



United Nations
Economic Commission for Africa
Office for North Africa

Twenty-Ninth Meeting of the Intergovernmental
Committee of Experts (ICE)

The Industrialization for a Sustainable and Inclusive
Development in North Africa

Economic and Social Conditions in North Africa 2012-2013



Rabat, Morocco, 4-6 March 2014

Distr.: GENERAL
ECA-NA/ICE/XXIX/ 2
March 2014

ENGLISH
Original: FRENCH



United Nations
Economic Commission for Africa
Office for North Africa

Distr.: GENERALE

CEA-AN/CIE/XXIX/2
Mars 2014

Original: FRANÇAIS

Twenty-Ninth session of the Intergovernmental
Committee of Experts (ICE)

Rabat (Morocco)
4 - 6 March 2014

ECONOMIC AND SOCIAL CONDITIONS IN NORTH AFRICA 2012-2013

Table of contents

| | |
|--|----|
| INTRODUCTION | 1 |
| CHAPTER I – INTERNATIONAL AND REGIONAL ENVIRONMENT | 3 |
| I- An international context characterized by the economic slowdown, a reasonable inflation and massive unemployment..... | 3 |
| II- Africa : Continuous resilience since 2011 | 6 |
| CHAPTER II : RECENT CHANGES AND FUTURE PROSPECTS FOR THE ECONOMIC SITUATION IN NORTH AFRICA | 11 |
| I- The Economic Growth: the prospects are still unclear | 11 |
| II- Inflation and Exchange Rates : Downward Trend in Inflation Driven by Decline in Global Food Prices | 15 |
| III- Investment..... | 18 |
| A- Gross Fixed Investment Increased Slightly Despite Regional Context | 18 |
| B- A ratio of FDI in domestic investment crippled by the length of political transitions underway | 21 |
| IV- Evolution of foreign trade and regional integration | 22 |
| A- Foreign trade : the political and security environment continues to dampen trade performances | 22 |
| 1. A structurally low regional supply of goods | 23 |
| 2. Predominance of primary commodities | 24 |
| 3. The gradual recovery of trade in services | 25 |
| 4. A slightly reduced remittances balance..... | 27 |
| 5. The widening of the current account deficit..... | 27 |
| B- Regional integration..... | 28 |
| 1. Development of intra-regional trade | 28 |
| 2. Development of trade within the Maghreb Arab Union..... | 29 |
| CHAPITRE III - SOCIAL DEVELOPMENT | 33 |
| I- Human and Social Development Prospects | 33 |
| II- The Evolution of social and human development indicators | 34 |
| A- The most significant progress has been made in health and education sectors | 35 |
| B- North Africa, the region where life expectancy has increased the most in the continent..... | 36 |
| C- Important progress in terms of maternal and child mortality reduction | 37 |
| D- The MDG on the net enrollment rate in primary education reached before 2015 | 38 |
| III- The future challenges in terms of human and social development | 38 |
| A- The problem of overweight | 38 |
| B- The problem related to the population ageing | 40 |
| IV- A structurally high unemployment rate | 41 |
| V- The evolution of inequalities | 43 |
| A- Gender inequalities | 43 |
| 1. Women's participation in the labor market | 43 |
| 2. The percentage of parliamentary seats held by women..... | 44 |
| B- Regional inequalities..... | 45 |
| VI- Social development policies and strategies for 2014 | 46 |
| CONCLUSION AND RECOMMENDATIONS | 49 |
| BIBLIOGRAPHY | 53 |

INTRODUCTION

1. In North Africa, the year 2013 witnessed the impacts of the slowdown of global growth and by the continuation of the transitions relating to the sociopolitical crises in many countries of the sub-region.
2. The slowdown of the global economy took place in a context of continued tight fiscal disciplines in many developed countries, a high rate of unemployment and the contraction of the global external demand which resulted in the slowdown of growth in many emerging countries. Like many other developing areas, North Africa suffered from this poor climate, while facing more acute challenges.
3. These exogenous constraints have reduced the margin of action to deal with these challenges and highlighted the need to alleviate the vulnerability of the sub-region towards exogenous shocks, through a proactive approach of diversification either of partners and of the productive system. Beyond the external sphere, in most of the countries of North Africa arose the issue of the implementation of countercyclical policies, which stimulate the domestic demand to boost growth and trigger the acceleration of the creation of more skilled and better quality jobs in order to meet the challenges of unemployment, mainly of graduates which is still high.
4. Such proactive approaches may put additional constraints on the balance of public finances and on their sustainability in the long run. Thus, the discussion also tackled the issue of their support by reforms of the subsidy and money transfer systems to make these latter more efficient and become mechanisms of a real sustainable and inclusive growth.
5. This report analyses and assesses the economic and social developments over the last year and the prospects of the sub-region and of the countries for the upcoming year. In particular, it provides basic data and information on recent development policies in order to stimulate a wider debate between Member States, intergovernmental organizations and other development actors. It also suggests recommendations to be discussed and completed by the participant to the XXIXth meeting of the Intergovernmental Committee of Experts (ICE), in order to identify the most appropriate orientations and measures for the development challenges facing the countries and the sub-region as a whole.
6. In the elaboration of this report, priority was given to data provided by the member states through the questionnaire established by the Bureau, and communicated to Member States in October 2013, then supplemented by the data compiled by the ECA African Centre for Statistics, other UN system's agencies, the International Monetary Fund, and the World Bank. Diversity of resources and the unavailability of data on some variables, from a country to another, call for the review of the current system and for the establishment of a series of mechanisms for the systematic and regular collection of data. This is one of the reasons ECA is considering the regular establishment of country profiles, with the main objective of providing a new tool for the elaboration and dissemination of analyses and recommendations on the economic transformation, regional integration strengthening, planning of the development and economic governance, and for the support of decision-makers in their efforts to mitigate potential risks. The process of compiling these country profiles will involve continuous collection and harmonization of data and information on the country, aggregation of indicators on the regional economic communities (RECs) and the sub-regions, and the analysis of trends in order to produce more appropriate forecasts. The main outcome of the process of the country

profiles will be building capacities of Member States to produce and disseminate quality and accurate statistics, as well as the analysis of challenges, issues and suggested responses leading to a planning based on reliable data and the elaboration of policies based on national and sub-regional priorities in terms of development.

7. The report is divided onto three chapters. The first chapter deals with the international and regional environment. It presents the main evolutions in 2013 in the major economies and regions worldwide. The second chapter deals with the evolution of the main macroeconomic aggregates in North Africa. It analyzes the evolution and prospects of growth, inflation, exchange rate, foreign trade, investment and monetary variables. The third and last chapter is devoted to social and human development and to the analysis of the evolution of the situation of employment and the measures aiming at meeting the different social challenges facing the countries of the sub-region. The report concludes with a summary of the main conclusions and recommendations the Bureau will submit to the appreciation and validation by the ICE. Recommendations of the ICE will be submitted for final validation by the ECA Conference of African Ministers of finance, planning and economic development.

CHAPTER I

INTERNATIONAL AND REGIONAL ENVIRONMENT

8. Over the last few years, global economy experienced significant developments, such as the emergence of new global actors, or the structural weakness of the European economy. These developments had major consequences on the continent in general, and on North Africa in particular, both in terms of opportunities and challenges/risks to meet in order to reach the development of the countries of the sub-region. The new dynamics of growth in the continent makes the geostrategic position of North Africa even more important. Being one of the main access points to the African continent from Asia, North America and Europe –its main trading partner, North Africa faces the challenge of supporting the acceleration of the structural transformation of the continent, by performing its own structural transformation and to better take advantage of the huge economic potential offered by this evolution.

9. This challenge is even more complex since it has to be conducted in a global downbeat environment, where the global growth is slowing down, with less encouraging future prospects for the main partners, at the opposite of the trends forecasted for the rest of the continent.

10. Thus, even if the sub-region is still exposed to risks relating to the slowing down growth, in particular in the European continent, new growth-related possibilities and African opportunities will still be materialized with the structural transformation of the continent.

I- An international context characterized by the economic slowdown, a reasonable inflation and massive unemployment

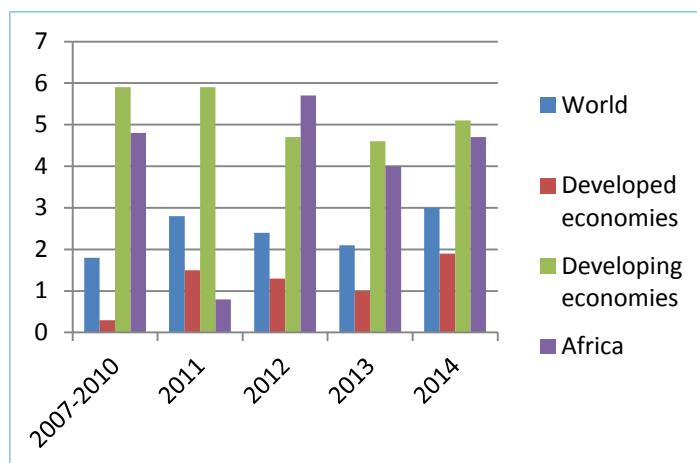
11. In 2013, global growth continued its downward since 2011. Except for South American economies, such as Brazil, most economic zones worldwide experienced a deceleration of growth in 2013. This has particularly affected many developed economies which have continued the budgetary consolidation in order to significantly reduce their public debt.

12. From a global perspective, growth rate was 2.1%, against 2.4% in 2012. This slowdown took place in a context of fiscal discipline and austerity policies in most developed countries, with a high global unemployment rate, about 6%¹, leading to impacts on the dynamics of the global aggregate demand, despite the improvement of the labor market in the United States and Germany. As for emerging and developing countries, they were able to manage inflationary pressures that arose in 2012 and early 2013. But otherwise, they suffered the consequences of the contraction of the global external demand, which resulted in a slowdown of the growth in most of these countries. The second half of 2013 witnessed an economic upturn with, mainly, the end of the recession in the euro zone. Even if recovery prospects of the global growth for 2014 are positive, they remain uncertain. With 3%, the global growth will pick up again, supported by the recovery in the developed countries, such as the United-States and the end of the downturn in the main emerging countries, such as China. However, many risk factors still continue to weigh on the growth outlook. The risks of exchange rates and the capital volatility continue to create strong constraints on the growth outlook of the developing countries and need a better international coordination of the global monetary policies².

¹ ILO Estimate.

² United Nations Data (UN-DESA), estimates for 2011 and forecasts for 2012 and 2013.

Graph 1 : Evolution of the global growth 2006-2013



Source: UNDESA (2013) : 2013 estimates, 2014 prospects

13. After the 2012 recession, the European union experienced an activity rebound, mainly in the second half of 2013, supported by a positive trade balance and, to a lesser extent, a boosting of the domestic consumption and investments. This recovery of the positive dynamics of growth allowed the emergence from the recession and the achievement of an almost zero annual growth (-0.1%) in 2013. This positive trend will continue in 2014 and lead to an annual growth of 1.5%. However, even if external circumstances become favorable, the European growth will still be hindered by internal conditions that impact the domestic demand and investment, in particular the continued budgetary consolidation, justified –among others- by the pressures that will be placed on public finances by the population ageing and the persistent high level of unemployment affecting increasingly youth.

14. Growth in the United-States shrunk from 2.8% in 2012 to 1.6% in 2013, due to the budgetary tightening measures and the political deadlock which resulted in budgetary cuts and other impacts that weigh on growth. Despite a very accommodating monetary policy, the economic activity was not sufficiently stimulated to compensate losses. However, 2014 outlook remains positive and growth will return back to its 2012 level with a rate ranging around 2.5%. Meanwhile, the temporary solutions to the political deadlock present a real threat of further budgetary difficulties on the future, since the need to rebuild household savings implies an upward pressure on interest rates.

15. Going forward in its ambitious programs of post-tsunami reconstruction, Japan maintained an annual growth of 1.9% in 2013, the same level as the previous year. Fixed investment has been a key element of growth. Many public construction projects stimulated the domestic demand. However, all these measures have a non-negligible cost and public finances were severely damaged in the last years, reducing the governmental space for manoeuvre. Thus, the planned increase in the rate of the consumption-based tax during the next two years might dampen growth, to fall to 1.5% in 2014.

16. Like developed countries, developing countries have had a slight slowdown of growth in 2013, from 4.7% in 2012 to 4.6%. Growth in the main emerging countries stagnated or shrunk, even they still lead the global growth. China goes forward in developing its growth model towards a domestic demand-oriented development and in reducing the impact of external shocks on its economy. Chinese growth achieved the same level as in 2012, around 7.7%. However, growth in India decreased from 5.1% in 2012 to 4.8% in 2013, both for internal reasons, relating to the decline of the domestic demand, and for exogenous ones relating to the decrease of the global demand and the reversal of investment flows towards traditional markets (United-States, Europe) following the rise in risk premium for emerging countries. This high volatility phenomenon of capital flows has also affected Brazil. However, the resilience of the domestic consumption and infrastructure public investments

(World Cup and Olympic Games) allowed Brazil to boost its growth up to 2.5% in 2013, after the "air pocket of 0.9%" in 2012. The economic activity in India and Brazil might show an upward trend in 2014 according to the prospects of the United Nations³, while China will still go on the structural transformation of its growth model and maintain a rhythm that ranges around 7.5%. The rest of the developing world also experienced an economic downward, except for South America and Southern Africa.

17. Growth prospects for the global economy are relatively positive for 2014. The end of 2013 showed signs of improvement, such as the European Union overcoming the recession, the end of the downward in China, that allowed the transition from a growth rate of 10% driven by exports to a growth of 7 to 8% based on domestic economy, as well as the recovery in the United States after the serious risks of budgetary deadlocks. For the African continent, structural transformation programs and the rise in power of some countries, will accompany this dynamics. According to the United Nations prospects, the world growth might be 3% in 2014. However, many risks still persist, mainly in connection with historically high levels of unemployment, the massive indebtedness of many countries, and the various social and political tensions in some countries. If these risks materialize, they might impede the expected recovery in 2014.

18. The global economic downward observed in 2013 materialized also through the main macro-economic aggregates. Trade exchange flows continued to slow in 2013, with a pace of 2.3%, against 6.4% in 2011 and 2.9% in 2014⁴. This contraction may be explained in particular by the barely growing importation demand from most of the developed countries. Moreover, the persistence of the stalled multilateral negotiations within the WTO, before the ministerial conference of Bali for Doha Round, creates an appropriate climate for the proliferation of protectionist measures that impede the trade potential. The conclusion of Bali Agreement, even if its content remains extremely reduced, will create the new climate for multilateral trade relations. This new environment, coupled with the expected recovery in 2014, will materialize in an acceleration of the trade exchange growth which will edge at 4.7% in 2014.

19. The downward of the global economy was accompanied by a decrease in the global inflation, reflecting output gaps, reduction of raw materials prices, the persistent high level of global unemployment rate and the consequences of the budgetary consolidation policies. Global inflation is estimated at 2.6% in 2013 against 2.9% in 2012 (IMF, 2013). It fell in the developed countries from 2.0% in 2012 to 1.4% in 2013, and slightly increased from 6.1% to 6.2%⁵ in the developing countries. Thus, inflationary pressures are still moderate and affect only some developing economies. At the global level, inflation will slightly rise to 2.8% in 2014, due to the expected recovery of the economic activity. However, precautionary monetary and budgetary policies in most of the countries will continue to restrain inflation and maintain price stability. For developed countries, the high unemployment level which leads to a wage moderation, will manage increasing pressures relating to the expected recovery in 2014.

20. For developing countries, inflationary pressures remain moderate in most of the cases, even they are relatively high in comparison with rates registered in the developed countries. However, some economies mainly in South Asia and Africa, continue to face serious inflationary pressures, in particular for structural reasons relating to the offer constraints (bottlenecks), and also due to a rapid growth in loans and pressures on food products prices.

³ All growth data are estimates and forecasts of the UN-DESA : www.un.org/en/development/desa/

⁴ UN DESA and WTO

⁵ IMF, World Economic Outlook 2013.

21. Budgetary balances continue to improve in almost all economies and regions, thanks to the periods of rigorous budgetary consolidation and the reduction of public expenses. Budgetary deficits in developed countries fell down to 4.5% in 2013, a downward improvement is expected in 2014 to 3.5%. As for the Euro zone, it registered a budgetary deficit of 3.1% in 2013, following the ongoing budgetary austerity measures. In the United States, the deficit shows 5.8% in 2013, a figure expected to fall to 4.7% in 2014 due to the ongoing public measures.

22. Commodities price index was volatile in 2013, and edged the maximum of the year at 191 in February, before reducing and remaining constant at 185 in September, due to the decline of global demand and the deceleration of the economic activity in some emerging and developing countries. In 2014, commodities prices in the global market will remain relatively unchanged, anticipations of growth are not likely to affect significantly commodities prices, even if supply constraints such as political troubles (conflicts, continuous strikes, ...) that affect many regions and the unfavorable weather conditions can place upward pressure on prices.

23. The global index⁶ of crude oil decreased with a maximum of 203 in early 2013, and to a minimum of 188 at mid-2013, and then rose to achieve the edge of 204.5 in September, and close the year at around 199. An upward trend will be noticed in the early months of 2014 due to the economic recovery in most economies, the impact of which will induce a high demand on crude oil. The price index relating to agriculture, food and beverage decreased in 2013, due to the increase in food production in most of the agricultural regions. In 2014, a decrease is expected in global food prices, even if the global demand of food and the extreme weather conditions in the main agricultural regions in the world maintain this trend.

II- Africa : Continuous resilience since 2011

24. Despite a downward trend, the economic growth in Africa remained relatively strong in 2013, almost two times higher than the global average rate, but slightly less than the average in developing countries.

25. GDP growth rate in Africa decreased from 5.4% in 2012 to 4.1% in 2013, less than the average of the developing countries which is 5.1%. As in previous years, the economic performance in Africa continued to benefit from the relatively high prices of commodities, the increase in commercial trade and investments with the emerging countries, the increase in the domestic demand supported by the consumption of a new developing category with urbanization, the increase in revenues and public expenses in infrastructure. The improvement of governance and economic management will result in a sustainable stability of internal and external balances in most African countries, with prospects of decreasing inflation rate and stable exchange rates.

26. The improvement of economic governance and the precautionary macroeconomic policies have positively affected the business environment and the investment climate, which contributed to the performance of growth in Africa, stimulating the domestic demand in general, and internal and foreign investments in particular. Similarly, the increase in specific public expenses, mainly due to heavy expenses on social and infrastructure projects and policies aiming at stimulating the diversification of the production and exportation have positively affected the growth in the continent. Moreover, this growth took advantage in 2013 from the increase in agricultural production, thanks to favorable weather conditions in most parts of the region. Overall, there was also an increase in capital inflows in Africa, mainly thanks to the rise in FDI flows in the extractive industry. Meanwhile, domestic demand in some African oil importers countries decreased or stagnated in 2013, since the exportation demand and revenues were affected by the weak growth in the euro zone.

⁶ Base 100 in 2005.

27. The analysis of the growth according to the elements of real GDP, shows that private consumption was the major driver of growth in the continent in 2013, despite some slight decrease in absolute and proportionate values of real GDP, followed by fixed gross investment. Private consumption increased by 3.3% in 2013, against 3.7% in 2012; and continued to benefit from revenues generated by the increase in infrastructure and energy investment projects.

28. Growth remained largely mitigated and continues to be strong in most African countries. Over the period 2011-2013, more than two thirds of the countries have had a growth rate higher than 5%. It is worth mentioning that they are in general oil importers countries. This growth was driven by high raw materials prices, the improvement in economic governance and in macroeconomic management, in addition to other sources of diversification of growth.

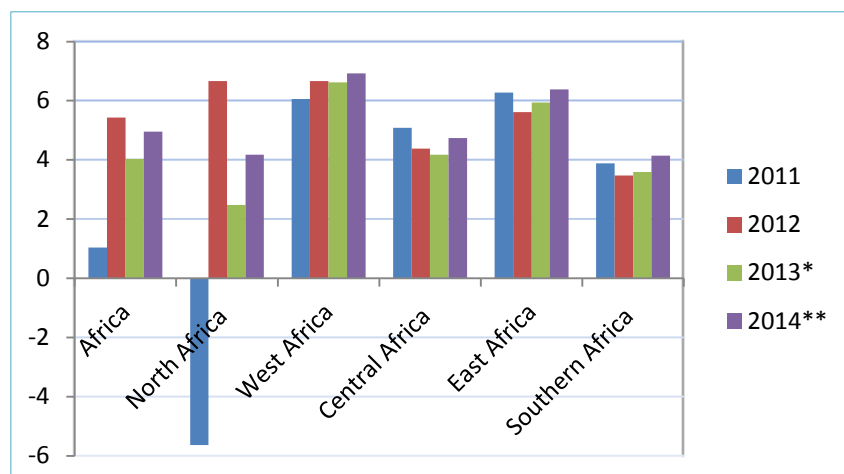
29. African countries that are oil and mineral resources producers have had a growth rate of 4.7% and 3.8% respectively in 2013, close to the continental average of 4.1%. Despite the decrease in growth, this group of countries continues to be the major driver of growth in Africa in 2013. This decrease is mainly attributed to the decline of the global demand, troubles in oil production, and political unrest in some main producers of oil and raw materials in the country, such as Libya, Central African Republic and Mali. The same situation prevails in many African oil importers countries; the growth in oil and minerals producers has also been driven by a huge expansion of services and agriculture sectors.

30. Growth should accelerate to achieve 6.5% and 4.4% respectively in oil and minerals producers in 2014, due to the recovery of some stability in countries like Mali and Libya, and also due to the increase in investments and new minerals discovery in countries like Sierra Leone (Iron and diamond production), Zambia (copper), Botswana (copper, coal and diamonds), Namibia (uranium and diamond), Angola (coal), Ghana and Liberia (gold exploitation). In oil importer economies, growth remained relatively strong with 3.7% in 2013, with a prospect of 4.1% in 2014; mainly driven by a strong expansion in services and agriculture in countries like Nigeria and Ethiopia.

31. This global situation is a result of different contribution from a sub-region to another (Graph 2). It remained sustained in all countries, except for North Africa. West Africa is the leader with the highest growth rate, followed by East Africa, Central Africa, Southern Africa, then North Africa. Despite showing the best performance, growth in West Africa decreased slightly to 6.6% in 2013, against 6.7% in 2012 but it is expected to be 6.9% in 2014. This trend is driven by the attraction of investments in oil and minerals sectors, which are the major sources of growth in particular in countries like Nigeria, Ghana, Guinea, Liberia, Sierra Leone, Niger and Burkina Faso.

32. At the opposite of West Africa, real GDP growth in East Africa increased from 5.6% in 2012 to 5.9% in 2013, mainly driven by a good economic performance in some countries like Uganda, Tanzania, Rwanda and Kenya, due to the increase in expenses for private consumption and investment in the sector of natural gas, an increase in the activity of construction, transport, telecommunication and financial services, as well as in investments in the exploration and oil industry construction. This evolution will continue and a growth rate of 6.4% is expected in 2014.

Graph 2 : Evolution of real growth rates by sub-region (%) from 2011 to 2014



Source : UNDESA data, graph : UNECA-NA ; * Estimates ; ** Prospects

33. As for Central Africa, growth remains strong, despite a deceleration to 4.2% in 2013, against 4.4% in 2012, due to the political instability and violence in particular in Central Africa Republic where growth fell to -8.9% in 2013 and is expected to rebound to 1.2% in 2014. However economic performance of the sub-region is mainly driven by private investment and oil production in Equatorial Guinea and Cameroun. If the current trends are confirmed, the growth will reach 4.7% in 2014.

34. Southern Africa almost maintained its growth rhythm from 3.5% in 2012 to 3.6% in 2013. It is not expected to accelerate strongly and will reach 4.1% in 2014, mainly due to the weak growth in the economic leader of the sub-region, South Africa. The recovery of growth in South Africa was slow and reached 2.7% in 2013 against 2.6% in 2012, due in part to social unrest in the sector of mineral exploitation and the economic slowdown in the major emerging markets which are the most important destinations of exportation of this country.

35. Political instability and oil production troubles continue to undermine growth prospects in North Africa, in particular in Egypt, Tunisia and Libya. As a result, the sub-region growth decreased from 6.6% in 2012 to 2.5% in 2013, but is expected to reach 4.2% in 2014, on the assumption of return of stability in some affected economies.

36. Even if growth remained positive in Africa, many African countries adopted ambitious policies coupled with massive investment programs in sectors like infrastructure, education and health. These policies resulted in an increase of public expenses like wages, the grant of subsidies to food products and fuel, and productive capacity building. Consequently, average budgetary deficit in Africa was damaged, rising from 1.35% of GDP in 2012 to 1.8% in 2013. However, this deterioration is mainly attributed to the decrease in revenues of oil importers countries, while oil exporter and mineral-rich countries show budget surpluses ranging from 4.7% and 4.9% respectively in 2013. Financial outlook is encouraging for big economies of the continent with considerable improvements expected in terms of their respective budgetary balances in 2014. Some of these countries, such as Angola, Equatorial Guinea, Gabon and Libya, continue to have relatively important budgetary surpluses, thanks to the sustained growth of production and oil exportations.

37. Inflation in Africa slowed down, from an average of 8.2% in 2012 to 8% in 2013, with a slight deceleration to 7.8% expected in 2014, due to some factors relating in particular to the decline of the global demand and the decrease in food products and fuel prices, as well as restrictive monetary policy in most of the countries. The depreciation of the exchange rate and the decrease in reserves will still be major issues of the monetary policy for many countries, even if the seriousness of the situation varies

from one country to another. A better monetary policy, high budgetary deficits, depreciation of the national currency and relatively high energy costs are all factors that will strengthen the inflationary pressure in 2014 in some countries of Eastern and Southern Africa.

38. The funding gap in Africa remains important despite its relatively strong growth, while the world economic slowdown and the budgetary consolidation in many donor countries will negatively affect the flows of the Official Development Assistance towards the continent. This flow increased in nominal from 51.3 billion US dollars in 2011 to 56.1 billion US dollars in 2012 despite the ongoing financial crisis and the euro zone crisis which led many donors to reduce their assistance budget. Subsequently, an increasing mobilization and an effective use of national resources are essential for the African countries to strengthen the provision of the necessary investment services to consolidate growth, industrialization and economic transformation.

39. The global deficit of the current account in Africa rose from 0.8% of GDP in 2012 to 1.8% of GDP in 2013 and will slightly decrease to 1.7% of GDP in 2014. External balances will remain positive, despite a deceleration in oil exporters countries, due to the improvement in oil importers countries, mineral-rich countries, and non-mineral non-oil rich countries. This trend is explained by the good management of the macroeconomic fundamentals.

40. Africa total exports diminished from 31.9% of GDP in 2012 to 30.9% in 2013, due to the decrease in raw materials prices in the global markets, when oil and other raw materials exportations will still be dominating. However, the region is expected to experience a new decrease in exports down to 29.6% of GDP in 2014.

41. Medium-run growth prospects remain solid and sustained by the relatively high prices of commodities, the increase in the domestic demand and the decrease in the constraints of infrastructure, the increase in trade exchange and investment with emerging economies, as well as the improvement of the business environment at the regional and international levels. A moderate recovery of the world growth at the medium-run, supported in particular by the growth of the industrial production and trade in the emerging and developing countries, headed by China, as well as the prospects of more rapid growth in the United States, European Union and in Japan, will also stimulate growth in Africa through the increase of trade and investment flows. The conclusion of the WTO agreement which puts emphasize on the facilitation of trade will allow African countries accelerate the catch-up with the rest of the world in terms of trade infrastructures. This will result in a significant decrease in trade operations costs and will lead to the strengthening of intra-African exchange and trade with the rest of the world.

42. Risks relating to the decrease in the medium run of prospects in Africa are the unfavorable evolution of the global economic environment, external shocks due to change in weather conditions and the political instability and civil unrests in some countries such as Libya, where oil production for example has been heavily affected in 2013.

43. In order to materialize its rapid economic growth achieved over the last ten years into a sustainable and inclusive growth, Africa needs efficient industrial policies and development strategies that foster economic diversification, job creation, inequality and poverty rate reduction, as well as access to basic social services. These goals can only be achieved through the structural transformation of African economies.

CHAPTER II

RECENT CHANGES AND FUTURE PROSPECTS FOR THE ECONOMIC SITUATION IN NORTH AFRICA

I- The Economic Growth: the prospects are still unclear

44. Due to the continued impact of the 2011 events that induced major political changes in Egypt, Libya and Tunisia, the tensions between the two Sudans over the past two years and the continued slowdown in the global economy during 2013, particularly in Europe with negative effects on trade exchanges, remittances, FDI and revenues from tourism, the average annual growth estimated for North Africa, Libya included, declined and established at 2.5% in 2013, compared to 6.6% in 2012. The sources of this growth vary from one country to another, however, globally, it seems that the domestic demand contributed greatly in 2013. Forecasts of the Development Policy and Analysis Division of the General Secretariat of the United Nations (UNDESA)⁷ indicate that the growth in North Africa will reach 4.2% in 2014. It should be noted, however, that in the referenced report, Mauritania is attached to West Africa and Sudan to East Africa. This highlights the recurrent problem related to the production and collection of data in the sub-region.

Table 1 : Average annual growth rate of the GDP in North Africa, 2011-2014

| | Algeria | Egypt | Libya | Mauritania | Morocco | Sudan | Tunisia | North Africa |
|----------|---------|-------|-------|------------|---------|-------|---------|--------------|
| 2011 | 2.8 | 1.8 | -62.0 | 4.0 | 5.0 | 0.9 | -1.5 | -5.4 |
| 2012 | 2.9 | 2.2 | 104.1 | 7.0 | 2.7 | 1.4 | 3.6 | 6.6 |
| 2013 – E | 3.1 | 1.9 | -2.0 | 6.7 | 4.8 | 3.6 | 2.9 | 2.5 |
| 2014 – P | 3.7 | 2.1 | 15.1 | 6.8 | 4.2 | 2.8 | 3.8 | 4.2 |

Sources : National data (SRO-NA survey, official websites), UNDESA, EIU, P : Projection, E : Estimates; P : Prospects

45. Through an analysis based on supply, the industry sector is the one which drives the most this growth. Although the service sector was dominating in most North African economies, the industry continues to play a major role in the composition of GDP. It should be noted that it includes extraction and manufacturing. Thus, to properly analyze the structural transformation of economies, it is important to better assess the share of manufacturing activities in the industrial sector, as well as their contribution to the total added-value, in order to provide relevant information on the importance of economic diversification and structural change in North Africa.

46. According to prospects, it seems that the external and internal imbalances are declining and that the recovery of the global economy anticipated at the end of 2013 and expected to continue in 2014, will affect in a positive way the average annual growth of North Africa, which should be reaching 4.2% in 2014. The main short-term challenge that will probably hinder growth in each country in the sub-region is linked to the existence of sufficient budgetary resources, especially in economies with limited budgetary margin. Macroeconomic policies should then be more countercyclical to mitigate the impact of price volatility in commodity and capital inflows⁸.

⁷ UN DESA http://www.un.org/en/development/desa/policy/proj_link/global_economic_outlook.shtml

⁸ UNDESA, *Situation and outlook of the global economy 2014*

Table 2 : Structure of the economies of the North African countries (% of GDP), 2012-2013

| Sector | Algeria | Egypt | Libya | Mauritania | Morocco | Sudan | Tunisia | North Africa |
|-------------------|---------|-------|-------|------------|---------|-------|---------|--------------|
| | 2012 | | | | | | | |
| Primary sector | 10.6 | 14.4 | 1.8 | 3.1 | 13.4 | 33.4 | 9.0 | 14.1 |
| Industrial sector | 51.8 | 39.1 | 48.1 | 18.3 | 27.4 | 23.7 | 30.3 | 35.7 |
| Services | 37.7 | 46.5 | 50.2 | 48 | 50.2 | 42.9 | 60.7 | 45.1 |
| | 2013 | | | | | | | |
| Primary sector | 10.5 | 14.6 | 2.3 | N. d. | 14.1 | N. d. | 8.6 | 9.8 |
| Industrial sector | 51.4 | 38.6 | 58.9 | N. d. | 28.0 | N. d. | 30.1 | 30.9 |
| Services | 38.1 | 46.9 | 38.8 | N. d. | 49.2 | N. d. | 60.7 | 42.8 |

Sources : National data (SRO-NA survey, official websites), EIU, World Bank.

47. While global demand has been in a decline, Algeria was able to reach a relatively better growth compared to the previous year: 3.1% in 2013 compared to 2.9% in 2012. Growth in Algeria is due to exports and new natural gas explorations which led to the attraction of FDI. With regard to the government's share in the economy, it was expected that domestic demand contribute positively to this growth. Thus, public expenditures declined from 3.8% in 2013 to 2.6% in 2012 and household consumption to 5.2% in 2013, compared to 5% in 2012. On the other hand, external demand contributed negatively to the growth due to the decline in exports by 5.9% and an increase in imports of 8.6% in 2013.

48. As far as supply is concerned, the industry (including mining) and services sectors had significantly supported the growth in 2013, with growth rates of 2.5% and 4.1% in 2013 compared to 1.5% and 3.7% respectively in 2012. Given the trend of global demand and the volatility of oil prices, the government is striving to diversify the economy so that it relies less on oil sector, which is one of the main objectives of the 2010-2014 five-year plan of USD286 billion. Similarly, given the new infrastructure projects of the government, it can be assumed that investment in this area will increase and external demand will improve; economic growth should then jump again in 2014 to 3.7%. The main challenges facing policymakers include: (i) how to manage the issue of volatility in the current context of high oil prices, which does not meet the fundamentals of the oil market, (ii) how to reconcile the budgetary policy in relation with the consolidation of public expenditures while continuing to diversify projects, which require additional public spending⁹.

49. The unrest since the removal of President Morsi during 2013 has adversely affected the **Egyptian** economy. The political tensions have made the necessary economic reforms difficult to implement and the economic stagnation will continue to linger for some time. In this context, growth has slightly declined: 1.9% in 2013 compared to 2.2% in 2012. The decline in economic activity may be explained by a decline in domestic demand, the driving force of growth, which contributed only with 2.7 points. Final consumption contributed with 2.3%, including 2.4% from household consumption. Gross fixed investment negatively contributed with 0.4%. However, external demand contributed with 1.5%, due to an increase in imports.

50. The analysis in terms of supply indicates that nearly half of this growth was from the service sector, followed by the industrial sector, which represents 38.6% of the total added value; the agricultural sector represents 14.6% (see Table 2).

⁹ Cover note of the draft legislation on additional finance law for 2012 (<http://www.mf.gov.dz/article/48/Zoom-sur-les-Chiffres-/154/Taux-d-inflation.html>)

51. According to official projections, growth in Egypt is expected to resume in 2014 to reach 2.1%¹⁰. It is expected that the pace of economic growth will accelerate starting from 2014. This improvement in economic activity led to a resumption in domestic production. In addition, an improvement in the business environment activity should allow the implementation of a number of major projects, including those related to energy. Similarly, greater political stability will improve the security situation which should help stimulate a rebound in the tourism sector.

52. Regarding **Libya**, the economic growth fell sharply to (-2.0%) in 2013 compared to 104.1%¹¹ in 2012, because of the decline in oil production due to political tensions in mid 2013, decrease of exports and security concerns. Growth is expected to accelerate significantly in 2014, by 15.1% thanks to the resumption of oil production, massive government investment in post-conflict reconstruction and foreign direct investment if security conditions in the country are established.

53. As for the supply-side, it is estimated (at constant prices of 1997) that the industry sector, including hydrocarbons, contributes most to the growth and represents 58.9% of GDP at factor cost, followed by the services sector with 38.8% and agriculture with 23%.

54. Given the volatility of oil prices, the main challenge for Libya is to continue to develop strategies and implement projects that diversify the economy in sectors other than oil to reduce its vulnerability.

55. The economy of **Mauritania** confirmed its resilience in 2013, despite the continuous global recession in 2012. The agriculture and construction sectors continued to contribute significantly to this resilience, as well as the structural reforms implemented in 2012 and the effects of which were more visible in 2013. However, the average annual growth rate slightly decreased to 6.7% in 2013, be it a level quasi similar to the 7.0% in 2012, confirming the prospects of 2013.

56. This dynamics of the economic activity is likely to continue in 2014, under the prospects of the improvements of the economic fundamentals. The growth rate will reach 6.8% and will result mainly from mining, construction, agriculture and services. Foreign investors will be attracted by mining and oil sectors which are likely to consolidate, as a major factor of stimulation of the economic growth. The exploration and investment in non-ferrous metals will also be a major factor of growth, even if iron ore prices remain below their high level of 2011. Oil exploration will also help, even if there is a mismatch between exploration of viable oil and the effective production for the coming years. Agricultural production is expected to increase slightly in 2014, if the weather conditions remain normal in the region. In addition to these elements, the main challenges are the rapid and efficient use of the financial assistance provided by donors and the acceleration of economic diversification to promote an overall inclusive growth that will have a positive effect on social development.

57. In **Morocco**, the real average annual growth rate rebounded to 4.8% compared to 2.7% in 2012¹². This increase in growth was in line with a good performance of the national economic activity as a whole and a favorable behavior of dynamic sectors with significant contribution to the national wealth, including primary and tertiary activities. In addition, recent economic indicators show a continued improvement in certain branches of the secondary sector, in particular, with the gradual resumption of foreign demand in Morocco.

58. As far as global demand is concerned, the household consumption held up well in 2013, favored on the one hand, by controlling consumer prices and, on the other hand, by improving household incomes which benefited from the significant impact of the good agricultural campaign 2012/2013, remittances from Moroccans living abroad, the improvement of the labor market's situation and a

¹⁰ EIU, 2013 SRO-NA Annual survey (Egypt)

¹¹ This exceptional value corresponds to a situation of strong resumption of economic activity in a post-conflict situation. Rebound estimates of Libyan growth can therefore vary quite significantly from one source to another.

¹² 2013SRO-NA annual survey (Morocco)

relatively good evolution of outstanding consumer loans. The investment results were maintained, benefiting from investment allocations in the state budget, FDI revenues and imports of capital goods, and the resumption of outstanding equipment loans. Overall, domestic demand contributed to real GDP growth by 3.4%, public expenditures by 0.7%, household consumption by 2.4% and GFCF by 0.7%.

59. As far as supply is concerned, growth in agriculture reached 12.0% and contributed by 14.1% of total added value in real GDP in 2013, while the industry sector is registering a growth of 1.2% and contributing by 28.0% of the total added value, and the service sector is registering a growth of 3.0%, representing 49.2% of total added value¹³.

60. The High Commissioner for Plan expects GDP to slow to 4.2% in 2014 due to a decrease in agricultural production, in association with climate hazards. However, the major challenges in this projection are related to how to curb the trend in terms of tourism revenues and remittances, and especially how to increasingly and effectively apply the diversification strategies in the short and long term to eliminate the current vulnerability related to agriculture and external demand.

61. **Sudan's** five-year strategic plan (2012-2017) announced by the government to speed up growth still suffers from the conflicts that undermine relations between the two Sudans and the heavy security deterioration in South Sudan. Accordingly, the improvement of the economic growth continued to reach 3.6% in 2013 against 1.4% in 2012, mainly due to the three-year emergency plan in response to secession, launched by the government in order to implement adjustment measures and the reforms required for the restoration of macroeconomic stability and which has not yet yielded the expected effects.

62. Emphasis was placed on the diversification of economy, in sectors other than oil production, the main target being the agriculture sector to meet the needs of domestic consumption, increase exports of cotton and improve agriculture through a strategic partnership with China, Brazil and Australia.

63. These measures include increasing non-oil revenues, consolidating exports and improving tax collection as well as eliminating subsidies on fuel.

64. The 2014 official forecast predicts 2.8% growth rate. However, several challenges must be met particularly to restore macroeconomic stability to contain inflation. Among other challenges, we can mention: attraction of foreign direct investment, deficit reduction of the balance of payments and increase in international reserves.

65. Due to the weak external demand and a slow global economy, particularly in the Euro zone, growth in Tunisia slowed down to 2.9% in 2013 against 3.6% in 2012. Almost all sectors have slowed down, but the industry has benefited from the effect of government subsidies to stimulate domestic demand.

66. The sectoral analysis of economic growth during the year shows a recession in agriculture and fishing (-3.3%) due, in particular, to the significant decline in grain production. Similarly, the non-manufacturing industries experienced added value decline (-0.4%) mainly due to the decline in energy production (-3.2%), especially extraction of oil and natural gas (-3.8%). This decrease could have been worse without the 3.2% increase in mining production.

67. On the other side, economic growth has increased in non-market activities (5.4%) and in market services (4.3%), mainly communications (9.8%), transport (4%) and tourism (1.9%), despite the significant decline in leading indicators made by this sector.

¹³ 2013 SRO-NA annual survey (Morocco) and EUI. This classification does not mention all elements of the value added in the GDP.

68. Domestic demand, the driving force of growth in 2012, remained the main driver of growth in 2013, registering 4.0 points. Final consumption should add about 7.9 points, and private consumption 3.7 points. Meanwhile, gross investment will continue to improve to 10.7% over the previous year, thus increasing growth by about 0.5 point¹⁴. The net export will witness 1.1 point reduction.

69. The 2014 forecast expects real growth amounting to 3.8%, with emphasis on reducing the public finance deficit and external debt. According to the budget¹⁵, the main priorities are to provide the necessary funding for programs related to development and employment. In addition, the budget emphasizes the need to support economic activity, encourage investment and continue to provide subsidies for basic goods and services, especially energy and transport. However, numerous challenges still remain, such as how to restore sustainable, strong and inclusive economic growth while maintaining a low level of external debt and acceptable foreign exchange reserves. Meanwhile, the high unemployment rate requires an improvement throughout private investment, thanks to policies targeting supply.

II- Inflation and Exchange Rates : Downward Trend in Inflation Driven by Decline in Global Food Prices

70. Most central banks in North Africa try to contain inflation using instruments such as monetary policies, combined with their exchange rate regimes. It is expected that the average inflation rate in consumer prices decreases slightly to 8.1% in 2013, compared with 9.1% in 2012, in conjunction with a slight drop in food prices.

71. The Central Bank of **Algeria** seeks to control the money supply and therefore contain inflation. In this context, the Bank has restricted lending by changing compulsory reserves. Since Algeria is a major importer of agricultural products, the average inflation rate in consumer prices stands at 4.8% in 2013 against 8.9% in 2012. Since the import sector remains restricted, and assuming that the prices of agricultural products will not experience sharp increase, the projected inflation rate would decline to 4.4% in 2014.

72. With the gradual drop of the Egyptian pound against the dollar, inflation in consumer prices in **Egypt** increased to an average of 9.1% in 2012-2013 compared to 7.1% during the 2011-2012 fiscal year. This situation is partially attributed to the reduction of subsidies on food prices, because Egypt is the largest importer of wheat in North Africa. In addition, since the pound depreciates faster and global prices of non-oil commodities are rising, inflation in consumer prices is projected to average 10.2% in 2014. In addition, according to projections of more rapid depreciation of the pound in 2014 (up to E£ 9.21=\$1 compared to 9,14 E£ =\$1 in 2013) and given the volatility of global prices of non-oil commodities, inflation in consumer prices is expected to jump to an average of 10.2% in 2014.

¹⁴ National sources and EUI 2103.

¹⁵ Which had to be reviewed with the establishment of the new government.

Table 3 : Annual inflation rates in North Africa, 2011-2014

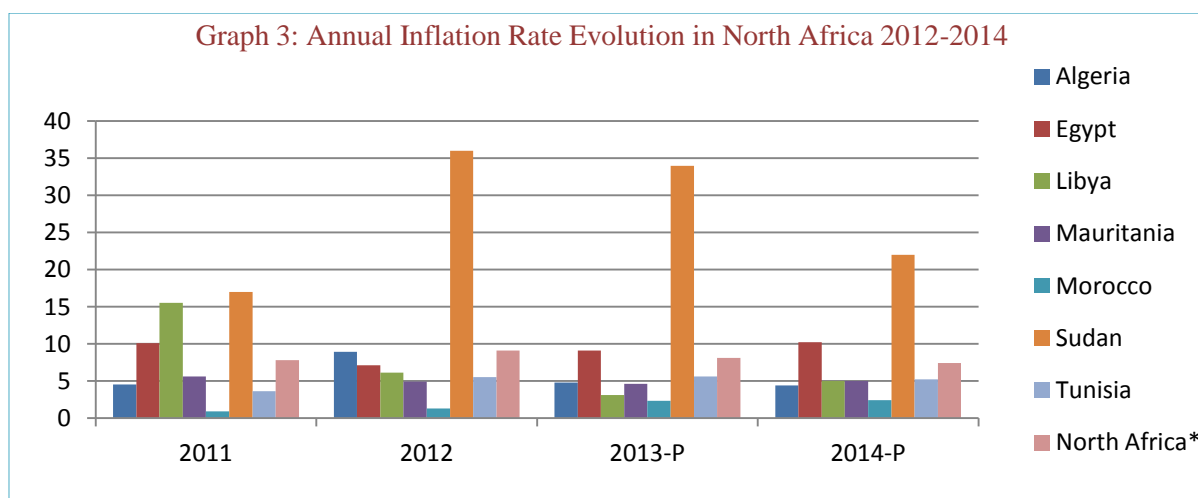
| | Algeria | Egypt | Libya | Mauritania | Morocco | Sudan | Tunisia | North Africa* |
|----------|---------|-------|-------|------------|---------|-------|---------|---------------|
| 2011 | 4.5 | 10.1 | 15.5 | 5.7 | 0.9 | 17 | 3.6 | 7.8 |
| 2012 | 8.9 | 7.1 | 6.1 | 4.9 | 1.3 | 36 | 5.5 | 9.1 |
| 2013 – P | 4.8 | 9.1 | 3.1 | 4.1 | 1.9 | 34 | 5.6 | 8.1 |
| 2014 – P | 4.4 | 10.2 | 5.0 | 4.7 | 2.4 | 22 | 5.2 | 7.4 |

Sources : National data (SRO-NA survey, official websites), UNDESA 2013, IMF 2013, EIU, December 2013

73. According to the Central Bank of **Libya**, inflation decreased and averaged 3.1% in 2013 against 6.1% in 2012. The average inflation rate in consumer prices declined due to government subsidies to contain social pressure. However, forecasts project inflation will stand at 5% in 2014, even if government subsidies are maintained and that large foreign exchange reserves continue to support the currency against inflationary pressures.

74. Inflation in consumer prices in **Mauritania** fell slightly to 4.1% in 2013 compared to 4.9% in 2012, due to the decrease in the prices of food products and industrial raw materials.

75. Thanks to a normal agricultural season and the deceleration in the increase of food prices in 2014, it is expected that inflation will be contained and to average around 4.7% in 2014. The Central Bank of Mauritania is ready to tighten monetary policy in order to curb the inflationary trend, using indirect instruments of monetary policy, including increased compulsory reserves, if excess liquidity destabilizes the banking system.



Sources: National Data, Including 2012 Annual Surveys of ECA-NA, IMF and EIU

76. Historically, the inflation rate of consumer prices remains relatively moderate in **Morocco** because of subsidies, especially in terms of energy and food commodities. Authorities continue to contain inflation and average inflation rate was 1.9% in 2013 compared to 1.3% in 2012, mainly due to imported inflation because of the rise in oil prices. The inflation rate is expected to average 2.4% in 2014. However the weather fluctuations in the national harvest could cause short-term spikes in commodity prices.

77. Due to the strong depreciation of the Sudanese pound combined with a restrictive policy in the money supply, inflation in consumer prices showed a downward trend in 2013. According to the Central Bank of **Sudan**, the inflation rate reached 34% in 2013 against 36% in 2012. This downward trend is expected to continue in 2014 and the annual inflation rate to average 22%.

78. Although the volume of subsidies for commodities, transport, electricity, gas and fuel represented 5.9% of GDP in **Tunisia**, the pressure put on prices by the price of oil caused a very slight increase in the average inflation rate of consumer prices, reaching 5.6% in 2013 compared to the 5.5% average rate in 2012. Because of wage restraint and lower subsidies, inflation is expected to decline slightly to stand at 5.2% in 2014¹⁶.

Table 4 : Exchange rate of national currencies against the USD and the Euro

| | Algeria | Egypt | Libya | Morocco | Mauritania | Sudan | Tunisia |
|---|---------|-------|-------|---------|------------|-------|---------|
| National currencies against :1 \$ US | | | | | | | |
| 2011 | 72.94 | 5.94 | 1.26 | 8.08 | 281.10 | 2.68 | 1.41 |
| 2012 | 77.54 | 6.06 | 1.26 | 8.63 | 296.60 | 4.43 | 1.56 |
| 2013 – A | 79.80 | 6.91 | 1.28 | 8.41 | 297.60 | 5.90 | 1.64 |
| 2014 – F | 79.85 | 7.21 | 1.31 | 8.19 | 299.50 | 6.53 | 1.72 |
| National currencies against :1 Euro | | | | | | | |
| 2011 | 101.51 | 8.26 | 1.63 | 11.25 | 340 | 3.06 | 1.96 |
| 2012 | 99.68 | 7.79 | 1.65 | 11.09 | 301.7 | 3.90 | 2.01 |
| 2013 – E | 105.97 | 9.14 | 1.69 | 11.15 | 407.60 | 5.43 | 2.17 |
| 2014 – F | 102.41 | 9.21 | 1.65 | 11.22 | 423.70 | 8.05 | 2.19 |

Sources : National data, 2013 SRO-NA survey, IMF, EIU, December 2013 ; E=Estimates; F=Forecasts; A=Actual figures

79. North African exchange rate regimes vary from one country to another. Thus, they have a significant impact on the competitiveness of export or import and inflation control.

80. The Central Bank of **Algeria** operates a floating regime for the Algerian dinar. This policy aims primarily to preserve the stability of the exchange rate. While the government sought to limit the demand for import, it was expected that the dinar would depreciate gradually to 79.80 DZD : 1\$ in 2013, then 79.85 DZD: 1\$ in 2014, compared with the average of 77.54 DZD: 1\$ in 2012. As far as the euro is concerned, the rate stood at 105.97 DZD: 1€ in 2013 compared to 99.68 DZD: €1 in 2012. In 2014, the dinar is expected to depreciate slightly to 102.41 DZD: 1€. However, the Central Bank had significant bank reserves and foreign exchange reserves estimated at approximately U.S.\$191 billion at the end of 2013, which can counter any significant downward pressure.

81. The Central Bank of **Egypt** operates a gradual depreciation regime of the Egyptian pound. It was then expected that the pound would depreciate slightly against the U.S. dollar to settle at E£6,91 : 1\$ in 2012-2013 compared to E£6.06: 1\$ in 2011-2012. Similarly, the Egyptian pound depreciated against the euro to reach E£9.14: €1 in 2012-2013 compared to E£8.26: €1 in 2011-2012, and to E£9.21: €1 in 2013-2014 as the lack of capital inflows will continue in 2014 (see Table 4).

82. In **Libya**, the dinar is linked to the Special Drawing Rights (SDRs). Therefore, the average exchange rate of the dinar stood at 1.28 LD: \$1 in 2013 compared to 1.26 LD: \$1 in 2012 and slightly lower compared to the euro, or 1.69 LD: 1€ in 2013 compared to 1.65 LD: €1 in 2012. The money supply has grown rapidly since 2011, which resulted in the increase in currency in circulation. Following the lifting of sanctions, the Central Bank of Libya used foreign exchange reserves for commercial banks engaged in the sale against the local currency; this has risen the level of liquidity in the banking sector in 2013. No significant changes are expected in 2014 regarding the exchange rate of the dinar against the dollar or the euro.

¹⁶ Report of the 2013 draft budget, Ministry of Finance

83. **Mauritania** maintains a flexible exchange rate system. The ouguiya should depreciate somewhat to 297.6 MRO: \$1 in 2013 compared to 296.6 MRO: \$1 in 2012. The Central Bank of Mauritania will continue to strengthen the functioning of the foreign exchange market, because the parallel market has enough cash to help restore stability in the exchange rate in both markets. Despite the preference of the Mauritanian government for the stability of the exchange rate with the dollar, the MRO should depreciate at UM299.5: U.S.\$1 in 2014, mainly due to the continuous movement of the floating currency system, under which the authorities have tried to resist depreciatory pressures.

84. **Morocco**'s fixed exchange rate regime is closely managed against a set of currencies dominated by the euro. The Central Bank of Morocco, through its expansionary monetary policy, decreased its reference rate by 25 basis points to 3% in March 2012; by the end of September, it cut its reserve requirement ratio from 6% to 4%. The exchange rate of the dirham depreciated slightly to an average of MAD8.41: \$1 in 2013 compared to MAD8.63: \$1 in 2012, and appreciated against the euro to MAD11.15: 1€ in 2013 compared to MAD11.09: €1 in 2012. In order that the dirham remains competitive to encourage exporters, it is expected to be traded at an average rate of MAD8.19: \$1 and MAD11.22: €1 in 2014.

85. On June 25, 2012, the Central Bank of **Sudan** replaced its *de facto* fixed exchange rate regime by a managed floating exchange regime. The Sudanese Pound was then devalued by 66%, from SDG5.90: \$1 to SDG4.43: \$1. This central rate applies to the settlement of government bonds, importation of fuel products and customs fee, with the following three rates: (i) subsidized rate for wheat, which is SDG2.9: \$1; (ii) rate at which the Bank buys gold, (iii) rate applied to commercial banks, which is non-determined so as to be equal to the key rate of the Bank plus percentage fixed by the Bank. It is worth noting that the depreciation of the Sudanese pound promotes speculative activities.

86. After the revolution, the Central Bank of **Tunisia** adopted accommodative policies and provided cash required by banks. The Tunisian dinar is linked to a set of currencies dominated by the euro. After fluctuating significantly in 2012, the dinar experienced a less volatile year in 2013. On average, in 2013 the dinar witnessed a slight depreciation against the dollar and stood at TND1.64: \$ 1 in 2013 compared to TND1.56: \$1 in 2012. Despite being rooted, the dinar witnessed remarkable appreciation against the euro, reaching TND2.17 against 1€ in 2013 compared to TND2.01: 1€ in 2012.

III- Investment

A- Gross Fixed Investment Increased Slightly Despite Regional Context

87. The expected volume of gross fixed investment in North Africa rose from U.S.\$2.6 billion in current market prices in 2013, increasing by 3.9%, shifting from U.S.\$173.9 billion in 2012 to U.S.\$176.5 billion in 2013 (see Table 5). However, in proportionate values, gross fixed investment as percentage of GDP declined slightly from 28.9% of GDP in 2012 to 28.7% of GDP in 2013 (see Table 6). This growth rate of investment in volume is significantly better than the -1.8% rate that the region experienced in terms of FDI in 2013 amounting to nearly U.S.\$14 billion. In terms of volume of gross fixed investment, the region may fall to 5.7% in 2014, be it U.S.\$ 186.5 billion. This improvement is a consequence of the ongoing reforms in the business environment and the macroeconomic stability in the North African countries.

Table 5 : evolution of the Gross fixed investment in North Africa, 2011-2012

| <i>Gross fixed investment or GFCF, in billion U.S.\$ in current market prices</i> | | | | | | | | |
|---|----------------|--------------|--------------|-------------------|----------------|--------------|----------------|----------------------|
| | Algeria | Egypt | Libya | Mauritania | Morocco | Sudan | Tunisia | North Africa* |
| 2011 | 75.4 | 39.5 | 1.8 | 1.3 | 35.7 | 8.6 | 11.2 | 173.5 |
| 2012 | 76.6 | 42.6 | 3.7 | 1.4 | 34.0 | 4.0 | 11.6 | 173.9 |
| 2013 – E | 86.0 | 36.2 | 4.0 | 1.7 | 36.3 | N. d. | 12.3 | 176.5 |
| 2014 – P | 91.2 | 37.9 | 4.1 | 2.5 | 37.9 | N. d. | 12.9 | 186.5 |
| Variation in 2013 | 12.3 | -15.0 | 6.9 | 21.4 | 6.8 | N.d. | 6.0 | 3.9 |

Sources : National Data, EIU, IMF

88. In terms of gross fixed investment, the volume in Algeria was estimated at DZD6,859 billion (about U.S.\$86.0 billion in 2013 compared to DZD5,938 billion in 2012), i.e. 12.3% increase (see Table 6). Gross fixed capital formation also increased by 10.2% to DZD510 billion in 2013, compared to DZD358 billion in 2012. Similarly, the ratio of gross fixed investment to GDP increased slightly to 43.3% of GDP in 2013 against 42.1% of GDP in 2012 (see table 6).

89. This improvement in absolute terms of the volume of gross fixed investment or gross fixed capital formation in 2013 compared to 2012 may come from the results of reforms and various policies in terms of investment and business environment improvement adopted by the government in previous years. We can mention among other things: In terms of energy policy, Sonatrach, the state oil and gas company plans to spend \$80 billion over the next five years on new exploration activities in order to meet demand of refined products, the announcement of new discoveries in the Berkine basin; amendment of the 2005 law on hydrocarbons, approved by parliament in January 2013, according to which foreign companies will be taxed on their profits rather than their income. These various announcements were probably the factors that stimulated investment in the country.

90. **Egypt**, gross fixed investment is expected to show 15% decline from U.S.\$42.6 billion in 2011-2012 to U.S.\$36.2 billion in 2012-2013 at current market prices. However, the ratio to GDP increased slightly (0.6%). The total investment is expected to rise from E£258.1 billion in 2011-2012 to E£248.6 billion in 2012-2013, and private investment from E£246.1 billion in 2011-2012 to E£241.6 billion in 2012-2013¹⁷. This declining investment is a consequence of the socio-political crisis in Egypt.

91. The government targets a total investment amounting to E£273.2 billion in 2013-2014, including approximately E£103 billion to be provided by the State (grants and subsidies by Arab Emirates and IMF), while private investment within the framework of the PPP projects is estimated at E£170 billion, according to an extensive investment plan in areas such as infrastructure, electricity and water in addition to the payment of arrears to energy companies contractors. In 2014, the policy is expected to remain expansionary to take into account the government's vast public investment plan. This policy aims to continue the work of the Ministry of Electricity already announced in December 2012 to launch two major private power projects (2,250 MW plant in Dairout in the province of Beheira, and a series of wind farms in the Suez Gulf) that had already attracted many investors before the revolution. The prospects say that the business environment would improve between 2014-18 in view of the ongoing efforts to resolve the political crisis. However, the business environment will continue to be affected by political uncertainty, an increasingly high terrorism level, even if some economic reforms are being implemented slowly.

92. Gross fixed investment rose less rapidly in **Libya** to reach U.S.\$243 million in 2013 compared to U.S.\$1,906 million in 2012. As a percentage of GDP, the ratio has seen a slight rise from 18.0% in

¹⁷ EIU Data, January 2014.

2012 to 19.8% in 2013, due to the continued efforts of recovery in production, and remarkable growth in GDP in 2013 compared to 2012. The net FDI flow in 2013 totaled U.S.\$522 million, slightly higher than 2012. The government is continuing ongoing reforms such as plans to separate the activities related to refining and petrochemicals of the National Oil Corporation (NOC), the establishment of the National Corporation for Oil Refining and Petrochemical Production (NCORPP) in the eastern part of the country. These plans are confirming the government's willingness to pursue a strategy of a more inclusive economic development. Gross fixed investment should continue to grow in 2014 to 6.9% in volume and, find a similar trend in 2015 to exceed the level reached in 2010.

93. In **Mauritania**, gross fixed investment grew by 21.4% to reach U.S.\$1.7 billion in 2013 compared to U.S.\$1.4 billion in 2012 (see Table 5). Nevertheless, gross fixed investment has dropped by 4.7% of GDP in relative terms to 42.3% in 2013, compared to 47.0% of GDP in 2012, in conjunction with the price effects and increased production. Gross investment is expected to decline to 37.3% of GDP in 2014 compared to 42.3% in 2013 but volume would increase to U.S.\$2.5 billion in 2014 against U.S.\$1.7 billion in 2013. This improvement in the volume of investment could be a consequence of reforms to improve the investment climate, one of the constraints to private sector development. Thus, a new investment code was adopted in 2012 and will help operationalize the single window (already implemented) to simplify administrative procedures for new investments. In addition, a strategy for private sector development was established in 2013, and is expected to be adopted in 2014. In terms of forecasts for 2014, Mauritania would experience a decline by about 10.3% in FDI, those of the previous year amounted to U.S.\$1,153.94 million.

94. In **Morocco**, the total investment edged up slightly, reaching MAD304.4 billion in 2013, compared to MAD292.4 billion in 2012. Gross fixed investment should increase slightly in Morocco to reach U.S.\$ 36.3 billion in 2013, against U.S.\$34 billion in 2012. However, in relative terms, gross fixed investment fell off from 1.0% to 34.3% of GDP in 2013, compared to 35.3% in 2012. Similarly, the GFCF followed the same trend and would experience a decrease of 4.5% in 2013, in contrast to an increase of 5.2% in 2012.

95. In addition to its investments in housing and infrastructure, the government tries through its Vision 2020 to attract FDIs in sectors such as electronics, textiles, outsourcing services and tourism. In its policy to boost the economy, the government has made efforts to invest in 2013. This dynamics benefitted from the good performance of the investment from the state budget, which totalized MAD48.3 billion in 2013, from the rise in FDI revenues by 25.2% to reach up to MAD40.2 billion and companies' imports of equipments by 8.2% to more than MAD79 billion, in addition to the recovery of outstanding equipment loans which increased by 2.4% at the end of 2013 (MAD39.1 billion), after falling off by 0.8% one year before. In terms of forecasts, gross fixed capital investment would experience a growth of 4.4% in 2014 reaching U.S.\$37.9 billion.

96. Analysis on investment in **Sudan** is based comprehensively on historical trends, due to unavailability of data. According to results from previous years, investment has declined globally. However, the 2012-2017 five-year strategic plan aims at diversifying the economy by investing in agriculture, micro-finance and infrastructure (i.e. dams and roads), as well as investment in the mining sector. Despite the lack of economic stability, Sudan continues its reforms to attract FDI, loans and grants, mainly from Arab Gulf countries and Asian countries, especially China. Other measures are also taken in hydrocarbons and mining sectors, and the 2013 budget considers the increase in oil production.

97. In **Tunisia**, the volume of gross fixed capital investment has improved, totaling U.S.\$ 12.3 billion in 2013 compared to U.S.\$11.6 billion in 2012. Thus, it represents 24.6% of GDP in 2013 instead of 23.2% of GDP in 2012. According to official data, the GFCF will rise by 12.0%, from TD15,700 million in 2012 to TD17,400 million in 2013, while the total investment will increase by

only 7% (be it TD18.1 billion in 2012 to TD20.1 billion in 2013). Tunisia continues to implement reforms to create a business-enabling environment in order to attract FDIs. However, the short-term impact is not visible yet. The volume of FDIs has declined by 20% to reach U.S.\$1,243 million, compared to U.S.\$1,554 million that the country has attracted in 2012. This slight decline in FDI is due to economic difficulties in Tunisia's key partner countries, as well as the unstable socio-political situation in the country. For private economic actors, reforms should be carried out, such as the amendment of the 1993 Law on Investment that entrepreneurs consider as not favorable to the business environment and needs to be revised for the sake of simplicity and transparency, in order to simplify the procedures of creating a business, and improve arbitration and conciliation procedures.

98. Like other countries in the sub-region, this is also an opportunity to improve the convergence of legislation on investment in North Africa to accelerate regional investment.

B- A ratio of FDI in domestic investment crippled by the length of political transitions underway

99. The analysis of FDI flows in North Africa shows a slight decrease to U.S.\$15.8 billion in 2013 compared to 16.8 in 2012. With a corresponding increase in the volume of gross fixed investment of U.S.\$176.1 billion in 2013 compared to U.S.\$173.1 billion in 2012, the ratio of FDI relative to gross fixed investment has declined significantly by 9.7% in 2012 against 8.9% in 2013. Forecasts indicate a recovery of FDI flows standing at 10.6%, as a result of improving the business climate in the sub-region, the measures taken by the countries, the needs to develop supply to meet the increasingly large domestic demand, as well as the massive investments in infrastructure.

Table 6 : Ratio of Groff fixed investment to GDP and FDI ration to total investment (%), 2011-2014

| Gross fixed investment, in % of GDP | | | | | | | | |
|-------------------------------------|---------|-------|-------|------------|---------|-------|---------|---------------|
| | Algeria | Egypt | Libya | Mauritania | Morocco | Sudan | Tunisia | North Africa* |
| 2011 | 37.2 | 16.7 | 20.0 | 33.7 | 35.9 | 19.1 | 24.1 | 26.7 |
| 2012 | 42.1 | 15.6 | 18.0 | 47.0 | 35.3 | 18.7 | 25.4 | 28.9 |
| 2013-E | 43.3 | 16.2 | 19.8 | 42.3 | 34.3 | 20.3 | 24.6 | 28.7 |
| 2014-P | 42.9 | 14.9 | 18.8 | 37.3 | 34.9 | 17.6 | 23.9 | 27.2 |
| FDI, in % of Gross fixed investment | | | | | | | | |
| 2011 | 4.1 | -1.3 | 5.7 | 59.7 | 8.3 | N.D. | 4.3 | 12.5 |
| 2012 | 2.3 | 6.9 | 18.1 | 100.7 | 9.4 | N.D. | 15.5 | 22.5 |
| 2013- E | 2.5 | 3.8 | 14.3 | 51.1 | 11.3 | N.D. | 11.6 | 15.8 |
| 2014- P | 3.8 | 6.5 | 16.5 | 43.2 | 9.7 | N.D. | 13.1 | 15.5 |

Sources : National Data, EIU, December 2013, IMF database.

100. The ratio of FDI relative to gross fixed capital investment in **Algeria** has increased somewhat, reaching 2.5% of GDP in 2013 compared to 2.3% of GDP in 2012. In absolute terms, it was expected that the gross FDI would total U.S.\$1.8 billion in 2013, while it was U.S.\$1.5 billion in 2012. This increase could be explained by better conditions for investment in the oil sector, although the tax system compels foreign investment in order to develop the national industry. Capital expenditures are expected to decline in 2013 compared to 2012, which will help diversify the economy in sectors other than hydrocarbons.

101. It is estimated that the gross fixed capital investment increases faster than FDIs to stand at 43.3% of GDP. Therefore, the expected FDI relative to gross fixed capital investment ratio is expected to be 3.8% in 2013.

102. In **Egypt**, the ratio of gross FDI relative to gross fixed capital investment has declined dramatically, reaching 3.8% in 2013 compared to 6.9% in 2012. This decrease was due to the drop in FDI as a result of the crisis in the country. However, current trends show an improvement in the ratio in 2014 that will average 6.5%, supported by the attractive effect of government reforms and comprehensive plan for infrastructure development.

103. The ratio of FDI relative to gross fixed capital investment in **Libya** has fallen from 18.1% in 2012 to 14.5% in 2013. The decrease in this ratio is mainly due to the decline in FDI, highlighting the negative impact of security disruptions in the overall attractiveness of the country.

104. Similarly, in **Mauritania**, the ratio of FDI relative to gross fixed capital investment showed a significant decline, falling off from 100.7% in 2012 to 51.1% in 2013. The volume of FDI increased from U.S.\$1,381 million in 2012 to U.S.\$1,154 million in 2013. This shrinkage might derive from the timid perception of the evolution of the business environment, and forecasts indicate that the decline is expected to continue in 2014 with FDIs to reach U.S.\$1,036 million.

105. In **Morocco**, the ratio of FDI relative to gross fixed capital investment, increased from 9.4% in 2012 to 11.3% in 2013, as a result of the slight increase in gross fixed capital investment, which increased from U.S.\$34,000 million in 2012 to U.S.\$36,300 million in 2013. At the same time, FDIs have experienced significant growth and increased from U.S.\$2.8 billion in 2012 to U.S.\$3.6 billion in 2013.

106. The ratio of FDI relative to gross fixed capital investment in **Tunisia** has declined from 15.5% in 2012 to 11.6% in 2013, while gross fixed capital investment, has not grown significantly, from U.S.\$11.2 billion in 2012 to U.S.\$11.6 billion in 2013. However, FDI declined by more than 20% from U.S.\$ 1.5 billion in 2012 to U.S.\$1.2 billion in 2013. This decline in the ratio of FDI, is linked with the decline in FDI that could be justified by the socio-political situation that the country goes through and, the business environment that does not move fast enough for the private sector.

IV- Evolution of foreign trade and regional integration

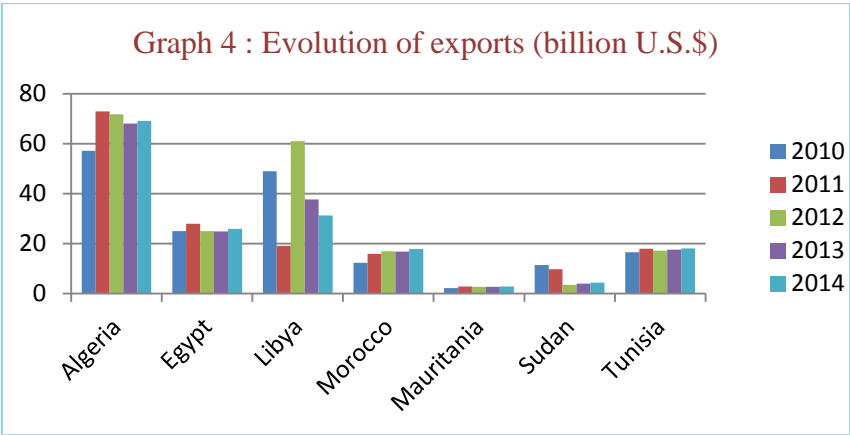
A- Foreign trade : the political and security environment continues to dampen trade performances

107. At U.S.\$171.3 billion against U.S.\$197.6 billion in 2012, exports of the sub-region has declined by 13.3% in 2013. This poor performance is mainly due to a decrease of 38% in Libyan exports and, to a lesser extent, a decline of 5.1% of those of Algeria. Libyan production, had recorded a massive rebound of 348% in 2012, following the 2011 politico-military crisis, but production shrunk to 0.9 million barrels/day against 1.3 in 2012, as a consequence of the persistence of security problems that directly affect the chain of production and transportation of crude oil. In the case of Algeria, the decline in exports was caused by a combination of a weaker oil production (1.1 million b/d), and a fall in crude oil prices, from 111.9 to 108.5 dollars a barrel.

108. To a lesser extent, Morocco and Egypt also recorded a contraction of goods' exports, 0.8% and 0.4% respectively compared to 2012. For Morocco, this was due to a decline by 23.3% in the sales of phosphates and derivatives. However, non-phosphate exports increased by 7.2%, thanks to the good performance of the Global Business Activities of Morocco, mainly automotive industry (+23%), aeronautics (+20%), electronics (+12%), and food industry (+7%), thus confirming the wisdom behind the Moroccan strategic choices in terms of boosting dynamic exporting niches with high added value

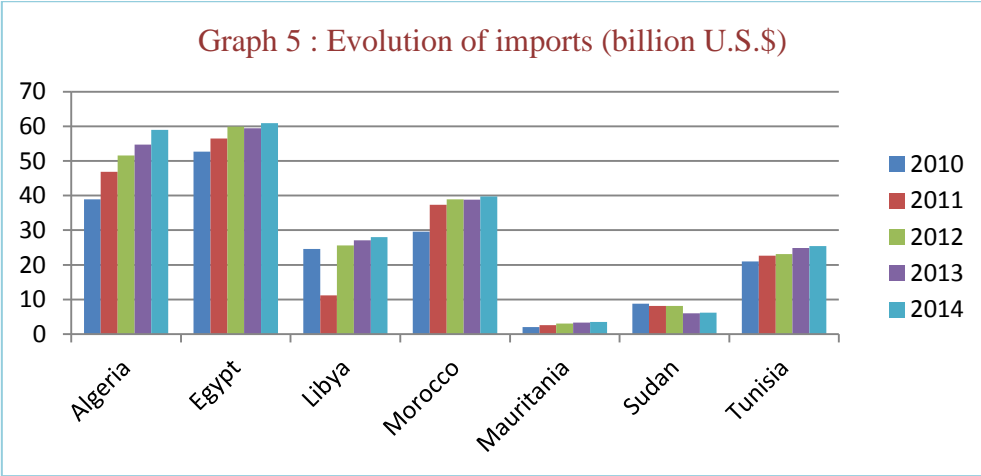
and technology content. For Egypt, the situation is due to the impact of security risks on gas exports from Sinai.

109. Exports of Sudan, Mauritania and Tunisia edged upward, respectively by 17.6, 3.8 and 2.3%. However, variations in absolute values are quite modest to curb the downward trend prevailing in the whole sub-region. The consolidated amount of the North African exports remains far behind its 2010 level by 0.2%. The persistence of political instability, security threats in some countries, the weak growth in the euro zone, and the drop in the world oil prices impact –to varying degrees- the performance of the North African economies and the dynamism of their exports. For 2014, the downward trend will continue in the whole sub-region, with a new drop of 0.2%, due to the uncertainty relating to Libyan hydrocarbons' exports and the quite downturn in oil prices.



Sources : National data (SRO-NA survey, official websites), Statistical Yearbook, ECA, EIU, January 2014.

110. Goods imports are increasing by 1.8%, up to USD214.2, driven mainly by the rise of 6 to 7% of the Algerian and Tunisian imports. Sudan is the only country to show a considerable decrease in its external demand, by 26% in 2013, as a consequence of the partition of the country in 2011 and the economic disturbances relating to political tensions with South Sudan. For 2014, the increase in North African imports will remain globally moderate – around 4%, due to the relative stability in oil prices and the rise in the world grain production¹⁸ (United States, China, Ukraine...), that will cause agricultural products prices fall down.

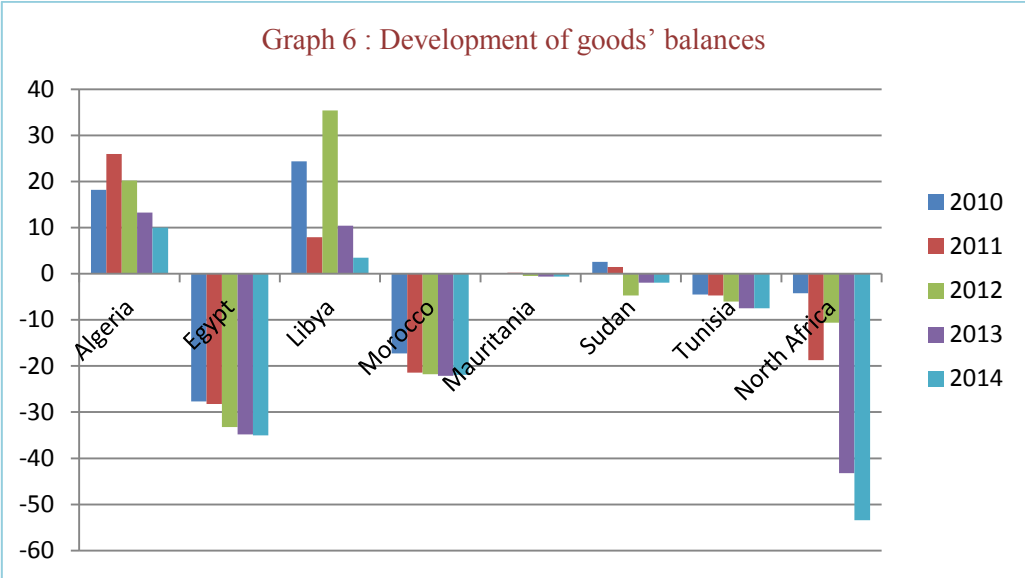


Sources : National data (SRO-NA survey, official websites), Statistical Yearbook, ECA, EIU, January 2014.

1. A structurally low regional supply of goods

¹⁸ International Grain Council ; Report on the grain market; November 2013

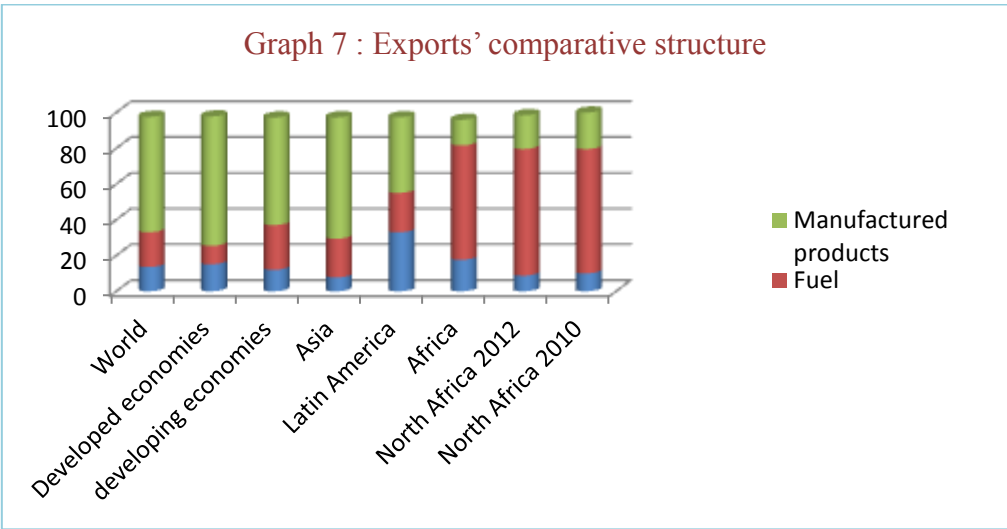
111. For the sub-region as a whole, the deficit in goods widened by 307.5%; it went from US\$10.6 billion in 2012 to 43,2 billion in 2013, due on, the one hand, to the strong surplus shrinkage of Libya (-70.6%) and Algeria (-34.1%) and, on the other hand, to the persistence of high level of the deficits of Egypt (US\$-34 billion) and of Morocco (US\$-22 billion). Except crude hydrocarbons, regional supply remains far below demand, which reflects the structural weakness of the productive systems and the need for a more proactive policy of diversification.



Source : National data (SRO-NA survey, official websites), Statistics Yearbook CEA, EIU, January 2014.

2. Predominance of primary commodities

112. The impact of the weakness of the regional supply is in fact enhanced by the predominance of crude hydrocarbons and other commodity-type products in the export structure. In 2012, fuel accounted for 71% of North African exports, disregarding the downturn of Libyan production. Between 2005 and 2012, the share of manufactured products slightly increased from 16.9 to 20.4% of total exports. This ratio remains, however, well below the average of developing economies (61% in 2012) and reflects the need for more efficient industrialization policies.

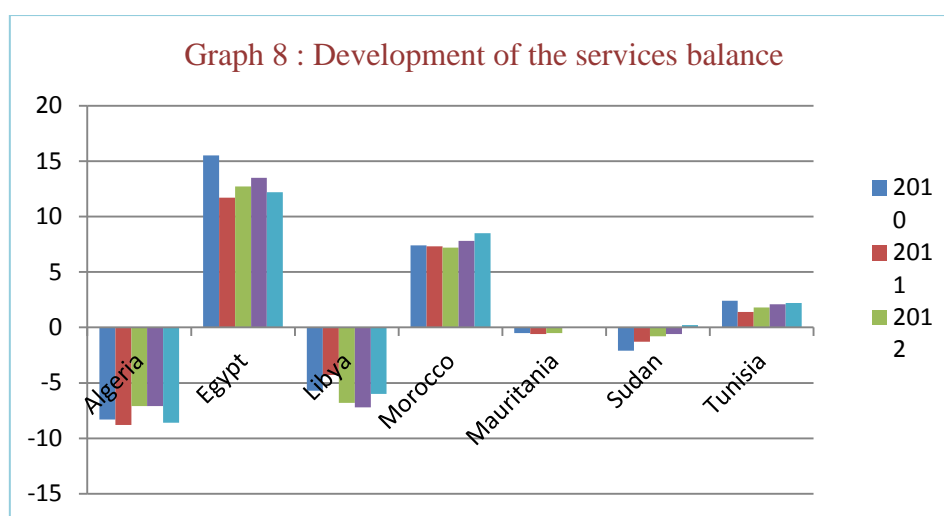


Sources : National data (SRO-NA survey, official websites), Statistical Yearbook, ECA, EIU, January 2014.

3. The gradual recovery of trade in services

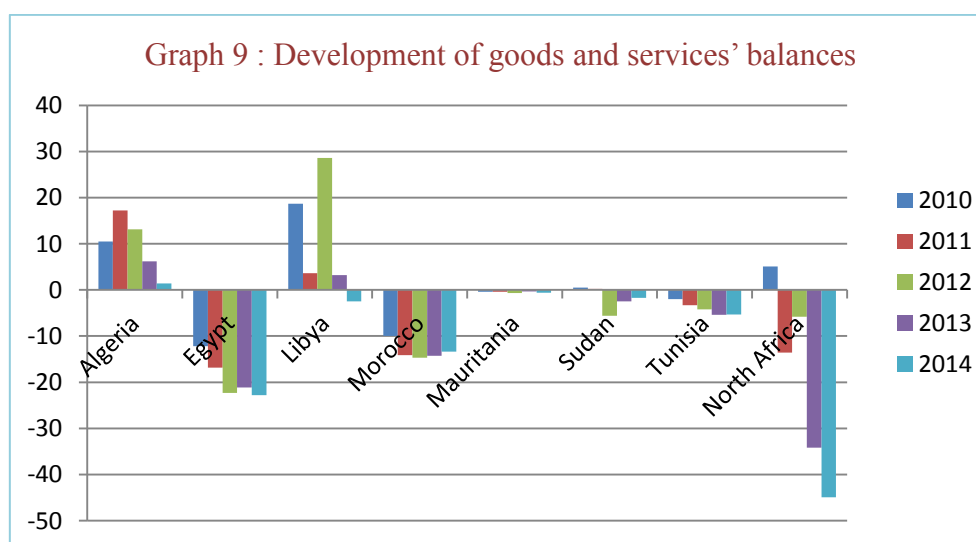
113. Trade in services recorded positive balances increasing sharply in countries with traditional surplus positions- Tunisia (+16.6%), Morocco (+8.3%) and Egypt (+6.3%). Worthy of note, however, that in the case of Egypt and Tunisia, the performance is still below that of 2010, as a result of the extension of political transition and its impact on the economy, especially the tourism industry. For other countries (Algeria, Libya, Mauritania and Sudan), deficits are generally of levels close to those of 2012.

114. The region thus has a positive consolidated balance of US\$8.5 billion, with an increase of 30.7% compared to 2012. For 2014, the assumption which favors the end of the political transitions would result in a significant performances improvement in Egypt and Tunisia.



Sources : National data (SRO-NA survey, official websites), Statistical Yearbook, ECA, EIU, January 2014

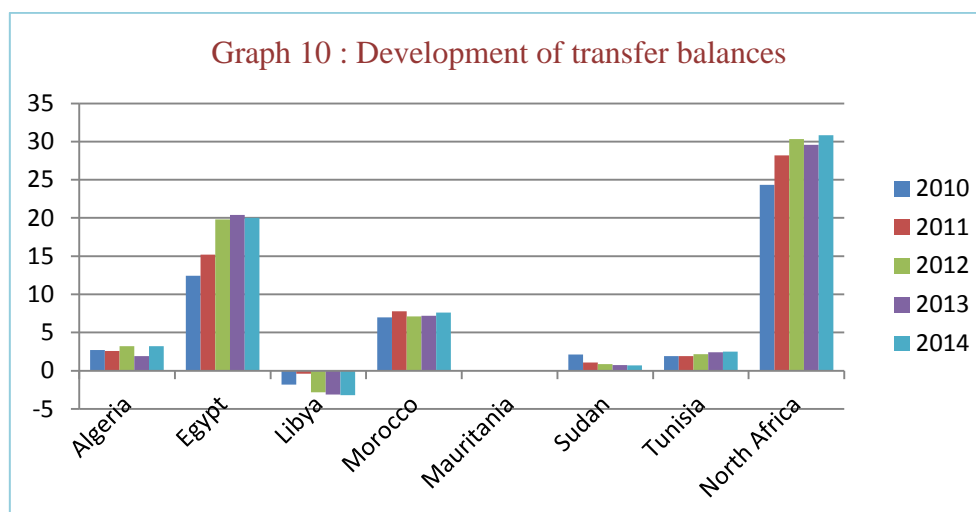
115. For the region as a whole, the deficit in goods and services widened by 489.6%, to US\$34.2 billion against US\$5.8 billion in 2012, mainly due to the sharp contraction of surplus of Libya (-88.8%) and Algeria (-52.6%). This trend should continue in 2014, despite the decrease for all countries in the food import bill and the energy bill. This reflects both the high level of dependence of North African economies to trade in hydrocarbons, and the urgency, for some countries, to find a way out to ongoing crises and political transitions since 2011.



Sources : National data (SRO-NA survey, official websites), Statistical Yearbook, ECA, EIU, January 2014.

4. A slightly reduced remittances balance

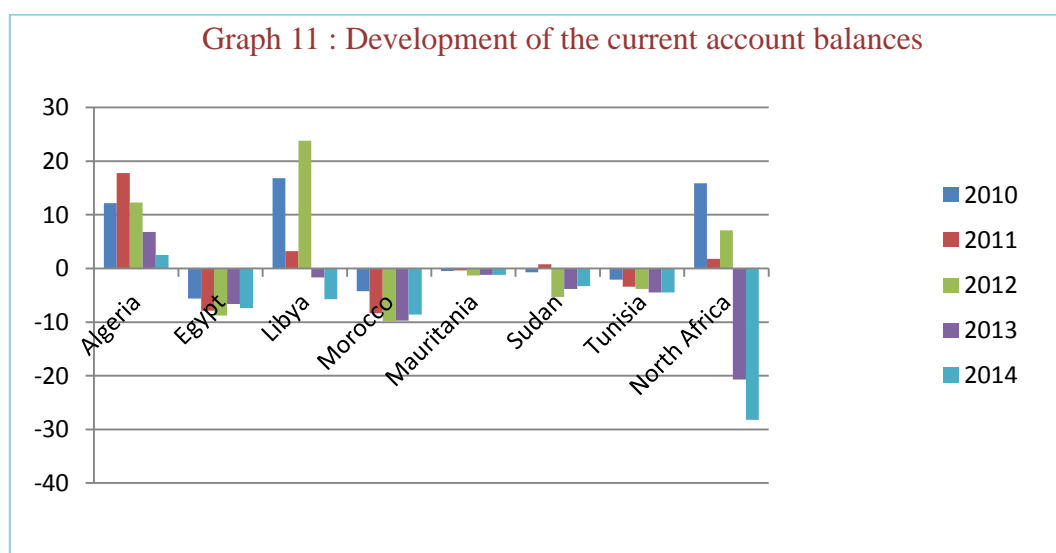
116. The volume of remittances recorded a consolidated positive balance of US\$29.5 billion, slightly down (-2.5%) compared to 2012. Egypt remains the main destination of these remittances, with a share of 69%, followed by Morocco and Tunisia with 24.4% and 8.1% respectively. At US\$2.4 billion in 2013, Tunisia records an annual growth of 10.4% and a positive balance higher than in 2010 (1.9 billion), before the massive return of Tunisian workers in Libya observed in 2011.



Sources : National data (SRO-NA survey, official websites), Statistical Yearbook, ECA, EIU, January 2014.

5. The widening of the current account deficit

117. The consolidated current account balance fell off from a surplus of 7.1 billion in 2012 to a deficit of 20.7 billion in 2013, be it a decrease of 391%, following the underperformance of the Libyan foreign trade. Only Algeria recorded a positive balance –which also fell by 44.7% to 6.8 billion. Some improvements have been made by Egypt, Morocco, Mauritania and Sudan, without recording a major impact on the structural deficits in their current accounts.



Sources : National data (SRO-NA survey, official websites), Statistical Yearbook, ECA, EIU, January 2014.

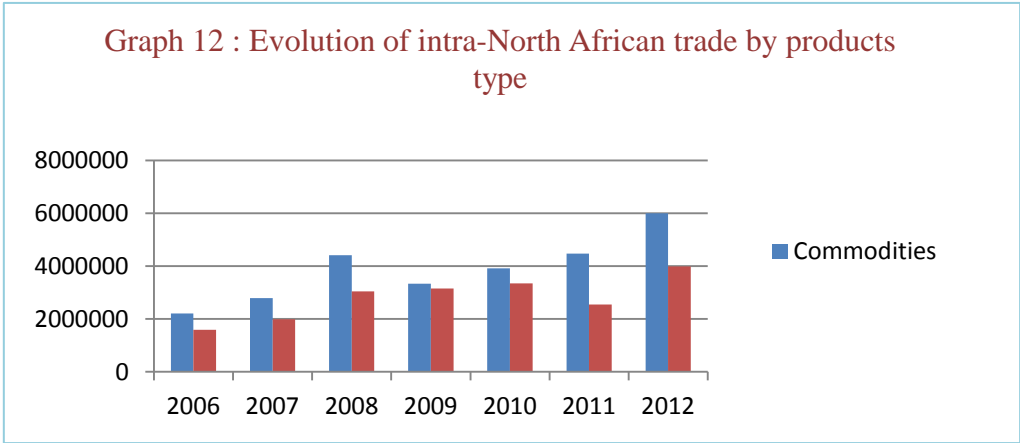
118. The medium-term perceived decrease in food and oil prices will be insufficient to curb the widening deficit for all countries which are non-net oil exporters, the North African external sector remains first characterized by a relative weakness of the regional supply. A continued improvement of the trade and current account balances goes through a more dynamic manufacturing sector, both by expanding the supply of goods and services and by increasing industries with higher added value. North Africa has several strategic advantages to perform the structural transformation of its production systems, including geographic proximity and partnership with Europe, the prospects for medium-term growth of the African continent and the not yet enhanced potential of its intra-regional market.

B- Regional integration¹⁹

1. Development of intra-regional trade

119. The intra North African trade experienced an increase of over 42% in 2012²⁰ compared to the previous year, going from a volume of 7 billion to just under \$ 10 billion. This performance came after the fall of intra-regional trade of nearly 3.3% recorded following the sub-region’s events in 2011. These have greatly reduced the countries' foreign trade, including the intra-regional trade.

120. The year 2012 is a year of strong recovery for intra North African trade. This trend is a reflection of the increase of global trade of the sub-region.



Source: UNCTADSTAT

121. Over the period 2007-2012, intra-North African trade has more than doubled with a growth of 110%, rising from approximately US\$4.8 billion in 2007 to nearly 10 billion in 2012. This growth has contributed to the increase of global trade of the sub-region, which grew by more than a quarter over the same period. The compared dynamics of the two flows reflects the development of the intra-North African trade.

122. However, this good performance should be kept in perspective with regard to the intrinsic weakness of intra-regional trade in this part of the world which represents only 4.8% of the global trade in the sub-region. This share is approaching its historical level of 2009 after a downward trend in 2010 and 2011.

123. North Africa is still one of the least integrated sub-regions of the continent with less than 5% of exports to member countries.

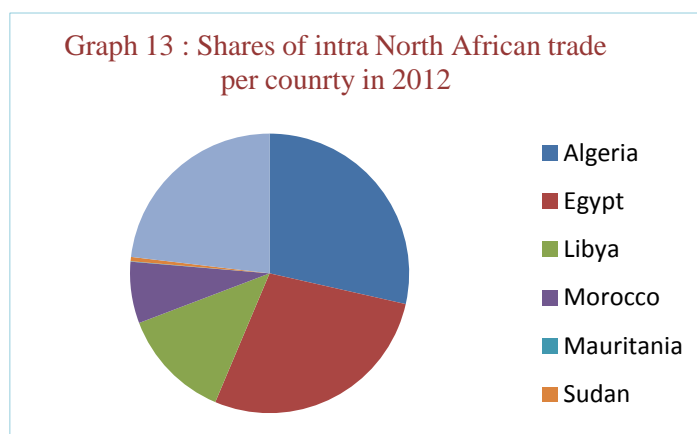
¹⁹ This section is developed in the publication of the Office : "Report on the Regional Integration in North Africa: Intra-regional trade and trade facilitation», 29th ICE, Rabat, 2014.

²⁰ Data on bilateral trade flows for 2013 will be available at the end of 2014.

124. The analysis of groups of products traded within the sub-region, classified as commodities versus manufactured goods allows making the following remarks:

- The structure of intra-North African exports is dominated by the exchange of commodities which account for 60% of trade.
- This share returns back to its 7 years ago level, in 2006, the nature of trade has not fundamentally changed in favor of richer value added goods.
- The decline in the sub-region external trade, but also global and North African trade - following the international crisis of 2008-2009- strongly influenced the relationship between the two groups of products. Indeed, exports of commodities fell by over 24% while manufactured goods showed significant resilience as they progressed in the same year by more than 3.5%.
- Exports have declined again by over 3% in 2011 following social events and revolts. However, the observed effect is the opposite of that recorded in 2009. If, indeed, the fall in the sub-region's exports following the global crisis has saved manufactured goods, the one related to 2011 events can be exclusively explained by them. Indeed, exports of commodities increased by over 14% while manufactured goods fell by almost 24%. In other words, the economic downturn which followed the political events of the sub-region have greatly reduced the industrial production capacity of the North African countries, these latter have been able to meet the international market only by increasing their supply of commodities.
- Nearly 42% of intra-North African trade is fuel, mainly oil and natural gas. This share has remained relatively constant over the past seven years, except the period between 2009 and 2010 corresponding to the peak of the global crisis.
- Other categories of products traded in the intra-North African market grow at a steady and constant pace; it is the development of trade in fuels which determines the trend of trade in its entirety.

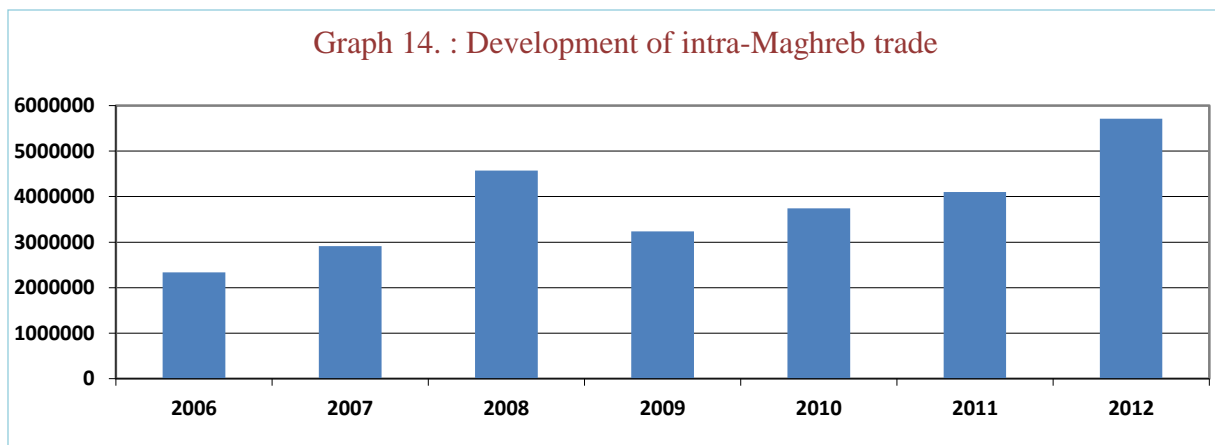
125. The analysis per country shows that Algeria, Egypt and Tunisia dominate the North African domestic market with nearly 79% of the market share. Individual shares are respectively 29%, 28% and 23% of exports in 2012. The other four countries share the remaining 21%. The supply of Sudan and Mauritania is relatively marginal.



Source : UNCTADSTAT.

2. Development of trade within the Maghreb Arab Union

126. In the MAU, the intra-zone trade grew rapidly in 2012 compared to the previous year, as it increased by over 39%. This is the second best annual performance of the last seven years. Only 2008 had recorded better growth.



Source : UNCTADSTAT

127. The recorded decline after 2008 is explained by the effects of the global crisis on the Maghreb economies. However, the relative weak recovery since then tends to be justified by the impact of the economic slowdown of the region after the political events of 2011.

128. Nevertheless, and on the basis of what has been mentioned on the relative weakness of the intra-North African trade, the economic community of the Maghreb Arab Union trades minimally within its borders. Only 3.35% of the exports of the AMU member countries are for the Maghreb market, which represents a very small proportion in relation to the performance recorded by other Regional Economic Communities of the African continent and the potential of this region. The trend of recent years is, however, positive. Except the fall recorded in 2009, the share of the Maghreb trade in total exports has risen steadily.

129. The structural transformation of the Maghreb Arab Union economies requires a change in its economic structure, which is producing mainly unprocessed or minimally processed commodities, into an industrial economy of products with higher added value. The development of the production and marketing of manufactured goods are, as such, fundamental conditions for the economic take-off desired by the Maghreb countries.



Source : UNCTADSTAT.

130. It is clear that instead of taking an ever more important place in intra-Maghreb trade, manufactured goods, as a whole, lose importance in this development for the benefit of commodities. In 2012, they accounted for only 31.34% of trade within the AMU while this rate was 44.69% in 2009. The positive development of exports traded on the Maghreb market seems to benefit mainly commodities.

131. If the Maghreb trade is, in 2012, at over 68% based on primary commodities with low added value, more than 76% of these products come from exports of fuel. In other words, more than half of exports of the AMU countries (52.7%) to member countries consist of fuel, oil and natural gas. The high-tech and high skills manufactured goods represent only 8.5% of total Maghreb trade.

CHAPITRE III

SOCIAL DEVELOPMENT

I- Human and Social Development Prospects

132. The social context in North Africa depends on the economic and political situation which has an impact on the proper functioning and outcome of the undertaken reforms. The countries can be divided into those who enjoy political stability and a good growth rate or strengthening growth, and countries in which uncertainties still surround the evolution of political transitions that negatively impact the performance of economies.

133. In Algeria, the oil exports revenues allowed to maintain a policy of consumer prices subsidization, and to increase wages and social money transfers that helped relatively control the social pressure and continue to invest in the human capital development.

134. In Egypt, the prolonged political transition does not yet allow optimum capitalization of the expected economic and social benefits of a democratic change. The economic recovery, which has a direct impact on the improvement of living conditions, is hampered by political uncertainty, sluggish business climate, the decline of productive investments as well as the collapse of the tourism sector.

135. Libya faces a deteriorating social situation due to the consequences of the 2011 civil war, which destroyed basic infrastructure including those of health and education sectors. The prevailing insecurity and recurring conflicts between different armed groups threaten the political stability, weaken the institutions, and delay the positive effects of the reconstruction policy.

136. Despite a difficult international context, Morocco continues the implementation of the reforms launched since 2010 in the legislative, regulatory and institutional areas in order to improve the business environment and control the budget deficit through the rationalization of public expenditures. The country pays special attention to its social solidarity mechanisms enabling it to maintain the living conditions of the population. Nevertheless, financing social policy and particularly the Compensation Fund, which subsidizes oil products and basic commodities, is a major challenge for the upcoming years.

137. Even with a quite satisfactory growth rate in recent years and despite the significant mineral and fishery resources, Mauritania is a country with a high level of poverty and unemployment. Social progress is slow, and the situation is alarming as far as health sector is concerned; coverage and quality of medical services, especially in rural areas, are weak. Similarly, the situation of food security which depends essentially on rainfall is a recurring issue. Some progress has been made in the education sector, especially in early childhood education and literacy, but according to the forecasts, they do not allow to achieve the MDGs by 2015.

138. Since the independence of South Sudan in 2012, the annual oil revenues of Sudan declined by nearly 75% and the country was forced to adjust its public expenditures, including its social policy, by reducing subsidies on basic food products and oil. This situation, deemed unfair by the population, caused quite violent social tensions. The efforts made by Sudan in recent years in order to develop basic services in terms of water and sanitation, education and health, and poverty reduction, are seriously challenged because they were based on the hydrocarbon revenues which are no longer

available. Necessary adjustments in terms of public expenditures and inflationary pressures facing the country over the past two years may cause a decline in social policies, which may eventually result in social tensions.

139. In Tunisia, the political transition took more time than expected, which consequently affected the recovery of growth that has been initiated since 2012. This growth, due to political instability, is insufficient to meet the main challenges facing the country such as unemployment, inequalities, and regional disparities. The country has an undeniable potential for development, social indicators are considered relatively satisfactory even if some of them (as the prevalence of poverty) have long been underestimated. Moreover, it is worth noting that the public institutions have shown their resilience and ensured a relatively stable continuity of administration given the problems generated by the revolution. Nevertheless, the necessary reforms to restore confidence and revitalize economy cannot be undertaken without the completion of the democratic process so as to remove any source of political and social tension. The adoption of the new constitution, after more than two years of negotiations between the different political movements, and the establishment of an independent government in charge of getting Tunisia out of the political crisis until the 2014 elections, are encouraging signs of a swift stabilization of the country.

II- The Evolution of social and human development indicators

140. **The Human Development Index (HDI)** takes into account three dimensions of the human development:

- Health / longevity (measured by life expectancy at birth), which can indirectly measure the satisfaction of basic material needs such as access to healthy food, drinking water, decent housing, good hygiene and medical care.
- **Knowledge or education level**, measured by the average years of schooling for adults over 25 years and the expected schooling period for children in school age, it reflects the satisfaction of immaterial needs such as the ability to participate in decision-making in the workplace or in society;
- **Standard of living** (logarithm of gross income per capita in purchasing power parity), in order to include the elements of life quality that are not described by the first two indexes such as mobility or access to culture.

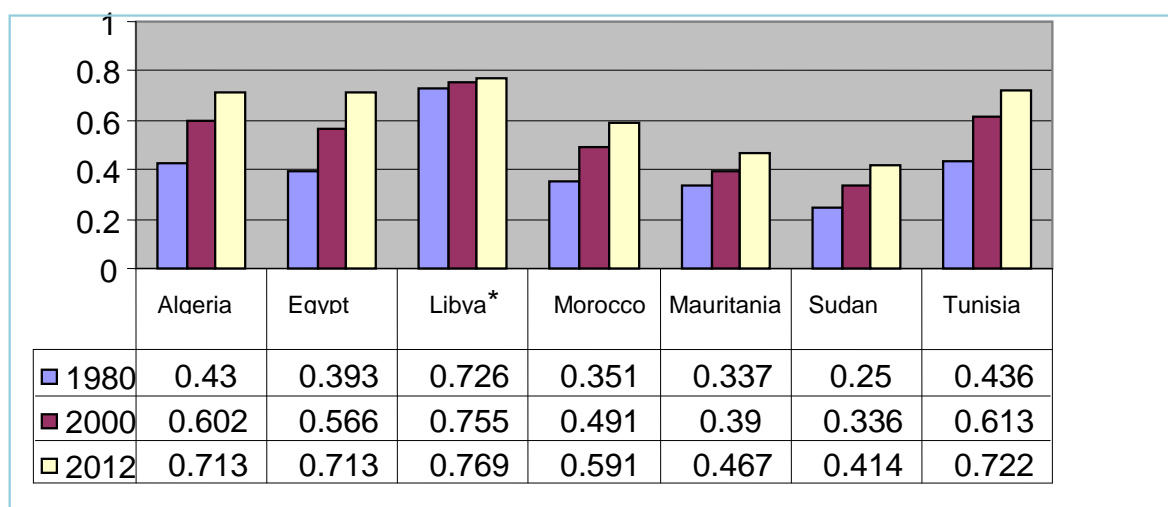
Table 7 – Human development index (HDI)

| | Algeria | Egypt | Libya | Morocco | Mauritania | Sudan | Tunisia |
|-----------------------|-----------|------------|-----------|------------|------------|------------|-----------|
| 2011 HDI | 0.696 | 0.644 | 0.760 | 0.582 | 0.453 | 0.408 | 0.698 |
| World ranking in 2011 | 96 | 113 | 64 | 130 | 159 | 169 | 94 |
| 2012 HDI | 0.713 | 0.662 | 0.769 | 0.591 | 0.467 | 0.414 | 0.722 |
| World ranking in 2012 | 93 | 112 | 64 | 130 | 155 | 171 | 94 |

Sources : Reports on human development human 2013, UNDP.

141. The latest Human Development Report (2013) published by UNDP states that, among the countries of North Africa, Libya is the highest ranked (64th) with an HDI of 0.769, followed by Algeria (93rd) with an index of 0.713, Tunisia (94th) with an index of 0.722, Egypt (112th), with an index of 0.626 and Morocco, which is in the 130th position in the world with an index of 0.591. The latter is followed by Mauritania with an HDI of 0.467 in the 155th position, then comes Sudan in the 171st position in the world with an index of 0.414. Between 2011 and 2012, figures show that all these countries have improved their HDI.

Graph 16 - Evolution of HDIs since 1980



Sources: UNDP's reports on human development in 2010 and 2013.

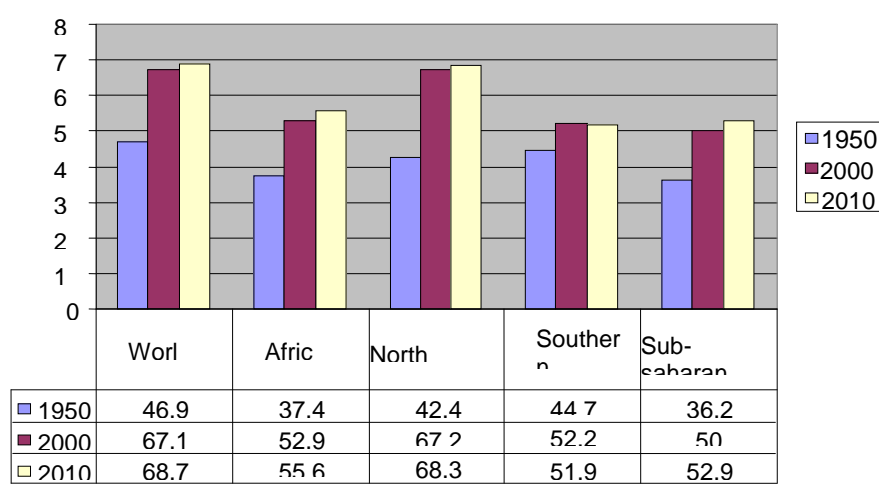
* Data on Libya are from 2005, 2010 and 2012 reports

A- The most significant progress has been made in health and education sectors

142. Since the 80s, countries of North Africa have undertaken public investments in individuals capacity building, including in the fields of health, education and food. This strategy allowed them to greatly reduce their deficits in human development. The 2013 report on Human Development states that Libya, Algeria and Tunisia are among the first 20 countries which have largely decreased their deficit in terms of HDI between 1990 and 2012. Nevertheless, even in other countries in the region, namely Egypt and Morocco and to a lesser extent in Mauritania and Sudan, the HDI has improved considerably.

143. Over the past 40 years, the most important progress has been made in the areas of health and education. Investments in terms of medical coverage, vaccination, access to water and proper sanitation, etc., have resulted in increasing life expectancy and reducing infant and maternal mortality.

Graph 17 : Life expectancy at birth in the world per major regions



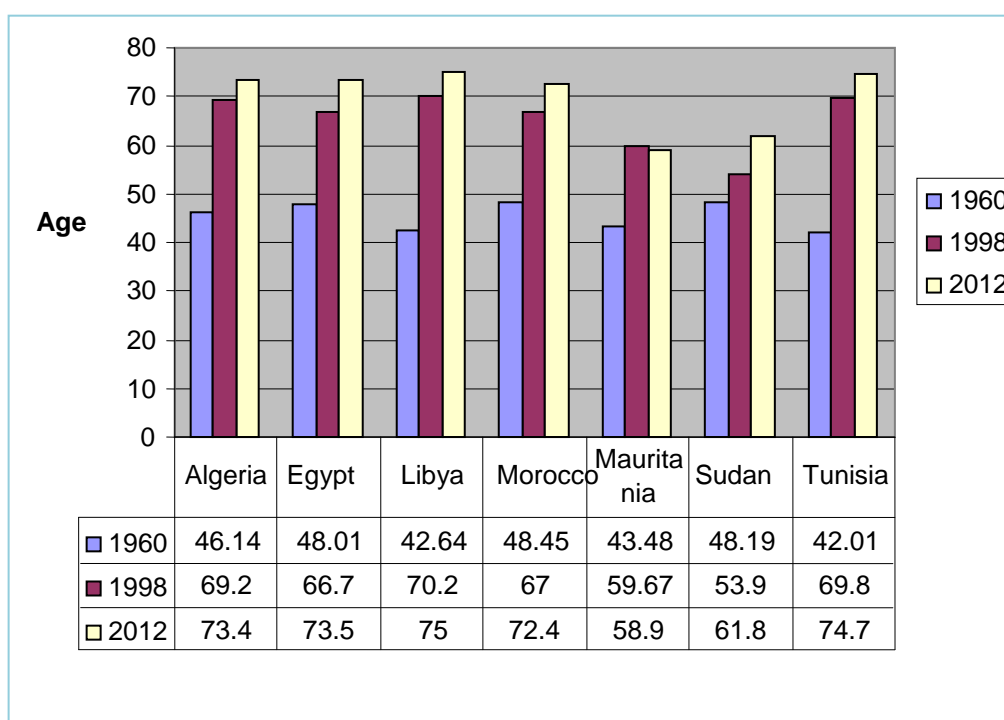
Sources: United Nations Population Division

B- North Africa, the region where life expectancy has increased the most in the continent

144. Given these figures, it is undeniable that life expectancy at birth in the world has increased considerably since the 50s. The populations in developing regions also noticed their life expectancy increase sharply and the gap between life expectancy of the population in developed regions and that of the poorest regions have considerably declined.

145. For the continent, it is in North Africa that life expectancy has increased the most moving from 42.4 years in 1950 to 68.3 in 2010, an increase of nearly 26 years. The weakest life expectancy is in Southern Africa (51.9 years), although it has significantly increased: in the early 1950s, life expectancy in sub-Saharan Africa increased from 36.2 years to 52.9 years in 2010, an increase of 16.7 years, and 44.7 in Southern Africa in 1950 to reach 51.9 years in 2010.

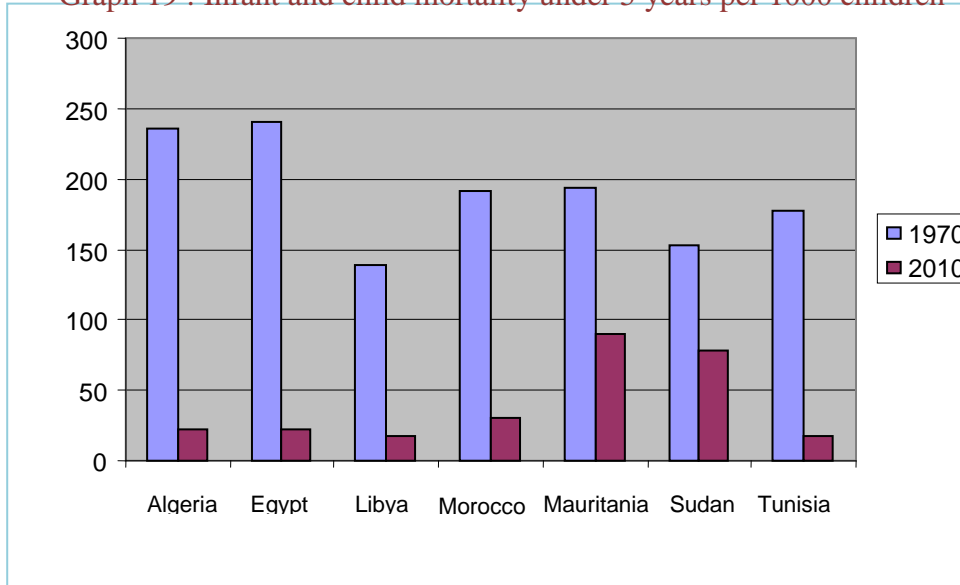
Graph 18 : Life expectancy at birth in the countries of the region



Sources : World Bank, UNDP Human Development Reports for 2000 and 2013.

146. Since the 60s and 70s, all the countries have made considerable efforts to improve the medical care for the population, including by generalizing vaccination to eliminate or at least significantly reduce the mass communicable diseases (polio, diphtheria, tetanus, whooping cough and tuberculosis), increasing medical coverage and the quality of health services especially in rural areas, and finally taking into account the strategic planning and the specific needs in terms of the protection of mothers and children.

Graph 19 : Infant and child mortality under 5 years per 1000 children

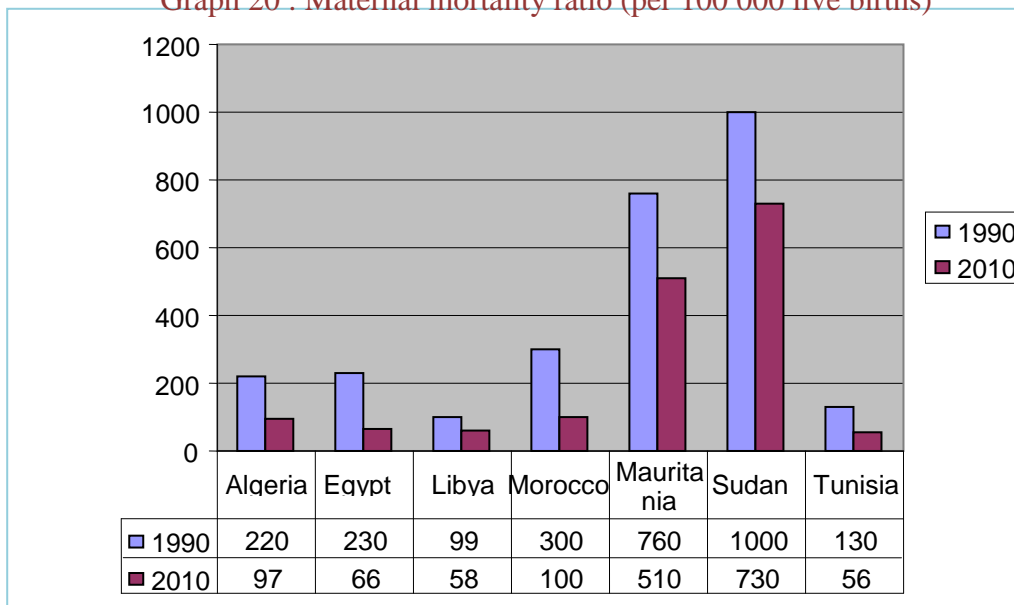


Sources : Data from www.childmortality.org. UN Inter-agency Group for Child Mortality Estimation (UNICEF, WHO, World Bank, UN DESA Population Division)

C- Important progress in terms of maternal and child mortality reduction

147. The progress achieved, thanks to all these investments in the health of children and mothers, have been very significant in terms of reducing mortality of children under 5 years. In all these countries, the MDG #4 on child mortality will be achieved, except for Mauritania and Sudan although both countries have made significant progress.

Graph 20 : Maternal mortality ratio (per 100 000 live births)

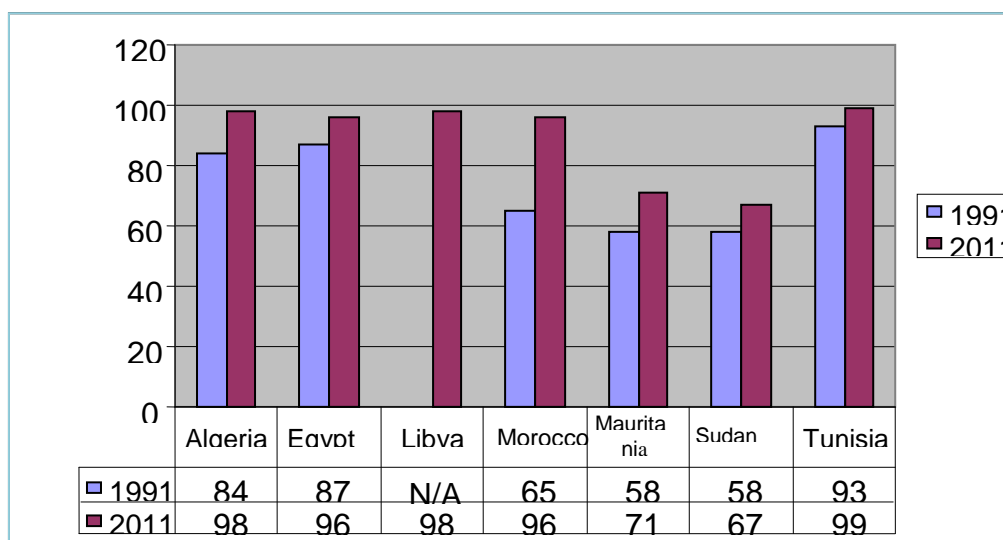


Sources: WHO, World Health Statistics 2012

148. Improving maternal health is one of the eight Millennium Development Goals (MDGs) and is the most common measure of maternal health. Although all developing regions have made significant progress in this regard, North Africa experienced the highest reduction compared to other sub-regions, with a drop of nearly 60% of maternal mortality between 1990 and 2010. The two countries in which the ratio is still high are Mauritania and Sudan, which must redouble efforts to fall below 100.

D- The MDG on the net enrollment rate in primary education reached before 2015

149. Another important progress is reached in the field of education and especially schooling of children. Most countries of North Africa have experienced a significant increase in net enrollment rates in primary education and have met or exceeded the minimum target, which is the net enrollment rate of 95% by 2015.



Sources: UNESCO 2012 statistics

150. In addition to physical investments, some countries have also set up a legal arsenal to better schooling for children such as free compulsory education for children aged 6-15 year. These measures also helped sharply increasing the proportion of girls in education to reach parity in primary education.

III- The future challenges in terms of human and social development

151. The North Africa region has made significant progress during the last forty years: better access to basic health services that resulted in a sharp improvement of health indicators. The majority of countries are on the good track to achieve the Millennium Development Goals (MDGs) on child and maternal mortality. However, the demographic transition and changing lifestyles make the countries face new challenges in terms of health, with increased juvenile population and the beginning of population ageing.

A- The problem of overweight

152. Among the younger generation, there is a change in lifestyle (a diet and lack of exercise that favour obesity) which predisposes them to costly chronic diseases the symptoms of which may occur in the short and medium term.

153. Indeed, obesity is one of the biggest challenges to public health in the 21st century. It is a global problem that affects many middle-income countries, particularly in urban areas. The prevalence of overweight and obesity is on the rise at an alarming rate, mainly due to two factors.

- The improvement of the living standard of the middle class and the subsequent outcome in terms of dietary change that results in increased consumption of energy-dense and high in fat and sugar foods ;
- A tendency to decrease physical activity due to the sedentary nature of many forms of indoor leisure (computer games), changing of transportation modes and the fast-paced urbanization.

Table 8 - The prevalence of overweight

| Countries | % of children under 5 years of age with overweight | % of adults of more than 20 years of age with overweight | |
|------------|--|--|-------|
| | | Men | Women |
| Algeria | 13 | 10 | 24.3 |
| Egypt | 20.5 | 22.5 | 46.3 |
| Libya | 22.4 | 21.5 | 41.3 |
| Morocco | 10.7 | 11 | 23 |
| Mauritania | 1 | 4.3 | 23.3 |
| Sudan | N/A | 4.1 | 8.9 |
| Tunisia | 8.8 | 14 | 33.4 |

Sources : WHO, 2013 World Health Statistics.

154. Although there is not much detailed studies on the phenomenon, those which were already produced in these countries establish that this is a growing problem affecting the young population. Women are more affected by the phenomenon than men.

155. For example, in Egypt, according to a study by the National Nutrition Institute conducted in 2002, 48.5% of Egyptian women and 16.7% of Egyptian men aged over 20 year are obese. Thirty-five percent of the population (the world average being 18%) show a body mass index²¹ superior to 30, which make them belong to the category of "obese". In Cairo, 56% of women and 21.5% of men (one in two women and one in five men) over 20 years are affected by the problem, which makes Egypt among the 20 most affected countries by this disease.

156. In Morocco and according to figures released by the High Commission for Planning (HCP)²², and concerning the adult population aged 20 and over, 33.7% are affected by overweight (pre-obesity) and 17.5% suffer severe obesity, given that prevalence figures for men are respectively 28.7% for overweight and 5.6% for severe obesity. As a conclusion, the report states that in total, 10.3 million adult Moroccans, including 63.1% of women, suffer from obesity or pre-obesity.

157. In Tunisia, the survey conducted by the National Institute of Public Health in the governorate of Ben-Arous in 2006, with 2,600 students and involving a representative sample of schools of all delegations in the region showed that the prevalence of overweight was 5.7% for boys and 8.7% for girls, while the prevalence of obesity was 8.1% among boys and 7.7% for girls. In Tunisia, obesity is a health problem as one in every three women aged 35 to 70 is considered obese.

158. In Algeria, a study on overweight, obesity and factors related to overweight among junior students enrolled in public colleges of EPSP Bouzaréah conducted in 2011, states that the prevalence of overweight was 19%, including 17% for boys and 22% for girls. A significant difference in the prevalence of overweight (including obesity) between genders was highlighted by this study and the prevalence of overweight - obesity was higher among boys aged 12 and 13 and girls aged 12 to 14.

159. In Mauritania, the overweight among women traditionally associated with beauty and gained through the phenomenon of "force-feeding" is increasingly considered as a harmful traditional practice that persists despite multiple campaigns undertaken over several decades.

160. This phenomenon of obesity is now increasingly perceived by the countries as a real public health problem and has been subject of extensive sensitization campaigns by health and social services through media, seminars, group meetings or school modules.

²¹ (IMC, calculated by dividing the squared weight by the height in centimeters)

²² (Les cahiers» N° 35 - May / June 2011)

B- The problem related to the population ageing

161. Meanwhile, countries are faced with an increase in a number of age-related diseases affecting the population such as cancer, hypertension, diabetes, etc.

162. In developed countries, the ageing of the population²³ has been a long and gradual process. For example in France, it took 115 years (1865-1980) for the proportion of old people to move from 7 to 17%; but in most countries of the region, the proportion of people over 60 will reach 20% within 40 years.

163. Thus in 2050, one Algerian in five will be over 60 years, the same proportion as in France today. In Egypt, the ageing of the population will be less important compared to other countries in the region because of the later fertility transition, nevertheless the proportion of aged 60 and older is expected to reach 11.4% by 2030. In Morocco, this segment of the population estimated at 2.7 million in 2010, be it 8.1%, will rise to 10.1 million in 2050, which would represent 24.5% of the total population. In Tunisia, according to projections by the National Institute of Statistics, the population aged 60 and older will reach 20% starting from 2035.

164. The review of existing literature on the socio-economic impact of the population's ageing showed a lot of challenges, but in this analysis only three impacts considered the most important and specific to the countries in the sub-region will be taken into account: the impact on the support and financial equilibrium of the social security and pension schemes, the impact on health expenditures and the budgetary balance, and finally the impact on the equilibrium of the labor market.

165. The ageing of the population will be in the medium and long term a structural problem for pension and welfare in general. The central problem is related to the degradation of the dependency ratio which tends to threaten in the very short term the financial equilibrium of pension funds. Indeed, we have on one side a productive system characterized by a relatively important agricultural and informal employment and on the other side a large proportion of the labor force that is not contributing to the retirement schemes. This will cause the population contributing to pension increase at a relatively low level compared to the number of beneficiaries which will increase more quickly due to the population ageing. This will result in a deterioration of the overall population ratios of pension funds, as already noticed in Morocco for example, where 15 active people for a retiree in 1980, decreasing to 5.8 active people in 1993 and to 3.9 active people in 2009.

166. The medium term combined effects of overweight in an increasingly important population and the increase of the elderly people will result in a rise in medical expenditures per capita. Chronic diseases due to overweight and ageing are generally more expensive than the usual communicable diseases. These two phenomena will increase health expenditures, bringing more pressure on the budgets of countries already facing a slowing economy, a high unemployment rate and relatively high levels of taxation.

167. As regards the impact of the population's ageing on the labor market, it is important to consider three variables which evolution must be studied in the medium and long term. These variables are average productivity by age on the labor market, training efforts, both at the initial level before entering the labor market and throughout life, and finally the labor costs/productivity ratio.

168. The first observation is already quite alarming in the sense that North African economies do not create enough jobs to meet the needs of all the young people entering the labor market. In North Africa, the rate of youth unemployment is the highest compared to other regions in the world. While the global average rate of youth unemployment is estimated at 12.7% in 2012, North Africa had an average of nearly 28%. The situation of women in the job market is even worse, the unemployment rate for women is almost double in comparison with men in the sub-region.

²³ The continuous increase in the proportion of the population aged 60 and over, in the total population

IV- A structurally high unemployment rate

169. The unemployment rate is structurally high and the regional average for 2013²⁴ is estimated at 11%. The region also experiences the lowest participation rate in the labor market (49%) compared to the global rate (64%) and to other regions, such as the European Union (60%), or Sub-Saharan Africa (70%). However, it should be noted that countries like Libya, Mauritania and Sudan do not have recent data. It was also noted that in all countries, since the economic crisis, there is a discouragement of some segment of the population, particularly young people and women that do not register in the list of job applicants or who switch to the informal sector.

170. The main issue is that the insufficiently diversified economic structures do not offer great prospects for employment. Despite growth that can be fairly described as satisfactory, the process of national production does not create enough added value to support a large-scale supply of quality jobs.

Table 9 - Unemployment rate in North Africa (%)

| | 2011 | 2012 | 2013 |
|-------------------------|----------------|------|------|
| World | 5.8 | 5.9 | 5.9 |
| Average in North Africa | 10,3 | 11,6 | 10.9 |
| Algeria | 9.8 | 10 | 9.8 |
| Egypt | 12,4 | 12.6 | 13.4 |
| Libya | 35 (estimates) | 26 | 25 |
| Mauritania | 35 | 35 | 32.5 |
| Morocco | 8.9 | 9.4 | 9.1 |
| Sudan | 15.8 | 16.2 | 16 |
| Tunisia | 18.9 | 17.6 | 15.7 |

Sources: Country data (2013 ECA-NA annual survey), 2012 ILO Global Employment Trends and 2012 Economic Outlook for Africa, ECA, AFDB, OECD, World Economic Outlook, April 2012 IMF.

171. In Algeria, according to statistics provided by the National Statistics Office (NSO), in 2013, the unemployment rate was 9.8%, with a continued decline in rates among academics from 21,4% to 15.2% between 2010 and 2012 to reach 14.3% in 2013. Unemployment still affects academics and especially higher education graduates, despite a continuing decline, thanks to the various assistance schemes for professional integration of young graduates set up by the government. However youth unemployment remains a concern, especially in the south of the country which is the source of tension.

172. According to official figures, the unemployment rate in Egypt would be around 13.4% by the end of 2013. Among young people, the data refer to a rate of 30%, women are credited with 25%, while male job seekers recorded a rate of 9%. The continuing political instability has undermined capital flows generated by tourism and foreign direct investment. Economic growth was very low at around 2% for the years 2012 and 2013

173. In Libya, the resumption of oil production and export was meant to give the country the means to rebuild its economy and therefore provide more employment opportunities to the population. However, it is crucial to train the workforce to improve their skills and at the same time promote the development of the private sector through appropriate incentives. It is the private sector, through the various productive sectors that may arise from the diversification of oil sector, which can absorb in a sustainable way the demand for jobs. Today, young people target mainly the public sector, and the high wages policy adopted in this sector may create distortions in the labor market. The unemployment rate, according to official figures, would be 25% and 30% for people under thirty.

²⁴ 2013 Global Employment Trends. ILO

174. The unemployment rate in Morocco decreased to 9.1% in the third quarter of 2013 in comparison with 9.4% in the same period of 2012, a slight decrease of 0.3 points, according to figures from the High Commission for Planning. The largest decreases were recorded in unemployment of young people aged 15-24, the rate decreased from 20% to 19.1% and that of graduates decreased from 17.2% to 16.5% in the 3rd quarter of 2013. The analysis of the main characteristics of the active unemployed labor force reveals that four out of five (80.9%) are urban, nearly two in three (62.7%) are aged 15-29, one in four (26.5%) are graduates from higher education institutions.

175. Although no recent data is available on the labor market in Mauritania, the National Statistics Office estimates that the current unemployment rate is around 32%²⁵. The rate of youth unemployment exceeds the national average and is estimated at 66.7% for young women and 44.1% among young men. Mauritania, despite a growth rate of over 7% in 2012, a stable budgetary policy and a relatively subdued inflation, fails to lay the foundation of a productive and job-creating economy from its mineral and fishery resources. The situation is characterized by high poverty and high unemployment, although the country has made efforts to upgrade the pensions and salaries in the administration. The launch of the Free Trade Zone of Nouadhibou which has a promising economic potential in terms of its fishery and mineral resources could allow an interesting job creation in number and quality.

176. Sudan has no recent data on the labor market. The IMF estimates establish an unemployment rate of around 16%, a figure that seems underestimated considering the impact of the decline of nearly 75% of annual oil revenues since 2012, for the benefit of South Sudan. The country was counting on this revenue to support its growth, and was forced in 2013 to adjust its public expenditures, including its social policy by reducing subsidies to oil and food products.

177. In Tunisia, the unemployment rate for the end of 2013 reached 15.7%, a decrease of 0.2 percentage points compared to the second quarter of 2013. The unemployment rate is estimated at 13.1% for men and 22.5% for women, against 13.3% and 23.0 compared to the second quarter of 2013. The unemployment rate is still high in Tunisia as growth due to political uncertainty remains insufficient to allow a mass recruitment in the private sector. The country has tried to address youth unemployment by recruitment in the public sector. However, the potential lies in the private sector, especially in services sector (tourism), the country having undeniable advantages in these sectors.

²⁵ According to national sources, a study performed by ILO in 2012 showed that unemployment rate is 10.1%

V- The evolution of inequalities

A- Gender inequalities

1. Women's participation in the labor market

178. Despite considerable advances experienced by North African women in terms of education and health, they still suffer from unequal treatment when it comes to participate in the economic life and decision-making. Reducing gender inequality is therefore one of the major challenges of the sub-region.

Table 10 - Activity rate by sex, in North Africa (in %)

| | 2011 | 2012 | 2013 |
|--------------------------|------|------|------|
| Global average for women | 51.4 | 51.2 | 51.1 |
| Average for North Africa | 48.8 | 48.8 | 48.9 |
| Men in North Africa | 74.1 | 74 | 74.3 |
| Women in North Africa | 23.8 | 24 | 24.2 |

Source: IMF World Economic outlook, April 2013, ILO : Global Employment Trends for young people 2013)

179. Women in the region, compared to men but also to women in other parts of the world, have so little involvement in the labor market. Men have a three times higher activity rate (74.3%) than women (24.2%). The global average (51.1%) for the participation of women in the labor market is more than the double compared to the regional average.

Table 11 - Participation rate to the labor market by sex, in %

| Countries | Men | Women |
|------------|------|-------|
| Algeria | 69.5 | 16.6 |
| Egypt | 77.3 | 22.5 |
| Libya | N/A | N/A |
| Mauritania | 74 | 34.4 |
| Morocco | 72.2 | 26.2 |
| Sudan | 79 | 19.7 |
| Tunisia | 74.9 | 25.1 |

180. Women are doubly disadvantaged in the labor market. In fact they are not only the least participating but also the most affected by unemployment, their unemployment rate is almost double compared to the average rate of men's unemployment in the sub-region.

Table 12 - Unemployment rate by sex in %

| Countries | Men | Women |
|------------|------|-------|
| Algeria | 8.3 | 16.3 |
| Egypt | 9.9 | 25.1 |
| Libya | N/A | N/A |
| Mauritania | 25.2 | 47.3 |
| Morocco | 9.0 | 9.6 |
| Sudan | 11 | 24 |
| Tunisia | 13.1 | 22.5 |

Sources: Country data (2013 ECA-NA annual survey), 2012 ILO Global Employment Trends and 2012 Economic Outlook for Africa, ECA, AFDB, OECD, World Economic Outlook, April 2012 IMF.

181. This primarily reflects the cultural traditions and the difficulty for women to combine work and family obligations. Despite the entire legal and institutional arsenal that promotes equality of opportunities, basically the economic contribution of women is not traditionally valued and it is the need for a second income in the household which drives men to allow women to work and not their empowerment or their contribution to the national economy. The prevailing thought is that women should stay at home especially when they are married and have children. Then, according to the mentality of many employers, women fail to separate family life from professional one and therefore they would suffer a lot of absenteeism due to family responsibilities.

2. The percentage of parliamentary seats held by women

182. The proportion of parliamentary seats held by women is a good indicator to show the gender inequality regarding decision making. According to data published by the Inter-parliamentary Union (IPU) through information provided by national parliaments until November 1, 2013 which ranks 188 countries in a descending order of the percentage of women in parliament, Algeria is the sub-region's leading country with a percentage of 31% of seats held by women, followed by Tunisia (26.7%), Sudan (24.6%), Mauritania (20.9%), Morocco (17%) and Libya (16.5%).

183. In Egypt, the percentage of female parliamentarians has decreased from 12.7% to just under 2% after the 2012 parliament was dissolved in July 2013.

184. In different countries of the region where popular uprisings led to the change of the regime, women were actively involved in these movements and often paid a high price for their commitment: arrests, sexual harassments, murder, etc. However the case of Egypt shows that democratic change does not automatically mean a better political participation for women, therefore, there is a need to remain alert so that the democratic process won't be responsible for worsening gender inequalities.

185. In Tunisia, the negotiations on the new constitution were long, and sometimes tumultuous, but the active participation of all component of the society, mainly women, allowed the adoption of a constitution considered the most developed in terms of gender equality.

The new Tunisian Constitution enshrines the principle of equality and contains more guarantees for women's rights. It is the first time that an Arab and Muslim country provides in its fundamental law that men and women have the same rights and obligations. Its Article 20 reads: "*All citizens, men and women, have equal rights and obligations. They are equal before the law without any discrimination*". This Article 20 is the result of a laborious consensus, it represent a major progress in comparison with the 1959 Constitution which has been silent on the issue.

Moreover, the article 45 confirms the equality between men and women and provides also that "*the State guarantees equal acquired rights for women and is committed to assist and develop them (...). The State guarantees equality of chances between women and men (...) and takes all necessary measures to combat any violence against women*".

Article 46, devoted in particular to women's rights, provides for the protection of women gains, the principle of parity and combating violence against women. Article 40 confirms the right to work and provides "*every citizen, men and women, has the right to work in decent conditions and with an equitable salary*".

In the chapter on parity, article 34 of the constitution obliges the state to guarantee representativeness of women within elected assemblies. This is a huge innovation in the Arab-Muslim world since it expressly defines the obligations of the states in this regard.

B- Regional inequalities

186. Inequalities between regions within the same country are another major problem that hinders social progress and shows the unequal growth profits distribution. The differences in development between the rich areas, often central and dynamic metropolitans which constrict economic activities, and the poor regions, usually peripheral and rural, are so evident that they criticize the limitations of the development model.

187. In Algeria, the coverage by medical personnel, although satisfactory on national level, compared to many countries of the same development level, presents major regional disparities ranging from 0.81 doctor per 1,000 inhabitants in the south-east and 1.52 doctor per 1,000 inhabitants, or nearly twice that number in central regions of the country, in particular for specialists. These inequalities can be explained by the fact that doctors are not willing to settle in rural and / or isolated areas and they are mainly gathered in urban areas where infrastructure and services are generally better. These disparities are also noticeable in education with success rate in the high school for 2013, was 60.95% in Tizi Ouzou, 28.05% in Adrar, the 44.92% for the wilaya of Laghouat.

188. In Egypt, 66% of the poorest population and 95% of the poorest villages are located in Upper Egypt, while the region represents only 40% of the total population.

189. In Morocco, coastal areas, which are more economically dynamic, are less affected by poverty unlike the mountainous and southern arid regions which include most of the population living below the poverty line. The Grand Casablanca region alone, which represents only 0.23% of the country, receives 15% of the total population and contributes with 30% to the national GDP.

190. In Mauritania, poverty is concentrated in rural areas of the south, where rain fed agriculture is used. In these areas, more than half of the population is classified as poor: 62% in Guidimaka, 64% in Brakna, 67% in Gorgol and 69% in Tagant.

191. The Tunisian revolution had originated youth unemployment and regional disparities. Indeed, it was found that from 2000 to the period of the revolution, the national situation improvement has masked a difference between inland regions and the rest of the country (since according to the provided figures, the prevalence of poverty dropped from 32.4% in 2000 to 15.5% in 2010); a gap that strongly widened up throughout the decade. In the same vein, a study²⁶ shows that poverty, access to employment and to the most popular University courses are largely conditioned by regional affiliations. It revealed that during their education, children of Tunisia do not have the same chances from the beginning. A real difference separates the coasts and the neglected inland regions, even on education level. From 1,441 high school diploma holders oriented in 2010 towards medical courses (medicine, pharmacy, dentistry), 206 are from the governorate of Tunis, 197 from the governorate of Sfax, 150 from Ariana, 119 from Sousse and 111 from Monastir. At the opposite, the proportion of Tataouine is only 3 students, 4 from Zaghuan, 7 from Siliana, 8 from Tozeur and 9 from Kebili.

²⁶ «*Les inégalités régionales et sociales dans l'enseignement supérieur*», Mohamed Hédi Zaiem, Professor at Carthage University and former President of the National Committee of the higher education assessment.

VI- Social development policies and strategies for 2014

192. Social policies and programs adopted in 2013 and the measures planned for 2014 are generally intended to boost growth in order to promote employment, especially for young people, and to preserve the purchasing power and social security of the population.

193. The national budget for 2014 adopted by the Algerian government amounted to 4,714.4 billion dinars and upholds the main guidelines defined in the 2010-2014 five-year development program. Social sectors such as education, health and employment are among the five largest budget allocations. In the top 10 departments with high budget, there is also the Department of Family and Solidarity, which supports transfer policies and social aid.

194. Capital expenditures also increased (+15.6%), especially for economic infrastructures and access to housing which acquires a growing importance. In Algeria there is a massive increase in demand for urban housing due to the combination of two phenomena: significant population growth and rapid urbanization. The average number of persons per occupied house is particularly high with 6.4 individuals per unit in Algeria, 4.06 in Morocco and 4.33 in Tunisia.

195. Egypt, still in political transition, had adopted a national budget from July 1, 2013 to June 30, 2014. According to the financial report published by the Ministry of Finance, the implementation of the budget is affected by the political situation which disrupts expected revenues. Nevertheless, the 2013/2014 budget provides a set of measures on both revenue and expenditure sections with objectives for a fairer redistribution of the economy surplus and control of the budget deficit. In terms of revenue, the goal is to increase the fairness of the system, including broadening the tax base without adding extra burden on current taxpayers. The transitional government plans to reduce the budget deficit to 9.1% of GDP in the 2013/2014 fiscal budget, against 13.8% for that of 2012/13. Such a reduction necessarily involves rationalizing spending energy subsidies to better target low-income people, in spite of the difficulty in implementing such a reform in the current political and economic context.

196. In 2013 and 2014, Libya had planned a budget of 51.2 billion U.S. dollars of which 31% dedicated to salaries of public sector employees, 16% to subsidies and 28% for development and reconstruction. Compared to budgets before the revolution, the government spending is now much more focused on development. Overall, nearly half of the national budget is oriented towards social welfare and reconstruction. A budget of \$15 billion was spent on development projects and reconstruction efforts in 2013. Priority sectors for the 2013-2015 cycle are basic infrastructure, oil and gas, public utilities, housing and social transfers. To improve the system, the government has launched a new system of national identification number and plans to replace subsidies on goods by direct cash transfers.

197. The 2014 Finance Law of the Kingdom of Morocco covers a total of expenses which amount to more than MAD367.20 billion against more than MAD358.20 billion in 2013, a 2.51% increase, while resources expected to be approximately MAD335.18 billion in 2014, lower by 3.1% compared to 2013. Among the priorities of this budget are social and solidarity economy development, supporting small and medium enterprises (SMEs) and very small enterprises (VSE), strengthening basic infrastructure and human resources qualification. This budget also pays special attention to the promotion of employment through programs promoting employment and self employment by supporting small enterprises and income-generating activities. The government has also set the goal of halving the deficit in housing by 2016.

198. The 2014 draft Bill of Finance of Mauritania establishes revenue and expenses to the sum of 429,738,532,400 Ouguiyas, making a 6.80% increase in proportionate value to the 2013 amended budget (402,359,297,800 Ouguiyas). Mauritania, in accordance with the recommendations of the Bretton Woods institutions, will make major efforts for payments regarding the amortization of the

external public debt in order to make the national debt more sustainable, it will also allocate capital expenditures (9,09%) for the improvement of basic infrastructure and priority activities in the fight against poverty, and creation of job opportunities. The budget has slightly increased also because of the need for expenses related to the presidential electoral process to take place in 2014.

199. Sudan's priorities for the 2014 budget of 46.2 billion Sudanese pounds are to increase production and export, restore economic stability and finally maintain the purchasing power of the population. It is for this reason that the new budget includes no new taxes or other price increases and provides that 64% of the savings gained by the removal of fuel subsidies would be attributed to the increase in wages, salaries and social grants, especially for poor families, health, health insurance and for students. In September 2013, the Sudanese government launched an austerity plan that includes the removal of fuel subsidies whose prices had doubled.

200. In Tunisia, the state budget for 2014 will reach 28.125 million dinars (MTD), with an increase from 2013 which was limited to 2.3% against 18% and 12% for 2012 and 2013 respectively. To achieve this, management expenses relating to salaries and subsidies have been compressed while those of development increased by 17%. The objective is to support public investment to improve the competitiveness of the economy and strengthen human capital on the one hand, and streamline operating costs, on the other hand, without substantially affecting the welfare of the population, especially of the weakest categories. Tunisia had made great efforts in 2013 to maintain the population's living standard. Indeed, the volume of energy subsidy increased by 48% compared to the values initially planned because of the rising oil prices and the depreciation of the dinar against the dollar. Salary increases were granted to certain bodies of public administration and teachers. However, these expenditure overloads in wages and subsidies, important to maintain the population's living standard, will be difficult to hold up in the short to medium term due to exogenous shocks and current disturbances in the economy generated by political and social tensions.

201. In all these countries, the role of civil society is gradually increasing and it is positioned as a key partner of public authorities. Civil society accompanies the action of the state mainly in the fight against poverty, social development and solidarity trade, strengthening democracy and good governance. It is getting better organized and professionalized and is at the heart of public debate with a more acute social conscience. The result is that now all countries involve representatives of civil society in public policies development; recent experiences regarding national consultations for the post 2015 development agenda are a good illustration.

CONCLUSION AND RECOMMENDATIONS

202. The persistence of the regional instability combined with the downward of the global economy has resulted in the slowdown of the economic growth in the whole sub-region. The Average annual growth was estimated for North Africa at 2.5% in 2013, in comparison with 6.6% in 2012. The sources of this growth vary from a country to another; but in general, the domestic demand contributed largely to it in 2013, while the downward of the world growth weakened considerably the external demand directed to the sub-region, mainly from Europe.

203. The recovery of the global growth in the 4th quarter and the decline in political instability factors in the region are signs of favorable prospects for North Africa, with an expected growth rate of about 4.2% in 2014. The major short term challenge facing the countries of the sub-region is related to the limited budgetary margins to support and consolidate growth. The capacity to undertake counter-cyclical macro-economic policies to alleviate the impact of commodities price volatility and of capital flows, is limited and the mobilization of financing sources for the economies is still a major issue.

204. The external environment has also affected the FDIs, with a decrease by 1.8% in 2013, to almost USD14 billion. However, domestic investment has increased, in particular as a result of the ongoing reforms of the business climate and the macroeconomic stability in the North African countries.

205. As for other aggregates, the global downward also affected external trade. With USD171.3 billion against USD197.6 in 2012, exports of the sub-region dropped in 2013 by 13.3%. This poor performance is explained mainly by the decline in the Libyan exports by 38%, and to a lesser extent the slight decrease in Algerian exports by 5.1%. Libyan production had shown a massive rebound of 348% in 2012 following the 2011 politico-military crisis, then fell down to 0.9 billion barrel/day against 1.3 in 2012, as a consequence of the persistence of the security problems which directly affect the production and transportation chain of hydrocarbons. As for Algeria, the decline of exports resulted from the combined effects of either a slight fall in oil production (at 1,1 billion b/d) and the decrease in crude oil prices, from 111.9 to USD108.5 /barrel.

206. For the sub-region as a whole, the merchandise balance deficit widened up by 307.5%, from USD10.6 billion in 2012 to USD43.2 billion in 2013, due on the one hand to the high contraction of Libyan surpluses (-70.6%) and Algerian ones (-34.1%), and on the other hand to the persistence of the high level of deficits in Egypt (-34 billion) and in Morocco (-22 billion). Except for hydrocarbons, the regional supply is far behind demand, which shows a structural weakness in the production systems and the need for a much more proactive diversification policy.

207. The other fundamentals of the external sector in North Africa remained unchanged: the dominance of hydrocarbons and other commodities in the exports structure of most of the countries, exports diversification indicator much lower than the average in developing countries, the heavy dependence on food products imports, the dominance of the European partner in the external trade of the countries, the marginal part of the intra-regional and intra-African trade.

208. To strengthen the positive prospects announced for 2014 and accelerate the economic growth to be a real lever of the structural transformation of North African economies, the following is recommended :

- A rapid and positive solution for the ongoing political transitions in some countries and/or the consolidation of gains, recovery of the institutional stability and the establishment of a climate

of trust for investors through ambitious reforms of the business environment and the stimulation of entrepreneurship, the rhythm of enterprise creation in North Africa being much more slower than in other regions in the world. Specific measures aiming at increasing women activity rate and at allowing them to contribute to the economic activity through a remunerated work can contribute considerably to improve growth prospects in the medium term.

- A much more dynamism of the manufacturing sectors, both through broadening the offer of goods and services and the emergence of high added value industries; in this regard, North Africa has many strategic assets including its geostrategic position, growth prospects in the medium run for the African continent and the unexploited potential of its intra-regional market.
- A stronger diversification of production structures in order to increase the added value created at the national level and thus, offer more prospects in terms of high quality employment. In this regard, the R&D and innovation dimension is crucial for the process of diversification and sophistication of the productive system, in order to create high quality jobs. The facilitation of competitiveness and the access of companies to the market will help stimulate entrepreneurship and innovation. Moreover, the reduction of requirements for enterprise creation and the alleviation of restrictions to investments will encourage international, regional and national companies to intensify interactions in order to stimulate knowledge transfer and innovation.
- A strong improvement of the access to financial means and the diversification of financing offers and products are also important tools to help the private sector, in particular if it is of a majority of SMEs, to take over progressively the responsibility of economic diversification from the public authorities.
- Acceleration of the diversification of external trade partners, with two complementary priorities: North Africa and the rest of the continent, to significantly reduce vulnerability to shocks from the downward in the main partners.
- Strengthening regional integration. In this regard, it is highly desirable to curb the trend since the proportion of manufactured products in the intra-Maghreb trade is decreasing; indeed, the experience of other regional communities shows that regional market is a strong lever for the structural transformation of economies, in particular through the establishment of regional value chains.

209. The sustainability of public finances requires a deep reform of subsidy systems. Their rationalization implies the control and reduction of transfers and subsidies. The first targeted element is the generalized subsidy system of food and energy products, adopted through compensation funds and heavily burdening the national budgets.

210. This issue is socially very sensitive since the main advocated action is cutting subsidies of commodities which results in an increase in their prices. A number of experiences, in particular in Latin America, have shown that the generalized subsidy systems may be substituted by direct money transfer mechanisms, which are less expensive and more efficient in terms of reducing poverty and precariousness.

211. For the direct money transfer mechanisms, the targeting method generally used is the monetary approach, which considers as poor those individuals or households whose income is below a certain threshold. This creates at least two major challenges:

- The effectiveness and relevance of the system: both depending on data reliability and regular update. Targeting operations require prior effort of collecting comprehensive and accurate data on household incomes.

- The system governance and monitoring. Responsibilities for determining who is poor, the amount of the transfer and implementation are shared between the central authorities, regions, municipalities and cities. This multiplicity of responsibilities can lead to overlapping of mandates and lack of transparency that can affect the efficiency of the system.

212. Moreover, since the reform of the subsidy system depends on a better targeting of beneficiaries and more refined governance mechanisms, it will be necessary to strengthen the statistical structure for the production of more precise and better quality information.

213. Concerning human development, countries have made significant progress, especially in the sectors of health and education. However, since 2005, deficit reduction in human development begins to slow down and show the limits of the development model mainly focused on investments in the HDI components not related to income or to the economic sector, such as health and education. The growth rate, though relatively high, did not allow a massive and rapid expansion of employment, unlike in Asia, where countries such as Malaysia, Thailand, Indonesia and Viet Nam have achieved, between 1990 and 2012, growth rates that have allowed high levels of stable and paid jobs.

214. The issue of employment is therefore central to the concerns of development policies. It is necessary to go through pragmatic economic policies to create stable and paid jobs and strengthen the virtuous link between economic growth and human development. Similarly, social policies with measures of equitable division and a more equal distribution of the economic growth profits must take over the fight against the other problems of the sub-region that are gender and space inequalities, and in general problems relating to opportunities.

215. Relating to the job offer, there is also a major challenge of discrepancy between the labor market demand and the quality and relevance of the received education and training. A high percentage of the unemployed consists of an increasing number of new higher education graduates, but there are also needs to meet the unsatisfied skills for employers. It is thus necessary to revise the relevance of information systems and mechanisms on the labor market.

216. Besides, the demographic transition in North African countries associated with the improvement of health, results in an early ageing of the population. Countries started to measure its impact in three areas: support and financial equilibrium of pension schemes, health care costs and the balance of the job market.

217. Degradation in the dependency rate, that is to say the number of active people per retiree, tends to widen up and ultimately jeopardize the financial stability of pension funds. Beyond the support of elderly and the necessary reform of the retirement system, this demographic phenomena also creates a problem of public health at all levels.

218. The increase in chronic diseases (cancer, hypertension, diabetes, etc.) caused by ageing as well as diseases relating to overweight –which affect in particular young and adult active people, are very expensive for the collectivity; they are all factors that will rise health care costs, and thus overload the national budgets.

219. Regarding the impact of population ageing on the labor market, it is important to consider three fundamental questions: how to develop labor productivity with an ageing population? What is the impact of population ageing on the levels of skill and expertise of human capital (intergenerational transfer of knowledge and skills)? And finally, what is the impact of population ageing on the evolution of labor costs relative to productivity?

220. In fact, each country of the region is facing a number of challenges in regard to its particularities. For this reason, the Office for North Africa of the ECA will develop in the future "country profiles" to allow a regular and systematic monitoring of some questions relating to these challenges. For ECA, the main objective of these country profiles is to provide a new tool to produce

and diffuse analyses and recommendations to enhance the economic transformation, and thus encourage sustainable growth and social development of its member states. These analyses and recommendations aim also at strengthening regional integration, development planning and economic governance, and at accompanying decision-makers in the reduction of potential risks.

221. Despite their national specificities, all countries of the sub-region face the same development issues: unemployment, education, health, structural transformation of economies, security, fight against climate change. Indeed, strengthening regional integration is an important tool to draw up efficient collective responses to these challenges and to make North Africa a more dynamic region and the driver of the transformation process of the continent. In this regard also, the Office for North Africa will suggest a sub-regional monitoring through regular publications to be reviewed each year by the ICE.

BIBLIOGRAPHY

Central Banks

- Algérie <http://www.bank-of-algeria.dz>
- Egypte <http://www.cbe.org.eg/>
- Libye <http://www.cbl-ly.com/>
- Maroc <http://www.bkam.ma/>
- Mauritanie <http://www.bcm.mr>
- Soudan <http://www.bankofsudan.org/>
- Tunisie <http://www.bct.gov.tn/>
- Union des banques arabes <http://www.uabonline.org/>

United Nations

- ACS-UNECA African Statistical Yearbook, 2005, 2008 2009, 2010, 2011, 2012, 2013
- UNCTAD Handbook of Statistics, 2011, 2012, 2013
- UNCTAD, Investment Prospects Survey, 2010-2012, UNCTAD
- UNCTAD "World Investment Report" 2012, 2013
- UNEC A / SRO-NA. - Annual Survey (Mauritania, Morocco and Tunisia), 2012, 2013
- UNEC A / SRO-NA Annual Reports, Economic and Social Conditions in North Africa 2009, 2010, 2011, 2012
- UNDESA "World Economic Situation and Prospects", 2012, 2013 New York, UN
- World Economic Situation and Prospects, (Global outlook), 2012, 2013, 2014 New York, UN
- UNWTO Tourism Highlights, 2012
- CEA, « État de l'intégration régionale en Afrique VI », 2013
- CEA, "Vers une zone de libre échange continentale", 2012
- CEA, « Facilitation des échanges dans une perspective africaine », 2013
- CEA, « Rapport économique », 2012
- CEA-Banque Africaine de Développement-Union Africaine, « Annuaire statistique », 2011
- CNUCED, « Facilitation du commerce dans les accords commerciaux régionaux », 2012

IMF (www.imf.org)

- FMI, Perspectives économiques régionales : Moyen Orient, Afrique du Nord et Asie Centrale, 2013.
- IMF, World Economic Outlook Databases (www.imf.org/)
- World Economic Outlook Database October 2013
- World Economic Outlook Database October 2012
- World Economic Outlook Database October 2011
- World Economic Outlook Database October 2010 - www.imf.org/external/pubs/ft/weo/2010/02/map/
- IMF, World Economic Outlook (WEO), Housing and Business Cycle, April 2008
- IMF, World Economic Outlook (WEO), Financial Stress, Downturns and Recoveries October 2008
- IMF, World Economic Outlook (WEO), Crisis and recovery April 2009,
- IMF, World Economic Outlook (WEO), sustaining the recovery October 2009,
- IMF, World Economic Outlook (WEO), Rebalancing growth, April, 2010
- IMF, World Economic Outlook (WEO), Recovery, Risk, and Rebalancing October 2010
- IMF, World Economic Outlook (WEO), Tension from the two-speed recovery, April 2011
- IMF, World Economic Outlook (WEO), Slowing Growth, Rising Risks September 2011
- IMF, World Economic Outlook (WEO), Growth Resuming, Dangers Remain, April 2012
- IMF, World Economic Outlook (WEO), Coping With High Debt and Slugish Growth, October 2012
- IMF, Regional Economic Outlook, Middle East and Central Asia, April 2008, October 2009, April 2010, October 2011, October 2012, October 2013
- IMF Country Report, Mauritania, No. 12/323 December 2012

- IMF, Country Report, Mauritania, No.12/246
- IMF, Country Report, Sudan, No. 12/298, November 2012.
- IMF, Country Report, Tunisia No. 13/161, Juin 2013.
- World Bank, 2010, “*Global Economic Prospects 2010*, World Bank, Washington, DC.
- IMF databases (website [www. Imf.org](http://www.imf.org))
- Banque Mondiale, *Doing business*, 11^{ème} édition, 2014
- Banque Mondiale, «Regional Economic Integration in the Middle East and North Africa », 2013
- Banque Mondiale, « Trade and Transport Facilitation Assessment », 2010

Country Publications

- Annual report 2012, June 2013, Bank Al-Maghrib, Morocco
- Annual report for the fiscal year 2012, July 2013, Central Bank of Tunisia ,Tunisia
- Balance of Payment 2010, November 2011, Central Bank of Tunisia, Tunisia
- Economic situation, periodical, April 2011, October 2012, Central Bank of Tunisia, Tunisia
- The Draft budget for the financial year t 2011, Ministry of Finance and National economy, Sudan
- The draft budget for 2012, Ministry of Finance, Tunisia
- Economical balance, 2010 and 2011, Ministry of Development and International Cooperation, Tunisia
- Economic Development Plan 2011/12, Ministry of Planning, Egypt
- Economic forecast budget, 2011, High Commission for Planning, Morocco
- Economic Review, Vol. 53, No. 2, 2012/2013, November 2012(English) Central bank of Egypt
- Exploratory Budget, 2011, 2012, 2013 High Commission for Planning, Morocco
- The Financial Monthly Bulletin, December 2011, Ministry of Finance (Egypt)
- Statistical Year Book, 2010, Central Agency for Public Mobilization and Statistics, Egypt (online database)
- Monthly Statistical Bulletin December 2010 and January 2011, November 2012, Central Bank of Egypt
- Golden Jubilee, 50th Annual Report ,2011,Central Bank of Sudan, Sudan
- EIU Country Reports and Forecast , 2011, 2012, 2013, 2014
- Financial and economic report 2013, Ministry of Economy and Finance, Morocco (<http://www.finances.gov.ma>)
- Follow-up Report on Economic and Social development July-September 2011/2012, Ministry of Economic Development, Egypt
- Follow up - Economic Development Plan 2011/12, Ministry of Planning, Egypt
- The note presents the preliminary draft of the Finance Act, Ministry of Finance (Algeria) (in French- La Note de présentation de l’avant projet de la loi de finances, 2013, Ministère des finances, Algérie)
- Projected budget for the year 2013, High Commission for Planning, Morocco
- The sixth five year plan 2007-2012, Ministry of Economic Development, Egypt
- The 12th development plan 2010-14, Ministry of Development and International Cooperation, Tunisia
- The note presents the preliminary draft of the Finance Act, Ministry of Finance (Algeria)(in French- La Note de présentation de l’ avant projet de la loi de finances, 2012, ministère des finances, Algérie)
- Budget for fiscal year 2012/2013, Ministry of Finance, Egypt
- Monthly business Survey, Bank Al-Maghrib, Morocco, April 2012 No. 64
- The draft budget for 2013, Ministry of Finance, Tunisia
- Follow up - Economic Development Plan 2011/12, Ministry of Planning, Egypt
- The Economic Brief, Issue No. 21, 2012, Central Bank of Sudan
- Financial Statistics Bulletin, No. 179 Central Bank of Tunisia, June, September, 2012, Tunisia
- Supplement to the Financial Statistics Bulletin, October 2.12, Central Bank of Tunisia,
- Note de conjoncture sur les échanges extérieurs de l’Algérie au cours du 1^{er} semestre 2013, Août 2013, Centre National de l’Informatique et des Statistiques des Douanes, Algérie
- Note de conjoncture n° 198, 200, 201, 202, 203, Ministère de l’Economie et des Finances (MEF), Maroc
- Loi des finances pour l’année budgétaire 2014, Ministère de l’Economie et des Finances (MEF) Maroc
- Banque Africaine du Développement, “Libérer le potentiel de l’Afrique du Nord grâce à l’Intégration Régionale”, 2012
- OCDE, « Coûts et avantages de la facilitation des échanges », 2005

Other Publications

- Mohamed Hédi Zaiem, Professeur, Université de Carthage et ancien Président du Comité National d'Evaluation de l'enseignement supérieur, « Les inégalités régionales et sociales dans l'enseignement supérieur »
- Briguglio, L., Cordina, G., Farrugia, N., and Vella, S., 2009, 'Economic Vulnerability and Resilience: Concepts and Measurements'
- Foxley, A., 2009, Recovery: The Global Financial Crisis and Middle-income Countries, Carnegie Endowment for International Peace, Washington, DC.
- Hakim Ben Hammouda, and al (2007) "Diversification: towards a new paradigm for Africa's development"
- Hirschman, A., 1964, "The Paternity of an Index", American Economic Review 54(4-6), pp 761-762
- Odularu, G. o. Export diversification as a promotion strategy for intra-ECWAS trade expansion, African Journal of Business Management, Vol.3 (2), pp 32-38, 2009
- BIT, Les tendances mondiales de l'emploi, 2013

Other web sites

- www.investintunisia.tn (Foreign Investment Promotion Agency (FIPA) Tunisia)
- www.worldbank.org (The World Bank)
- www.maghrebarabe.org (Arab Maghreb Union, UMA)
- www.idsc.gov.eg (Information and Decision Support Center, The Egyptian Cabinet, Egypt)
- www.mop.gov.eg (Ministry of Planning , Egypt)
- www.unctad.org (handbook of statistics, 2009,2010, 2011, 2012 and 2013)
- unctadstat.unctad.org (United Nations Conference on Trade and Development database)
- unstat.un.org (United Nations Statistics Division)
- www.imf.org/external/data.htm (International Monetary Fund)
- www.ins.nat.tn (National Institute of Statistic)
- capmas.gov.eg/?lang=2(Central Agency for Public Mobilization and Statistics, Egypt)
- www.hcp.ma, (High Commission for Planning, Morocco)
- www.imf.org/external/data.htm(IMF Mission Reports)
- www.cbs.gov.sd/ (Sudan Central Bureau of Statistics)
- www.imf.org/external/data.htm (International Monetary Fund).