mention should be made of the adoption of a wide band width Intranet project for public administration, an Internet project for schools and the Computer Resources Center centralizing the needs of public administration. Likewise, Egypt inaugurated the « ICT Program » and Sudan liberalized the telecommunications sector starting October 2005, with the arrival of a second operator.

⁹ www.ons.dz

73. Another remarkable event occurred in 2005, as Tunisia organize the second phase the World Summit on the Information Society¹⁰. Also to be noted is the reinforcement of the "Personal Computer" initiative via the marketing of low-cost computers in the framework of the presidential program called "Tunisia of Tomorrow". The commitment of Algeria, at the "Computer and Technological Know-how" exhibit (SIFTECH 2005) led to a PC project for each family with wide band width Internet access in 2010.

74. The business environment also benefited from monetary measures and the revamping of the banking system. Egypt unified the exchange rate; and interest rates were kept low in Egypt, Morocco and Tunisia. Reform of the banking system continued, particularly via revision of the statutes of the Central Bank in Libya, Morocco and Tunisia and the adoption by Algeria of a program to boost bank credit activities.

75. To improve public finance, the following measures were taken:

- Mauritania settled a part of Government debt owed to enterprises.
- Libya programmed revision of the Guarantee Petroleum Fund for further control and transparency.
- Morocco introduced the voluntary departure program in the public administration and clean-up arrears payable to the Moroccan Retirement Fund.
- Mauritania and Sudan committed themselves to regulate and control their expenditures.
- Taking advantage of the current financial inflow, Algeria considerably reduced its external debt which will have a positive effect on financial balances by reduction of debt servicing.

76. To liberalize its external trade, Libya revised its customs tariffs, and the countries of the sub-region are continuing to dismantle trade barriers in the framework of the WTO and other trade agreements.

III. 2. Social policy measures: To achieve the Millennium Development Goals

77. In April 2005, the ECA Office submitted to the ICE a report on the progress made regarding the Millennium for Development Goals¹¹. Based on national reports, the Office reviewed the progress registered by North Africa and the remaining challenges. It concluded that substantial measures should be taken over the coming year between now and 2015. This chapter concerns the principal measures taken this year to meet the most critical social challenges, that most countries confront to reach the MDGs.

To eradicate poverty

78. Algeria launched the Complimentary Program in Support of Growth (PCSC) for the five year period (2005 and 2009). Initially provided with a budget of 55 billion dollars, this program has recently been expanded to reach a total of 100 billion dollars. In Egypt, a national strategy for the promotion of micro-finance was initiated to transform over 5 years the legal and institutional framework with the objective of developing a micro finance sector

¹⁰ www.smsitunis2005.org

¹¹ ECA/AN, 2005 « Achievement of MDGs and implementation of NEPAD in North Africa: Progress and Outlook»

ECA-AN/TNG/CIE/XX/4/RE.1 (www.uneca-na.org). In 2007, a second follow-up report will be submitted to the ICE.

entirely integrated into the national financial system. Morocco saw the launch of the National Human Development Initiative. Provided with a budget allocation of 10 billion Dirhams over 5 years (2006-2010), the NHDI aims at reinforcing the struggle against poverty in rural areas, the reduction of exclusion in urban areas, and intensification of the struggle against vulnerability.

79. In 2005, Mauritania saw a net improvement in its outlook for development and therefore for the struggle against poverty with the entering into operation of oil and gas fields at the end of the year, the completion of the HIPC process enabling it to mobilize more than 1.1 billion US\$, and its connection to the hydroelectric power unit on the river Senegal, allowing job creation opportunities in rural areas. In addition, to improve targeting of poverty alleviation policies and programs, 9 regions out of 13 saw the establishment of poverty alleviation programs (PRLP)¹². In Tunisia, 2005 witnessed the adoption of law 32-2002 (March 12, 2005) broadening social security coverage to individual working in precarious conditions, including in the non-official sector, (household domestics, gardeners and agricultural workers). In addition, two measures made it possible to provide social coverage to young degree-holders and to include females over 20 years of age in parental coverage until marriage.

Access to education and struggle against illiteracy

80. Egypt initiated a national project for the promotion of pre-school education «The Early Childhood Education Enhancement Project» that will allow the enlargement and improvement of capacity structures, the development of appropriate curricula and the training of adequate personnel. Morocco initiated a Project “Support to Reform of the Moroccan Educational System” to generalize schooling via acceleration of early education of children (4-6 years of age), completion of elementary education and expansion of access to first cycle secondary education. In addition, to reduce the illiteracy rate, Morocco adopted a National Plan for 2005-2010. To transform literacy programs into tools for poverty eradication, an agreement was signed with the National Federation of Micro-credits Associations (Morocco) to enable the beneficiaries of literacy programs gain access to micro credits.¹³

Promotion of gender equality and female autonomy

81. In 2005 Algeria modified several codes, including the Family Code which reinstates a balance in the rights and obligations between spouses, the Nationality Code, enforcing equality between males and females, and the Penal Code to provide means of action for women victims of violence and sexual harassment, now punishable by law. In 2005 Morocco saw the entry into force of the new Family Code, amendment of the Penal Code to establish more appropriate provisions against discrimination and violence, adoption of the Electoral Code offering new opportunities to women, and the entry into force of the new Labor Code founded on the principle of non discrimination in wages and applying certain provisions favorable to women, in particular, extending maternity leave to 14 weeks. The year 2005 also saw the opening of the Moroccan Center for Information, Documentation and Research on Women and for the first time a Gender Report accompanied the 2005 Economic and Financial Report issued in connection with the 2006 Budget. Tunisia decided to bring to 30%, by 2009, participation of women in decision-making and executive positions.

¹² www.pnud.mr

¹³ *Idem* 5

Reduction of maternal and infantile mortality

82. On April 7, 2005 took place the launching of the Moroccan Initiative to Reduce the Maternal and Infantile Mortality, the main priority of which is to offer iodine supplements. In addition, the Government signed two agreements, one with the WHO/UNFPA to allow the adoption of new clinical guidelines in the framework of the United Nations « Maternity without Risk » program and another with the UNICEF for the management of the «National Program for the Fortification of Staple Foods ».

83. To reach the Millennium Development Goals for health, Mauritania increased by 75% its health expenditures over three years, adopted a national health policy for 2005-2015 and initiated specific programs for the struggle against infantile and child mortality. In southern Sudan, a vaccination campaign was launched under the name « Mass Measles Campaign » on November 28, 2005 with the objective to vaccinating 4.5 million children over the forthcoming 18 months. Furthermore, Sudan established a new health policy after the peace accords (Health Policy of the New Sudan) to offer healthcare on a community basis.

Toward a wider appropriation of the MDGs

84. The region also strengthened and enlarged the process for further appropriation of the Millennium Development Goals via information and awareness activities, in particular, at the regional level. A round table was held on the topic "Millennium Development Goals, collective appropriation via knowledge" (Algiers, Algeria, November 26, 2005). Organized by the National Economic and Social Council (NESC/Algeria), ECOSOC (United Nations, New York) and the International Association of Economic and Social Councils (IAESC), this meeting gathered 70 representatives of national economic and social councils to discuss ways to meet the Millennium Development Goals. Egypt officially launched its 2005 report via the media. Morocco organized a Pan African Summit of Young Leaders on the topic: «Offering permanent monitoring for African leaders to contribute to the achievement of the Millennium Development Goals »¹⁴.

Better knowledge of the challenges

85. Research, analysis, monitoring and assessment activities continued and were even expanded. For example, further to the publication of the 2003 MDG report, the Government of Mauritania introduced adjustments upstream of the national statistics system for its harmonization, standardization and adaptation to the needs engendered by the MDGs monitoring, in particular, via the establishment of specifications for the calculation, and the organization of a national workshop for standardization and harmonization of statistical indicators. A study assessing the costs to achieve the MDGs was carried out.

Second generation of reports

86. In the framework of the World Summit 2005¹⁵, national monitoring and assessment reports were prepared by Algeria (July 2005), Egypt (March 2005), Morocco (December 2005) and Mauritania (July 2005). Libya, Sudan and Tunisia had already done so in 2004. These national reports present for each objective, the situation, issues and challenges to be

¹⁴ For further information see www.undp.org.ma

¹⁵ Plenary meeting of the 60th session of the General Assembly (September 14-16, 2005)

met to honor the commitments made at the Millennium Summit 2000, and reiterated at the World Summit 2005. Morocco made a special emphasis gender issues in the 2005 report. Egypt used a non-linear projection methodology (exponential) of the objectives and indicators concerning the 26 governorates of the country. Tunisia introduced a specific chapter on regional discrepancies. Some members States suggest continuing the analysis process of the MDGs and of the resources needed, in particular through the preparation of reports at the level of regions and/or localities and on the cost. For 2006, Egypt will develop regional reports on human development and the MDGs in 12 governorates. After conclusion of the « Comprehensive Peace Agreement » on January 9, 2005 southern Sudan signed the Millennium Declaration and committed itself to setting up a strategy for achieving of the MDGs

87. A qualitative change has occurred indicating that a “second generation” of reports has emerged indeed, such reports were characterized by (i) wide participation expanded to several ministries and departments and civil organizations (ii) efforts to update statistical data; (iii) better informed analysis of the constraints and challenges (iv) concrete recommendations to move beyond simple findings, and (v) widespread mediatization.

IV. Conclusions and recommendations

IV.1. Conclusions

88. The analysis of the economic and social situation in the region, points that the seven countries have set the same objectives, consisting of strong and rapid growth, market-based development and liberalization, as well as social development, in priority aiming to reduce poverty and unemployment and to the development of human capital.

89. En 2005, the struggle against poverty ranked very high on the agenda of certain countries with the launch of wide-ranging multi-sectoral programs to be implemented over several years. To do so, substantial financial resources were mobilized and several partners, in particular, civil society and the private sector, were implicated. The struggle against illiteracy and the encouragement of access to elementary education was the subject of particular attention of all countries. The year 2005 was characterized by the adoption of a series of legal measures to achieve greater *de jure* equality between men and women. The countries of North Africa showed willingness to move further ahead with regard to the MDGs and larger capacities to bring them to reality. Two thousand and six will be crucial in that it should see the establishment of national strategies for the implementation of MDGs¹⁶ and, if possible, of the MDGs plus¹⁷.

90. The recent development in the region's economies and the actions taken by North African Governments, shows that the reforms undertaken and measures adopted has mitigated the effects of the negative factors affecting the economic situation in 2005. The strategic approaches adapted, however, still remain uncoordinated among neighboring nations, and sometimes non-adapted to the economic, social and environmental context of the region. The following weak points were identified:

¹⁶ United Nations resolution adopted by the General Assembly, “World Summit Outcome” A/RES/60/1 (www.un.org)

¹⁷ MDGs/ plus: Contains more ambitious objectives than the MDGs which correspond much more to the social agenda of middle income countries, the case of most North African countries.

- 1) Absence of strategies to manage short-term economic of fluctuations in the prevailing economic situation;
- 2) Lack of search for sources of competitiveness between the region's countries, in particular through the complementarity of the national economies;
- 3) Different structures in the banking system and difference in the actions taken by the monetary authorities;
- 4) Differences in the definition of aggregates;
- 5) Lack of tools for evaluate the effects of short term programs and keep the economy unaffected from short-term trouble without affecting short and medium term objectives (Economic budgets or equivalent official reports);
- 6) Social policy (struggle against poverty and unemployment) are not integrated into economic policies as they are measured and programmed outside the financial calculations.

IV.2. Recommendations

91. The principal recommendations resulting from both the findings of the study on the economic situation of the region in 2005, and the assumption for the need to integrate the countries of North Africa are the following:

1. Devise tools to regulate the economic and financial situation against the effect of fluctuations in rainfall and oil prices. These tools must be able to delve into the internal complimentary nature of the different countries, the regions of a given country, and inter-country cooperation in view of economic integration of the Maghreb and the region. Among other elements, a regional fund for regulation of the economic situation is recommended. It should be designed to make sure of equitable yields between the different countries. This fund could be constituted by the surpluses registered in each country and would be used to carry out short, medium and long term actions countering the fluctuations in the different national conditions prevailing in the region.
2. Analyze the potential sources of growth and competitiveness at the regional level, taking into account the possibilities of all the countries and seeking out optimum strategies in the larger space constituted by the region as a whole.
3. Carry out comparative studies of the banking systems and financial markets of the region in view of eventual coordination. The objective is to facilitate the mobility of capital to enable optimum utilization of the region's resources. A proposal for the unification of definition of the economic and financial aggregates is recommended. It is suggested to the member states and different partners to support and contribute to the activities of the Office by exploring a priori all the possibilities for coordination in the area. In this context, the Office suggests organizing in 2007 a meeting of experts on capital mobility in North Africa.
4. Include in national budgets reports assessing the impact of the policies implemented and ensure a rapprochement with national medium-term strategies and the conditions required for integration of the Maghreb and region.
5. Integrate figures indicating poverty and joblessness in national budgets as objectives and criteria of assessment, like macroeconomic indicators, and adopt medium and long-term strategies integrating the MDGs.

APPENDIX I

MACROECONOMIC AGGREGATES

Table 1: GDP Growth in volume between 1996 and 2002

Country	GDP 2000	2001	2002	2003	2004	2005
Algeria	54.8	2.7	4.7	6.9	5.2	5.0
Egypt	99.2	3.5	3.2	3.1	4.2	4.9
Libya	34.5	3.1	1.1	7.1	5.0	5.8
Morocco	33.3	6.3	3.2	5.5	4.2	1.6
Mauritania	1.1	4.6	4.9	4.5	6.9	5.4
Sudan	11.3	6.4	6.5	6.1	7.2	8.0
Tunisia	19.4	4.9	1.7	5.6	6.0	4.2
North Africa	253.6	3.9	3.3	5.1	4.8	4.7

Sources: national data, completed with EIU data

Table 2: Inflation Rate 2004 and 2005

Country	Years	Algeria	Egypt	Libya	Morocco	Mauritania	Sudan	Tunisia
Inflation %	2004	3.6	16.9	-2.2	2.0	8.0	9.0	3.8
	2005	1.6	4.7	1.8	2.2	13.6	8.8	2.0

• This refers to the implicit deflator in GDP for Tunisia

** Harmonized index of cost of living with annual slide in month of July

Table 3: Evolution of exchange rates from 2004 to 2005

Country	Algeria	Egypt	Libya	Morocco	Mauritania*	Sudan	Tunisia
Rate \$ 2004	72.06	614.45	1.31	9.02	267.3	258.4	1.2456
Rate € 2004	87	835.28	1.62	11.02	323.5	341.6	1.5486
Rate \$ 2005	71.6	575.16	1.35	8.99	266.0	240	1.32
Rate € 2005	87.5	692.32	1.60	11.03	323.0	271	1.62

* values in June

Source: national data completed with EIU data

Table 4 : Evolution of investments (FBCF), 2003 – 2005
(In million US\$)

Years	Algeria	Egypt	Libya	Morocco	Mauritania	Sudan	Tunisia	Total
2003	15340	11175	3000	11144	347	1696	6228	48930
2004	16558	13029	3077	12093	303	2268	6331	53659
2005	23177	16000	3556	13372	378	3694	6371	66548

Source: national data completed with EIU data

APPENDIX 2

INTRA REGIONAL TRADE Intra regional trade, North Africa 2004

(in millions of dollars)

Imports of / Coming from	Algeria	Egypt	Libya	Mauritania	Morocco	Sudan	Tunisia	North Africa
Algeria		83.79	2.26	7.93	44.95	1.27	119.74	259.95
Egypt	274.48		67.68	4.35	25.77	119.35	34.27	525.90
Libya	12.88	74.49		-	35.89	3.51	382.10	508.87
Mauritania	17.76	2.91	-		22.57	-	7.81	51.06
Morocco	159.53	99.03	45.10	2.14		0.00	85.24	391.04
Sudan	0.03	208.75	0.01	-	1.51		0.25	210.55
Tunisia	75.09	62.58	423.06	1.00	62.68	10.03		634.44
North Africa	539.77	531.54	538.12	15.42	193.38	134.1	629.42	2 581.8

Source : UNCTAD, ADB

APPENDIX 3

INFORMATION TECHNOLOGY AND COMMUNICATIONS INDICATORS FOR 2004

Country	Main telephone lines per 100 inhabitants	Cell phones per 100 inhabitants	Personal computers per 100 inhabitants	Internet users per 100 inhabitants
Algeria	9.48*	14.48	0.90	2.61
Egypt	13.52	10.92	3.29	5.57
Libya	13.56	4.15	2.34	3.62
Morocco	4.9	41.46*	2.07	11.71
Mauritania	1.31	17.53	1.41	0.47
Sudan	2.98	3.04	1.76	3.30
Tunisia	12.6*	39.4*	4.75	8.40

Source: UIT, 2006

* 2005 and national sources

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