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REPORT ON NEW INITIATIVES TO DEAL WITH THE AFRICAN DEBT PROBLEM WITHIN A FRAMEWORK ENSURING LINKAGES BETWEEN DEBT, TRADE AND DEVELOPMENT

TABLE OF CONTENTS

EXECUTIVE SUMMARY

The magnitude and seriousness of the African debt problem have been generally recognized and a large number of initiatives to address it have been proposed. However, beyond rhetorical support and impassioned calls to solve the problem, not much has been achieved. Thus, the African region remains trapped in the quagmire of deepening poverty, generally declining standards of living and pervasive economic stagnation.

A sustainable solution to the African debt problem will require more than relieving the region's debt burden. The solution must be formulated and implemented within a framework ensuring linkages between debt, trade and development. This paper will report on new initiatives recently formulated and evaluate whether they conform with the framework described above. Other UNECA documents prepared for this Meeting have proposed strategies for relieving the debt problem. To avoid overlapping, this report will not attempt to formulate new proposals.

Analyses of the composition, structure and distribution of Africa's debt and debt service reveal a strong bent with respect to creditors and individual debtors. Over 80% of Africa's debt is owed to Public and Publicly Guaranteed sources composed, in decreasing order of magnitude, of Bilateral, Multilateral and Private creditors. A few creditor countries (France, Germany, USA and Japan) hold half of Africa's Bilateral debt. In turn, their credit exposure is heavily concentrated in only seven African countries. This group of seven African countries account for over 50% of Africa's total debt and 73% of total Africa's debt service payments.

Attempts to deal with the African debt problem have evolved in response to proposals which gradually recognized the structural nature of the debt problem. Although no proposal to date fully contains a framework ensuring linkages with trade and development, there are inherent potentialities embodied in the new Enhanced Toronto Terms proposal. These inherent potential linkages with trade and development relate to the possibility of converting a portion of eligible debt into swaps. For example, 100% of Official Development Assistance (ODA) loans and up to 10% of non-ODA loans could be converted into various types of swaps such as equity swaps, nature swaps, exports swaps, development swaps (i.e. education, health, infrastructure, etc.) and others. Depending on the utilization of this swap potential, its sectoral distribution, and the associated terms and conditions, there could be large linkages between debt, trade and development. This is an area which, due to the very nature of some of the variables, requires more careful analysis, in close cooperation with African governments, creditors and other specialized

agencies.

Two recently proposed bilateral initiatives, from France and the United States of America, provide additional impetus to the resolution of Africa's debt problem. The French proposal, tabled during the 1992 Franco-African Summit, unilaterally creates a "Debt Conversion Fund" to convert the bilateral debt owed by selected African countries to France into development projects, to be approved by the Caisse Française de Développement (CFD), in the areas of environment, education, agricultural development and productivity improvements. Although the amount of debt relief is not so significant, given the existing debt overhang, the established precedent sets a "demonstration effect" which may have positive implications. Additionally, the development projects to which the debt can be converted stand to provide the desired link between debt, trade and development. As the amount of projects presented to the CFD for conversion has not been large, the assistance and expertise of the UNECA and other specialized agencies could help in the preparation, execution and monitoring of projects.

The U.S. proposal is not significant in terms of the amount of debt relief it provides. However, the importance of this initiative resides in that it signals a radical change in the policy stance of the U.S., which may help swing the necessary support for the adoption and implementation of the more ambitious Trinidad Terms.

I. GENERAL OVERVIEW

1. While the debt crisis seems to be nearly over in Latin America and other parts of the world, the African external debt continues to be a pervasive roadblock to the region's economic and social development. In the words of the United Nations Secretary General, Mr. Boutros Boutros Ghali, the external debt problem "is a millstone around the neck of Africa."[1] But, will freeing Africa from this "millstone" be sufficient to restore the region on a sustainable economic and social development path?

2. The resolution to the debt problem will lift only one barrier to Africa's socio-economic development. Unless this is accomplished within a framework insuring positive linkages with trade and economic development strategies, the region will not be able to recover the development impetus foregone during the last decade of the crisis. Without unhindered access to world trade or supportive development strategies to restore dynamism to its economic structures, the region will remain hobbled in the development race.

3. During the annual meeting of the World Bank and the International Monetary Fund, held in September 1993, the IMF Managing Director, Mr. Camdessus, ruefully characterized the plight of Africa as the "sinking of a continent," while the World Bank's President, Mr. Preston, rallied ministers of finance from industrialized countries to join in a "crusade" against poverty in Africa. Everybody agreed that Africa's debt is, in large measure, unpayable. However, in the end, a pragmatic British proposal for writing off two-thirds of nonconcessional bilateral debt (put forth in 1990 and dubbed the Trinidad terms) failed to overcome Japanese objections. Implementation of the Trinidad terms was opposed by one G7 member country. As a result, the default prescription for the region's economic ills was more IMF/World Bank structural adjustment medicine. Nobody seemed willing to acknowledge a fact that has been constantly repeated in various international fora and the world press: "what Africa needs is not monetarist orthodoxies but increased investment in human resources"[2] infrastructures and the real sector of the economy.

4. Practically all debt relief measures proposed and

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[1] Presentation of the Secretary General before the Panel of High-Level Personalities advising him on the UN New Agenda for the Development of Africa (UN-NADAF) in the 1990's. Geneva, December 1992.

[2] "Africa's prescription is another bitter pill," <u>The Guardian</u> (UK), October 1, 1993 issue, p.19.

implemented to date require debtor countries to adhere to strict structural adjustment programs approved by the World Bank and the IMF. While the need for adjustment has been recognized and accepted by African countries, it has been demonstrated that structural adjustment cannot work in isolation. Significant support in the form of trade opportunities, additional aid flows and substantial debt relief are necessary to sustain the pace of reform. Trade opportunities and enhanced access to developed country markets provide the necessary long-term planning horizon for additional investment activities, with the accompanying economic and social benefits. Aid flows should be particularly focused in increasing the pace of indigenous capacity building and investing in physical infrastructure. Unless domestic capacity building is strengthened the region will be doomed to dependency on external institutional support. Similarly, without significant debt relief, on more generous terms than those presently provided, Africa will remain handicapped.

5. However, the signals given to developing countries by the international community are contradictory at best. It seems that when it comes to trade, the industrialized countries want developing countries to succeed but to a limited extent. In other words, whenever developing countries begin to penetrate markets successfully, they are suddenly confronted with quotas, "voluntary" export restraints, "orderly" marketing agreements, and/or aggressive antidumping or countervailing investigations and duties. Likewise, even the granting of "preferential schemes" such as the Lome Convention or the Generalized System of Preferences (GSP) is heavily conditional. Countries which show success in exporting specific products duty-free are soon "graduated" from the preferences and begin to face a number of tariff and non-tariff barriers. Most pernicious of all are developed countries excessive or frivolous application of the GATT's "safeguard" procedures. That is, claims of unfair trade subsidization or dumping. In these cases, the mere accusation from the part of a developed country competitor, claiming injury from unfair competition, is enough to initiate an "investigation" which, regardless of the outcome, immediately damages the market access of the producer from the developing country. Purchasers from developed countries do not like the uncertainty of potential duties to be applied at a future date if the investigation turns a positive finding. Thus, they usually switch suppliers frustrating the efforts of developing country exporters.

6. It is true that in "every trade agreement, there is an escape clause --a provision allowing for suspension of the rules to prevent or remedy serious injuries due to imports."[3]

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[3] See "Need for New Gatt Rules to Govern Safeguard Actions" by Alan W. Wolff, in <u>Trade Policy in the 1980s</u>, William Cline, editor, p.367, The Institute for International Economics,

However, as the former Director General of the GATT, Mr. Arthur Dunkel said "[t]he real danger to the GATT is not that a trade war will break out, but that the major signatories to the GATT will simply pretend that the General Agreement is not there,...This would effectively end the GATT."[4]

7. The recently agreed Final Act of the Uruguay Round, if effectively implemented, will regulate and reduce the excesses by developed countries in the interpretation and application of the "safeguard" procedures. In the end, the interests of the major players will determine the trading environment under which the whole world will have to function. Africa can only hope that the forthcoming international trading system will be sufficiently open and considers the particular circumstances and needs of the continent.

8. The contradiction, between wanting developing countries to succeed in trade but at the same time putting all kinds of barriers to prevent them, becomes the more damaging as it has been proven that it is to everybody's benefit to let developing countries "trade" their way out of poverty. Everyone knows that there are limits to the potential and effectiveness of foreign aid. Not only are aid budgets shrinking under domestic pressures and lessening political tensions around the world, but also expanding requests from additional countries are reducing the size of each country's share of the aid pie.

9. The objective of this study is to report on new initiatives recently proposed to deal with the African debt problem within a framework ensuring linkages between debt relief, international trade opportunities and development assistance. Two recent studies by UNECA have thoroughly reviewed and analyzed the African debt problem; evaluated and analyzed the impact of recent initiatives taken to alleviate the debt burden; and proposed effective strategies for relieving the debt problem.[5] Thus, this study attempts to complement the analysis of UNECA's previous studies in a succinct manner, from a different perspective. Chapter two of this study analyses the structure and composition of Africa's external debt to explore the implications of different debt and debt reduction strategies.

Washington, D.C., 1983._

[4]Speaking in Washington, D.C., at the National Press Club, July 15, 1982. Quoted in Alan Wolff op.cit.

[5] See "Effective Strategies for Relieving Africa's External debt Burden" (E/ECA/TRADE/92/7/Rev.1) 14 September 1993; and "Analysis of the Impact on Africa's External Debt of Debt Relief Initiatives Taken up Until Now" (E/ECA/TRADE/92/22) 14 October 1993.

Chapter three reviews the recent evolution of debt relief strategies on the two categories of debt where the widest potential for debt relief exist, under the present circumstances. Finally, chapter four reviews the potential impact of recent initiatives to alleviate Africa's debt.

II. COMPOSITION OF AFRICA'S DEBT

10. The composition of Africa's external debt has changed significantly during the past decade. The largest component of the region's external debt, Africa's debt to public and publicly guaranteed sources (i.e. debt owed to multilateral, bilateral and private sources which is guaranteed by debtor governments), grew as a percentage of total debt stocks from 77 percent in 1980 to 83 percent in 1992. This was partly a reflection of the increased exposure of bilateral and multilateral lenders in response to the retrenchment of private commercial creditors in the region. (See Charts 1 and 2 and Tables 1 through 4)

11. The structure of Africa's external debt differs markedly depending on the way African countries are aggregated. Likewise, African countries exposure to different types of creditors (i.e. bilateral, multilateral and private) and the terms of lending (i.e. concessional and nonconcessional) vary markedly among individual countries. For example, Egypt's debt, the largest in Africa, is composed mainly (68 percent) of bilateral debt, divided equally between concessional and nonconcessional terms, and 23 percent to private creditors. The third most indebted country in Africa, Algeria, has a composition of debt which is 70 percent to private sources with government guarantees and 23 percent to bilateral and multilateral sources in nonconcessional terms. Thus, Algeria faces particularly hard conditions of lending. The country with the highest level of interest and principal arrears, Sudan, has 46 percent of its debt to private creditors, and another 25 percent in nonconcessional terms. (See Charts 3 and 4) As it will be seen later, the type of creditor and level of concessionality of the debt has a substantial bearing in debt renegotiations or debt reduction operations.

12. The distribution of external debt service from African countries remained extremely skewed. In 1992, only 20% of public and publicly guaranteed debt of African countries was owed to private lenders in the form of Supplier Credits (4%), Export Credits (8%), Commercial Banks (7%) and Bonds (1%). However, it absorbed nearly 50% of African debt service payments. This meant that, out of the $26 billion dollars Africa paid to all its creditors, nearly $13 billion dollars were devoted to service $54.5 billion of private debt while the other $13 billion serviced the remaining $173.5 billion of Africa's debt. Not surprisingly, Algeria, the African country with the highest level of debt to private creditors, and no principal or interest arrears, paid $7.2 billion of the debt service to private creditors, nearly one third of Africa's total debt service.

13. Bilateral creditors in 1991 [6] held nearly 43% of Africa's external debt, or US$117,183 million. These creditors are sovereign governments and their representative agencies either granting credits directly to governments or guaranteeing credits of their own suppliers and exporters. The distribution of creditor country exposure in Africa is highly concentrated in only a few countries. Half of Africa's bilateral debt, or US$58.45 billion dollars, was concentrated in the hands of France ($23.3 billion), Germany ($13.1 billion), USA ($12.6 billion), Japan ($9.5 billion). These countries, with the exception of France, were heavily exposed in only seven African countries. (See Chart 6 and Table 8)

14. From the debtor side, more than 60% of Africa's bilateral debt is held by seven African countries: Egypt, Nigeria, Morocco, Zaire, Algeria, Tunisia and Zambia. (See Chart 7) Indeed, this group of countries account for more than 55% of Africa's total external debt. The four North African countries and Nigeria accounted for 73% of total African debt service payments in 1991. From this group, Zaire and Zambia have continued to accumulate substantial principal and interest arrears on their external debt in spite of the large number of rescheduling operations at the Paris Club since the beginning of the 1980's. (See Table 5)

15. From the preceding statistical analysis, it is clear that Africa's external debt is concentrated with bilateral creditors and the remainder nearly evenly split between private (both guaranteed and nonguaranteed) and multilateral creditors. However, while the bilateral debt of African countries is significantly higher than its private debt, the latter is responsible for the heaviest debt service burden. Africa's multilateral debt, while significant, has two principal characteristics: on the one hand, it cannot be rescheduled; on the other hand, it has a substantial concessional component which softens its debt service burden. Therefore, the most promising area for relieving Africa's debt and debt service problems rest clearly in efforts to reduce both, bilateral and private debt. The subsequent chapter will analyze the most recent efforts to relieve Africa's bilateral and private debt and debt service.

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[6] Complete breakdowns of data by creditor country exposure are available for 1991.

III. DEVELOPMENTS ON DEBT RELIEF MEASURES

16. Until the adoption of the Toronto Terms in 1988 and the Brady Plan in 1989, the strategy to deal with troublesome bilateral and commercial debt was twofold: i) to reschedule it on the condition that affected debtor countries undertake structural adjustment measures to reduce "excessive consumption" and reduce balance of payment imbalances; and ii) to provide sufficient additional lending to allow the country to service its debts and muddle through until another payment crisis forced a new round of rescheduling. None of these two approaches to debt relief provided a linkage between debt, growth and development through which enhanced solvency could be built upon. Through the capitalization of arrears and additional lending to support debt service, Africa's external debt nearly tripled during the last decade. The adoption of the Toronto Terms heralded the acceptance by the Paris Club of the need for outright debt forgiveness or cancellation. Thus, the fact that certain developing country bilateral debts were unpayable was formally embodied in the "menu of options" agreed by participating Paris Club creditor countries.

17. Debt and debt service reduction operations (DDSR) have already been accepted as essential tools to restore economic viability to severely indebted low and middle income countries for both, bilateral debts through the Paris Club and private debts though the London Club. The following discussion will attempt to evaluate the most recent developments in the debt reduction strategy for bilateral and private debt.

A. Bilateral Debt

18. Bilateral debt renegotiations are carried out in the Paris Club. Membership of the Club is normally extended to all creditor countries providing and guaranteeing export credits and direct bilateral credits. However, countries from the former Soviet Union, the socialist block and most OPEC creditor countries do not participate but normally adopt the precedents established by the Paris Club. Two facts are essential to understand the mechanics of the Paris Club. The first one, is that the Paris Club only meets to prevent the imminent default of a debtor country. The second is that to ensure the continuity of future financial assistance to debtor countries, the Paris Club "subordinates" old loans to new credits. Thus, when a country first reschedules with the Paris Club, a cutoff date is established. Thereafter, only pre-cutoff debt and debt service is considered and becomes eligible for consolidation. Payments due on post-cutoff date must be serviced prior to any new rescheduling.

19. The Paris Club treatment of problem debts has evolved from a partial coverage of debt service in the consolidation period to full coverage, including arrears on pre-cutoff debt for particularly difficult cases. Developments in dealing with bilateral debt have occurred in two fronts: multilaterally, under the aegis of the Paris Club; and bilaterally, as proposals from individual creditor countries. To date, the most advantageous multilateral proposal for reducing the burden of bilateral debt in the Paris Club has been the Trinidad Proposal, tabled by Mr. John Major, in Trinidad and Tobago in September 1990. At that time, bilateral creditors had already recognized that more far-reaching concessions and reductions were needed to restore heavily indebted developing countries into a sustainable growth path. However, when originally submitted, the Trinidad proposal was not accepted due to objections, mainly from some G7 member countries. Thus, in December 1991, a "watered down" variant was agreed upon for implementation. This variant was called the "Enhanced Toronto Terms."

20. Besides providing a greatly improved menu of options,[7] the most striking provision of the Enhanced Toronto Terms is the willingness of creditors to consider a reduction on the stock of eligible debt after a period of 3 to 4 years. Additionally, the opportunity was left open for creditors and debtors to agree on "swapping" up to 10% of non-ODA pre-cutoff debt and 100% of pre-cutoff ODA and direct government loans. This latter possibility for swaps could have very large debt reduction potential as it will be shown later. Naturally, the usual caveats of selective applicability (only to the poorest debtors), strict adherence to IMF approved structural programs and required debtor country efforts to seek comparable debt relief with other creditors duly apply. This latter point is particularly applicable to bilateral debt to creditor countries which are not members of the Paris Club, but hold significant bilateral debt exposures.

21. The debt reduction potential of the Enhanced Toronto terms has to be measured against the percentage of total debt covered by "pre-cutoff" concessional and nonconcessional Paris Club debt to both, Club members and other bilateral creditors. (See Table 6) According to data estimates available for the period 1992-1994, about 17% of Africa's total debt outstanding is eligible

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[7]Enhanced Toronto terms menu provides long rescheduling periods, 30 years and grace period of 12 years, plus concessional interest rates for ODA credits; and three options for non-ODA credits: a) 50% reduction of consolidated debt service and the remainder rescheduled at market rates over 23 years with a grace period of 6 years; b) reschedule with reduced interest rates so as to lessen the present value of consolidated debt by 50%, repayments are graduated over 23 years with no grace period; and c) exceptionally long maturities but without concessions.

for rescheduling **as concessional pre-cutoff debt** ($45,483 million).[8] If the most optimal terms are applied by both Paris Club members and Other Bilateral creditors, we could come up with two scenarios. First, if no swaps are applied, the amount of arrears plus principal and interest falling due in the consolidation period are estimated as $13,337.8 million,[9] to be rescheduled over a period of 30 years with a grace period of 12 years, at concessional interest rates. The present value savings would be quite substantial depending on the rate of interest applied. Second, if swaps are applied to the maximum of 100% of concessional ODA and direct government loans, then the whole amount of $45,483 million could be swapped. The potential benefits from this scenario can only be measured if we could estimate the distribution of swaps (i.e. equity swaps, nature swaps, export swaps, development swaps --education, health, infrastructure, etc.) and their terms and conditions. However, it is undeniable that, in this case, there could be large linkages between debt, trade and development.

22. For the same period, 28% of Africa's total debt amounting to $77,214.6 million of **Paris Club nonconcessional pre-cutoff debt** are eligible for debt reduction. Again, in the most optimal case, 50% of the arrears plus principal and interest due in the consolidation period could be cancelled, amounting to an estimated reduction of $26,977.5 million of eligible debt. (See Table 6)[10]

23. Due to shortage of information and to the very nature of some of the variables (based on possibilities and intentions) the analysis in the previous paragraphs can only be speculative at best. As indicated in paragraph 17 above, the Paris Club only meets to prevent the **imminent default of a debtor country**. Therefore, we can only speculate on the impact of a regional application of Enhanced Toronto terms, as at the moment it is not possible to reschedule group or regional debts.

24. In a nutshell, the debt and debt service reduction potential

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[8]Both, Paris Club and "Other Bilateral" pre-cutoff debt are eligible since non-Paris Club members usually apply similar terms of those in Paris Club reschedulings. Therefore, for the purpose of estimation we add Paris Club and Other Bilateral pre-cutoff debt in both categories, concessional and nonconcessional.

[9] This figure is obtained by adding, for groups 1 and 5, the 1992 arrears plus the principal and interest falling due in the consolidation period 1992-1994.

[10]Total debt outstanding for 1992 in the Paris Club data table may not agree with figures provided in the 1993-1994 World Debt Tables because of data classification problems.

of the Enhanced Toronto Terms is limited by a number of factors. First, restrictions in the amount of debt and debt service which is eligible (only pre-cutoff date) for restructuring limits its debt reduction potential. Second, the level of conditionality associated with restructuring exercises acts as a deterrent to African governments seeking to avoid additional economic hardships and social unrest. Thus, in many cases, rescheduling operations are postponed until the economic situation deteriorates so severely that the "cure" becomes more damaging than the "disease." Third, quite similar to the previous problem, the Paris Club itself does not allow rescheduling to take place unless there is an "imminent risk of default." To compound the damage, in most cases, the relief provided proves to be "too little" and "too late." Fourth, rescheduling only occurs on a case-by-case basis. This approach does not take into account the fact that the economic social malaise of one country easily spreads to neighboring countries through the usual economic intercourse. Similarly, it is totally ignored that a group approach to rescheduling could greatly increase the synergy of the adjustment efforts and further promote integration and joint economic growth.

25. Recently, some trend-setting bilateral debt relief initiatives have taken place. Typically, these initiatives have covered cancellations of mostly ODA credits and have been linked to expected policy performance criteria of debtor countries. A number of countries have paved the way and set positive precedents in response to calls for debt relief from various quarters. Creditor countries such as France, Germany, Canada, England, Sweden, the Netherlands and Denmark, among others, have provided debt relief to less developed countries bilaterally, outside the framework of the Paris Club. This initiatives are all welcome and should be emulated by the international community.

B. Commercial Debt

26. As it has been shown in Chapter II, while the private debt of African countries is small when compared with bilateral debt, the debt service burden associated with it is quite severe. Therefore, effective relief measures to alleviate Africa's private debt burden are sorely needed. The private commercial debt is renegotiated in the London Club. Unlike the Paris Club, the London Club has no permanent secretariat or chairman. Thus, the London Club is only a broad forum of commercial bank creditors. Consequently, restructuring for private commercial credit is complicated due to difficulties in consolidating national claims and the large number of creditors involved. Likewise, debt relief is also complicated due to differing domestic tax and regulatory regimes affecting creditor banks.

27. Debt restructuring occurs under the leadership of a Bank Advisory Committee (BAC) usually chaired by the largest creditor bank. African countries have had ample experience dealing with the London Club. In the early 1980s, Liberia, Malawi, Senegal and Sudan rescheduled substantial portions of their commercial bank debt. Usually, rescheduling operations involved refinancing of old loans with the capitalization of arrears and/or debt service obligations at market rates of interest. With the aggravation of the debt crisis, it was realized that debt and debt service reduction (DDSR) operations were needed. The Brady Plan of 1989, formally endorsed DDSR operations financed with the assistance of official sources.

28. However, the Brady plan was designed mainly to allow middle income countries to buy back their loans at a discount or swap them for equity in order to achieve a reduction of debt and debt service. In January 1992, Nigeria bought back $3,310 million of its commercial debt at $0.40 cents per dollar of face value. Additionally, Nigeria also obtained interest reductions by exchanging $2,029 million of commercial debt service due with collateralized par-bonds with 30 year bullet maturity, with 5.5% interest on the first 3 years and 6.25% thereafter.

29. Buybacks at a discount were the main attraction of DDSR operations. However, some research suggests that debt reductions through the market mechanism are not easily conducive to resolve the debt-servicing difficulties of developing countries. This line of research suggests that, on the contrary, "market based reduction can worsen liquidity problems of debtor countries while providing little long-term debt relief."[11] More specifically, debt buybacks are singled out as "an expensive route to debt reduction [because] a substantial share of the resources [is likely] to provide windfall gains to the creditors rather than relief to the debtor."[12]

30. It has been generally agreed that the African debt problem is one of solvency rather than liquidity. The linkage between the debt burden and slow economic growth has also been established. This implies that commercial creditors and bilateral creditor countries may be self-defeating in their efforts to recover all their claims from developing countries. The longer debt burdens constraint debtor countries, the more difficult will it be for them to recover economic viability, thus

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[11] This argument was presented by Claessens, Diwan, Froot and Krugman in "Market-Based Debt Reduction for Developing Countries - Principles and Prospects," Policy Research Series No.16, The World Bank, 1990, Washington, D.C., p.44.

[12] Ibid. p.44.

reducing the expected payments to creditor countries.[13] The logical conclusion of this line of argument suggests that the best strategy for the creditors is to forgive instead of refinance some of the debts.

31. However, the problem with this line of reasoning arises out of the fact that as portions of the debts are forgiven, the present value of the remainder rises. Therefore the incentive for banks to participate in debt reduction operations is lessened, as it would be more advantageous for them to wait and "free ride" on the benefits arising from the higher repayment potential of the remaining debt.

32. Besides market based debt conversion operations, some officially supported commercial debt reduction operations have also emerged. In 1989, the World Bank approved the Debt Reduction Facility (DRF) for IDA only countries. This facility was originally capitalized with $100 million dollars, to be allocated to the tune of $10 million grant per country on a case-by-case basis. To receive DRF funds, the debtor country has to have in place a "comprehensive plan for debt management and parallel arrangements for debt relief from other creditors."[14] So far, Mozambique and Niger have benefitted from this facility and supplemental assistance from additional grants from France, the Netherlands, Switzerland and Sweden, buying back most of their commercial debt.

33. The DRF is accelerating its activities to ease the commercial debt burden from severely indebted low income countries. An extension to the facility has already been approved until July 31, 1995 by the World Bank Executive Directors. The facility has been replenished by $100 million from the Bank's 1993 net income. Already four African countries: Sao Tome and principe, Sierra Leone, Tanzania, and Zambia have operations under preparation to take advantage of the facility.

34. In addition to debt buybacks, other forms of swaps or debt conversions have also emerged to alleviate the debt burden of less developed countries. These included: debt for equity swaps, debt for exports, and debt for development swaps. The latter category includes such swaps as debt for education, debt for nature, debt for health-care, etc. However, the extent of utilization and debt relief provided by these types of conversions remains minimal.

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[13] For an ample explanation of the economic reasoning behind this arguments see Claessens, op-cit (1990).

[14] See "World Bank Debt Tables, 1992-1993, Volume I, p.91, Washington,D.C., 1992.

IV. RECENT INITIATIVES

35. Recently, the French government announced during the 1992 Franco-African Summit held in Libreville, Gabon, the creation of a "Debt Conversion Fund" of approximately FF 4 billion (approximately $830 million dollars) involving the official bilateral debt of four severely indebted African countries: Cote de'Ivoire, Cameroon, Congo and Gabon. Under this scheme, debts owed by these countries to France will be eligible for conversion towards development projects and partly cancelled. The cancellations will be a counterpart to French development projects and subject to approval by the Caisse Française de Développement (CFD). The projects will concentrate in the areas of environment, education, agricultural development and productivity improvements.

36. The "Fund" will be financed in part by bilateral debt repayments and by new money from the French government. As of 1992, the official bilateral debt of these countries to France amounted to $5,686 million dollars and the accompanying debt service was <u>estimated</u> as $797 million. This means that only an additional $33 million of new money will be disbursed from France. Regardless of this fact, the beneficiary countries will be able to devote those resources to meaningful development in their own countries instead of to debt service. This will enhance the linkage between debt reduction and development. However, to this date, not many proposals have been approved by the Caisse Française de Développememt. This is an area where expertise in the preparation, execution and monitoring of projects could be of substantial assistance in bringing to fruition this pragmatic approaches to debt relief. The expertise of the United nations Economic Commission for Africa and other specialized agencies could be channeled to assist African governments to undertake this task.

37. The US Treasury Under-Secretary, Mr. Lawrence Summers, recently announced that the US will write off half of the debts of the poorest countries in Africa. Even though full details of the proposal are not yet available, the Africa Sub-Committee of the U.S. Congress Foreign Affairs Committee disclosed that it is estimated that only $228 million of nonconcessional loans are contemplated. Only the poorest, IDA eligible, African countries with current IMF programmes in place and without cover for additional commercial rate public loans will be considered. These countries will be granted "Enhanced Toronto Terms." In all, as most of the contemplated debts are considered unrecoverable, it is estimated that the whole program will cost the U.S. Government only about $20 million dollars.

38. The significance of this proposal by the U.S. resides in the precedent it sets. In the past, the U.S. was unable to chose

any of the debt reduction options in the Toronto Terms, and later in the Enhanced Toronto Terms. Instead, the U.S. usually chose to offer long-term rescheduling. This was because the U.S. Administration did not have Congressional authorization or the respective appropriations to reduce debt.

39. On October 7, 1993, the Assistant Secretary of the Treasury for International Affairs, Mr. Jeffrey Shafer, presented testimony to the U.S. Congress.[15] In his statement, Mr. Shafer acknowledged that the synergy of U.S. actions to help Sub-Saharan Africa will be enhanced if it was coordinated with other countries through the Paris Club. He added that the U.S. Administration's voice in favor of debt relief may be more important than the relief that the U.S. could provide directly.

40. Mr. Shafer candidly admitted that for many Sub-Saharan African countries there is no hope for a return to sustainable course without large scale debt reduction. He added that the build-up of arrears currently affecting the region has had a chilling effect on new financial flows by frightening away investors who perceive a high risk environment. The African debt problems, he added, "not only inhibit capital inflows" to the region, but also "encourage those with capital in the country to move it out." He indicated that creditor governments of the Paris Club recognized that many of the poorest countries "would never be able to service fully their external debt, even with heroic economic reforms."

41. Additionally, Mr. Shafer indicated that "the Clinton Administration has made a priority of seeking Congressional authorization and appropriations to enable the United States to join other Paris Club creditors in providing 50% reduction of non-concessional debt," under the provisions of the Enhanced Toronto terms. He added that the U.S. Administration will be able to grant those reductions starting in Fiscal Year 1994.

42. The Tokyo Summit communique called for an examination of the possibility of the Paris Club to consider a reduction of the stock of debt of African countries. As Mr. Shafer put it, the fundamental issue is "to ensure that any stock of debt reduction be large enough to make a fundamental change in a country's debt situation."

43. This fundamental change in policy stance from the part of the United States Administration comes about in the wake of intense activity from the part of the United Nations Economic

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[15] "Hearing on Debt Relief for Sub-Saharan Africa" before the U.S. House of Representatives, Subcommittee on International Development, Finance, Trade and Monetary Policy; Washington, D.C., October 7, 1993.

Commission for Africa, in collaboration with African governments and other partners in development, to try to arrest the marginalization of Africa in the international fora. To this effect, during his visit to Washington D.C. in September 1992, on the occasion of the World Bank/IMF Annual Meetings, the Executive Secretary of the UNECA, Mr. Layashi yaker, met with numerous representatives of the U.S. Administration and presented expert testimony on the region's economic and social problems before the U.S. House of Representatives, Committee on Foreign Affairs, Subcommittee on Africa. His basic message was that the longer the African debt problem hobbles the economic potential of the region, the more difficult will it be to catch up with the rest of the world and Africa's future will be further imperiled.

44. These new initiatives to deal with the African debt problem are all welcome; however, there is still a long road ahead and many more obstacles to surmount. On November 5, 1992, the Second Committee of the United Nations General Assembly adopted at its 51st meeting a resolution (A/C.2/47/L.16/Rev.1) entitled "Enhanced international cooperation towards a durable solution to the external debt crisis of developing countries," with a recorded vote of 109 to 1. The lone dissenting vote was that of the United States of America.[16]

45. Perhaps the new direction and commitment by the U.S. Administration, as demonstrated by its recent proposal to alleviate Africa's external debt problems, could help marshall the necessary resolve from the part of the international community to realize that the African debt problem cannot be solved with structural adjustment medicine alone. What is really needed are more initiatives to deal with the African debt problem within a framework ensuring linkages between debt, trade and development. So far the potential for this linkage exist in Enhanced Toronto Terms provision providing for swaps of 100% of concessional official bilateral debt (US$28.3 billion as of 1992). The largest portion of Paris Club debt, which is in the US$56.6 billion dollars of non-concessional official bilateral debt, can only be swapped up to 10% or US$10 million dollars on a case-by-case basis. (See Table 6) The adoption and implementation of the Trinidad Terms for all African countries could be a step in the right direction.

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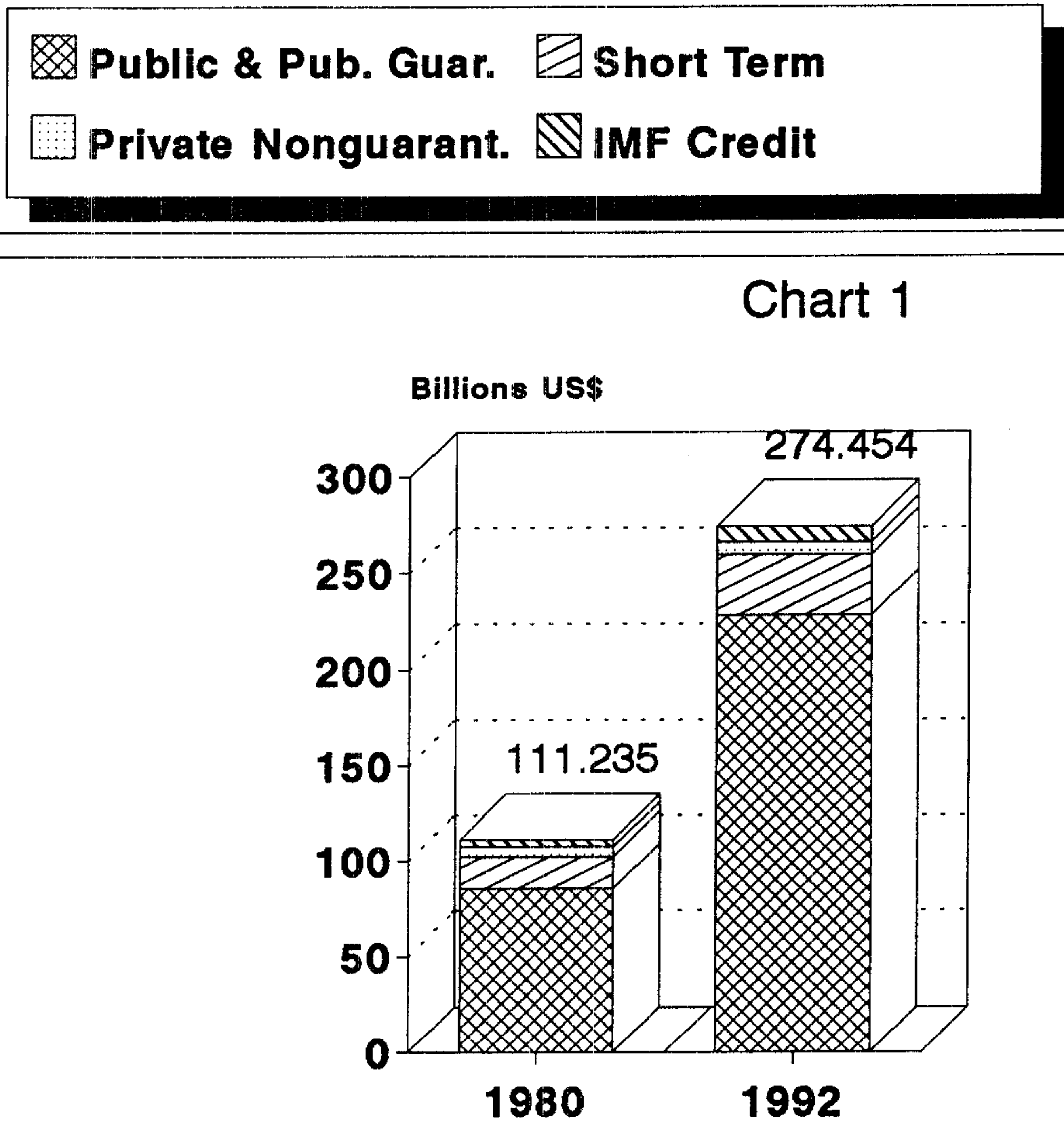
[16]See "External Debt Crisis and Development - Report of the Second Committee," (A/47/722), 17 December 1992, p.8.

ANNEX I - CHARTS

COMPOSITION OF AFRICAN EXTERNAL DEBT

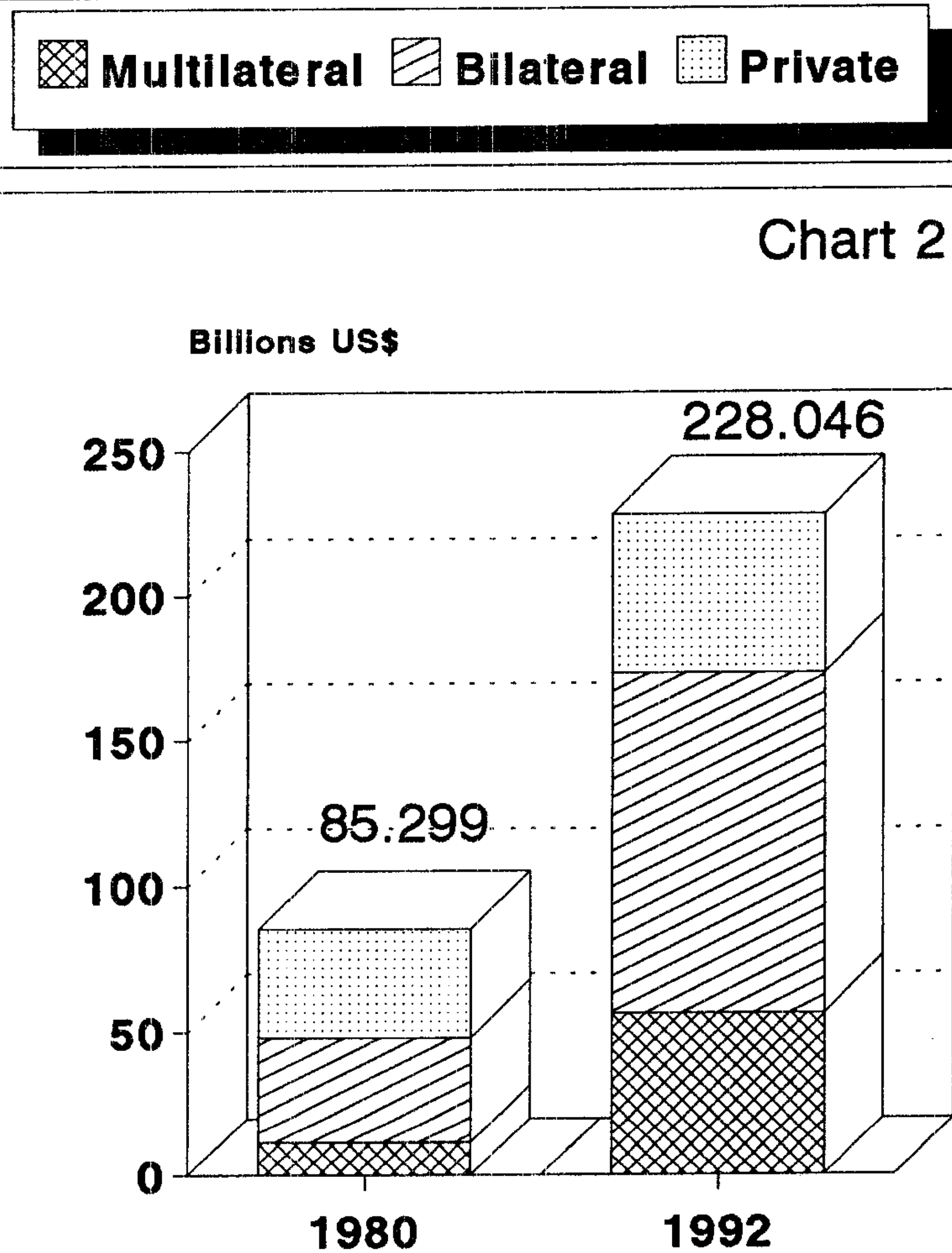


	1980	1992
IMF Credit	3.9	8.071
Private Nonguarant.	5.161	6.306
Short Term	16.874	32.031
Public & Pub. Guar.	85.3	228.046

Source: UNECA on the basis of data from The World Bank, World Debt Tables 1993-1994

PUBLIC AND PUBLICLY GUARANTEED AFRICAN DEBT

Chart 2

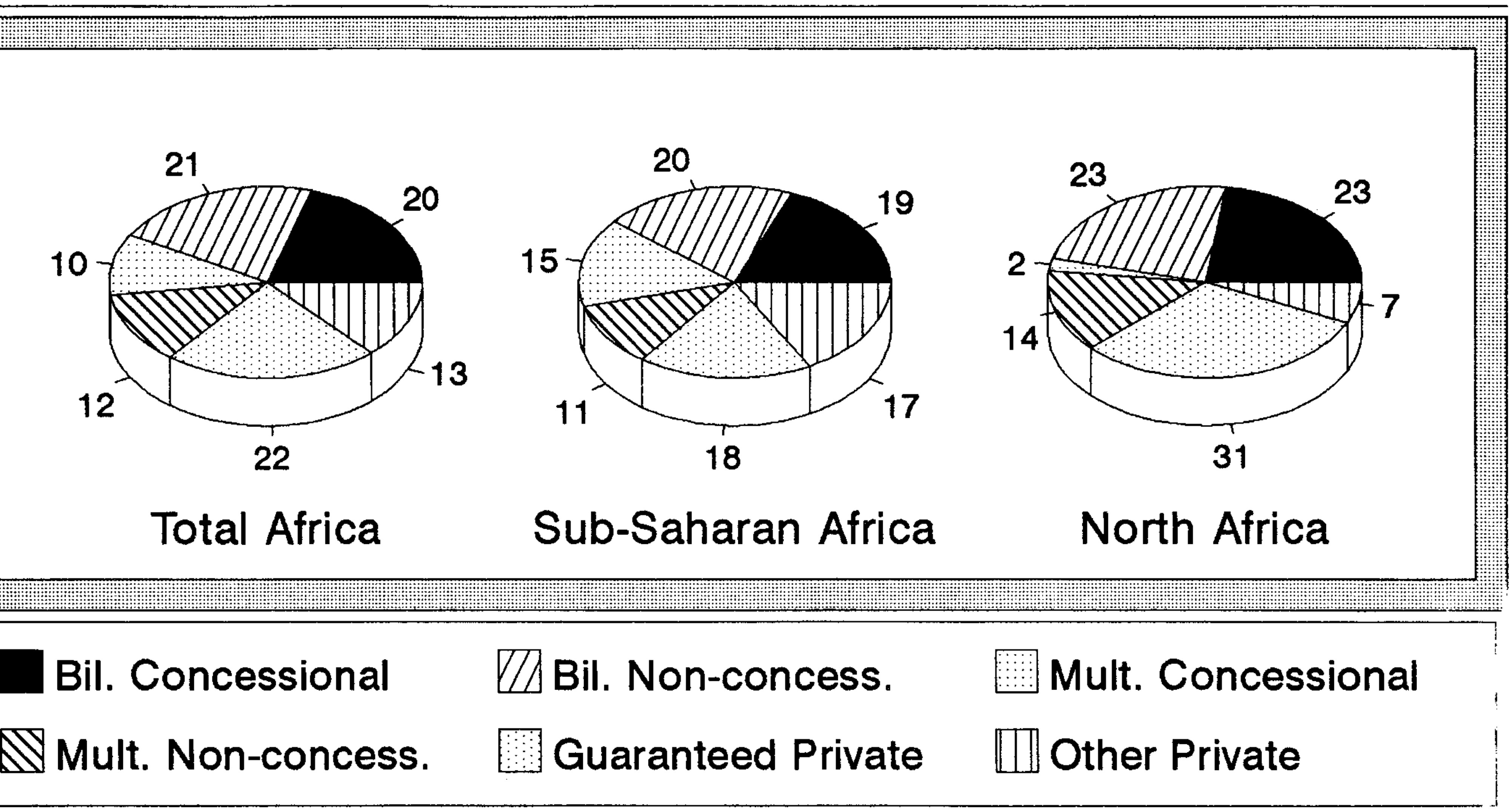


	1980	1992
Private	37.178	54.516
Bilateral	36.518	117.179
Multilateral	11.603	56.351

Africa: Structure of External Debt, 1991

Percentages

Chart 3

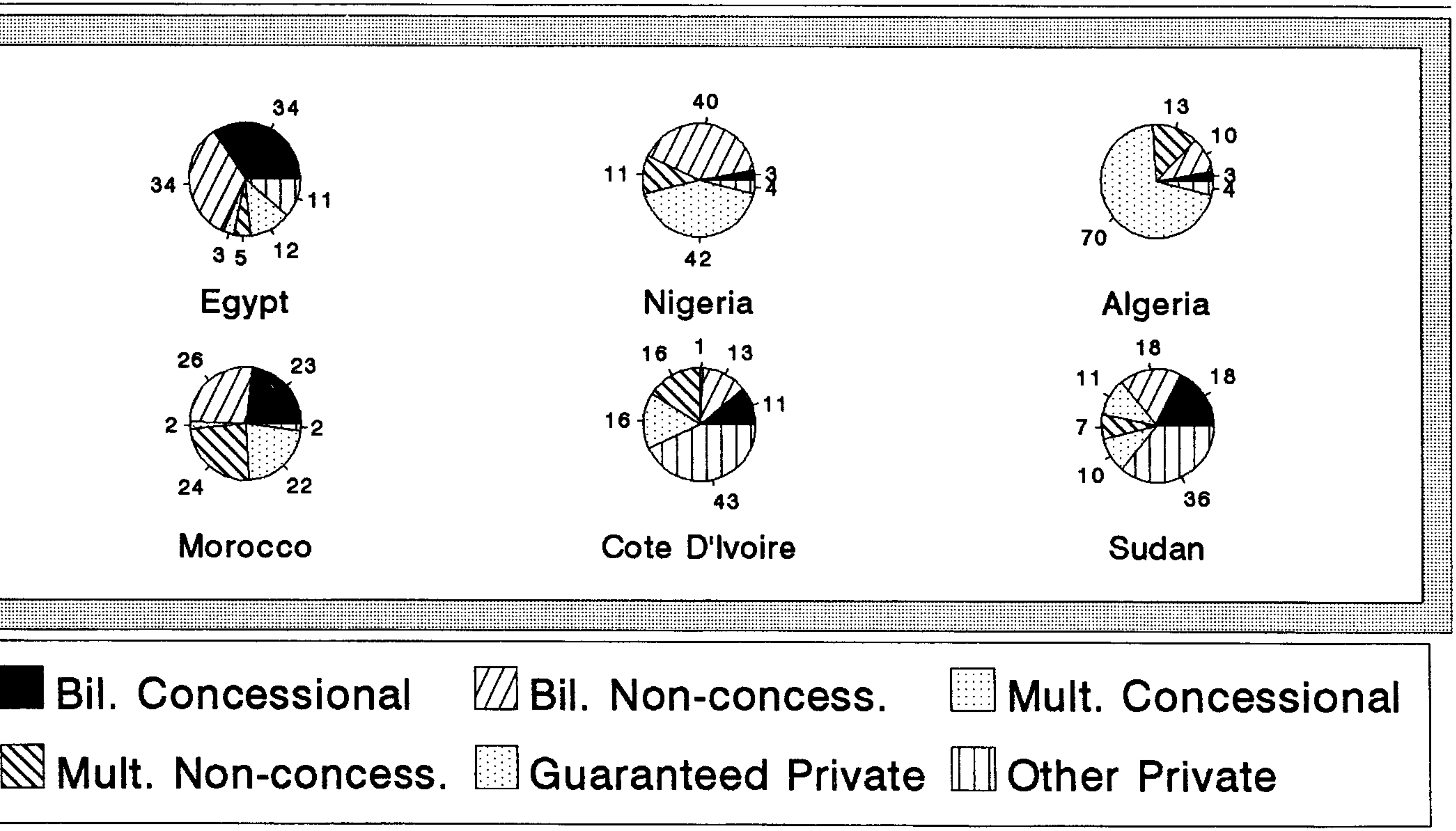


Source: UNECA on the basis of World Bank data.

Africa: Structure of External Debt, 1991

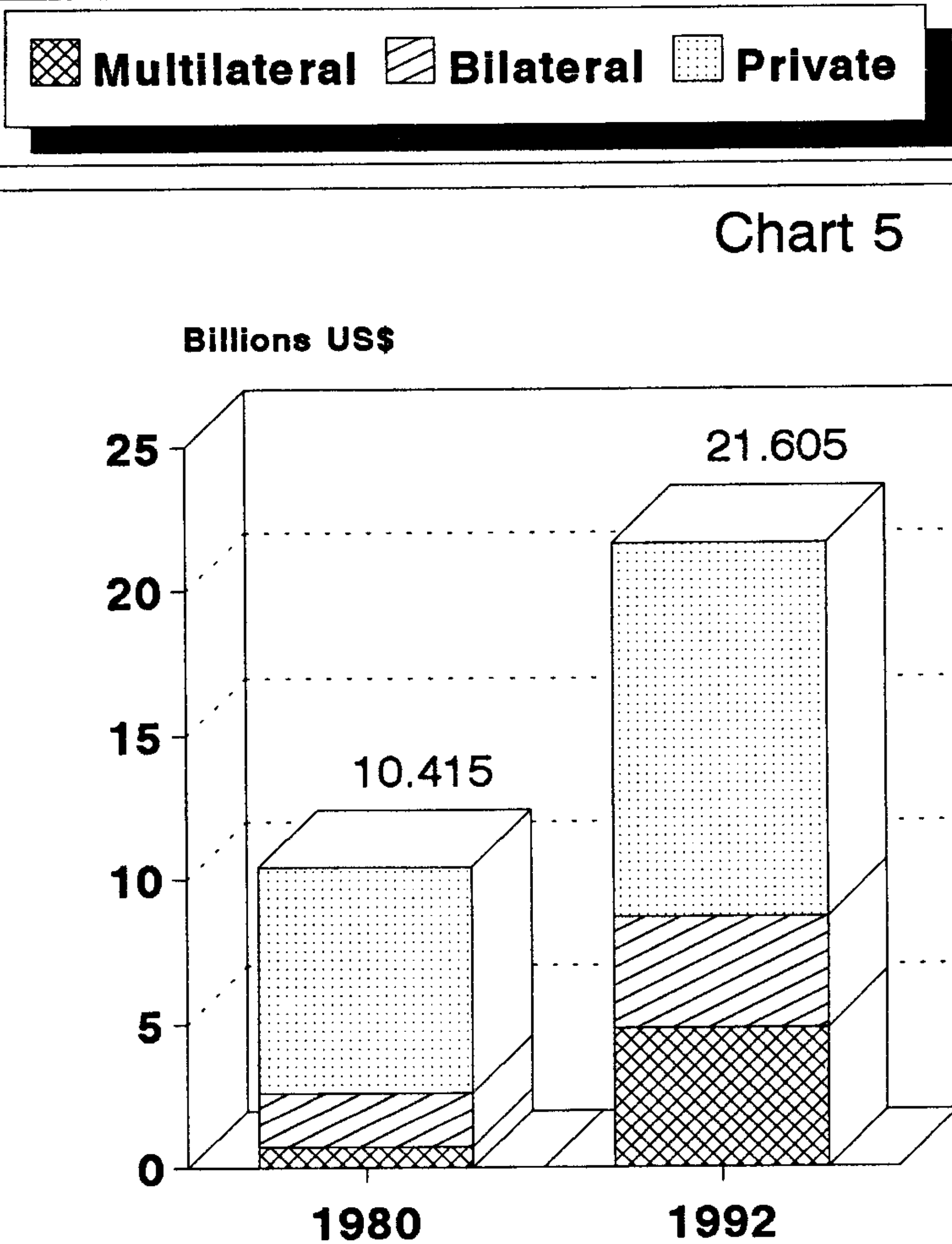
Selected Debtors, Percentages

Chart 4



urce: UNECA on the basis of World Bank data.

PUBLIC AND PUBLICLY GUARANTEED DEBT SERVICE



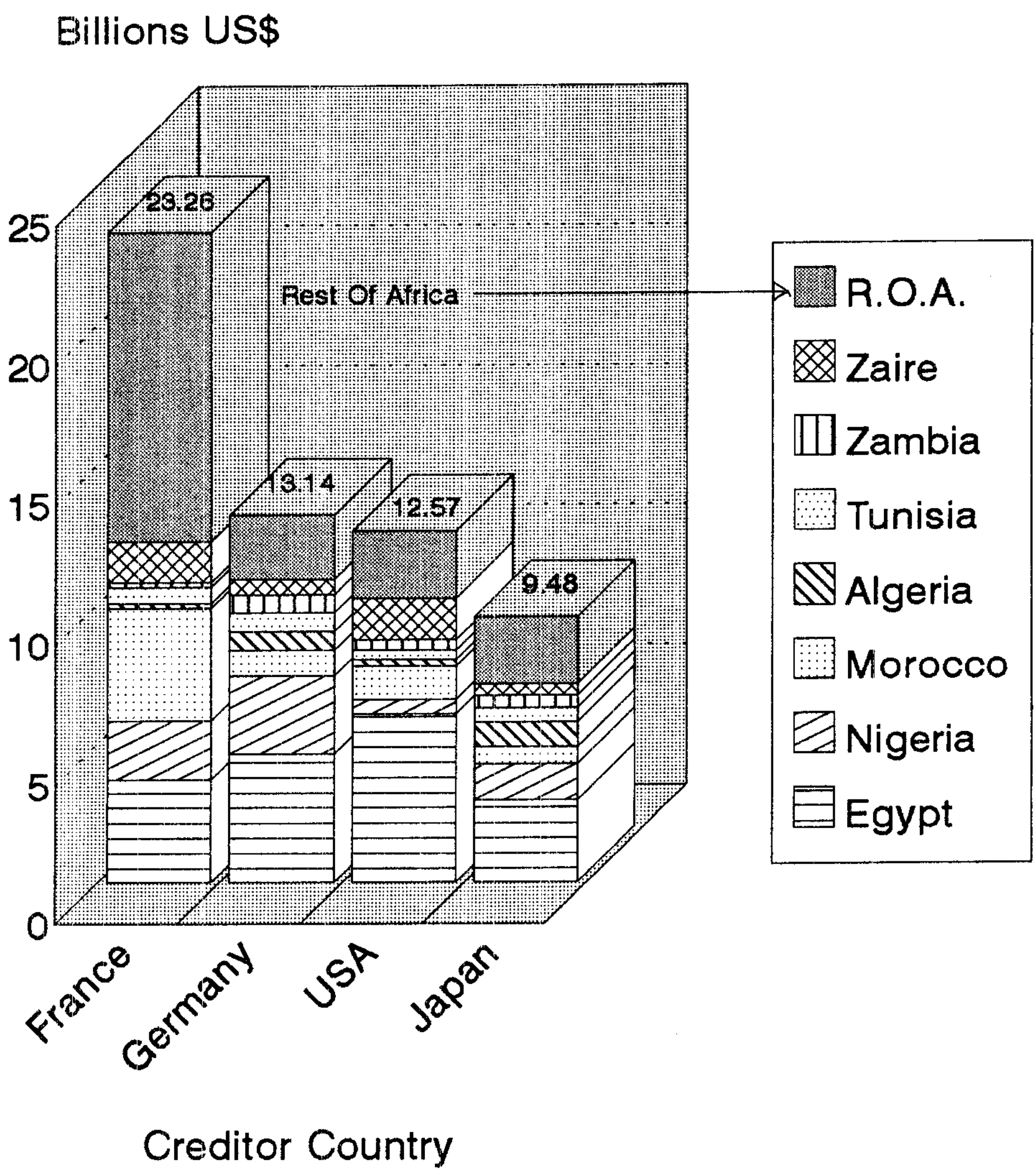
	1980	1992
Private	7.8	12.966
Bilateral	1.86	3.806
Multilateral	0.755	4.833

Selected Creditor Exposure in Africa

Official Bilateral Debt, 1991

Outstanding and Disbursed

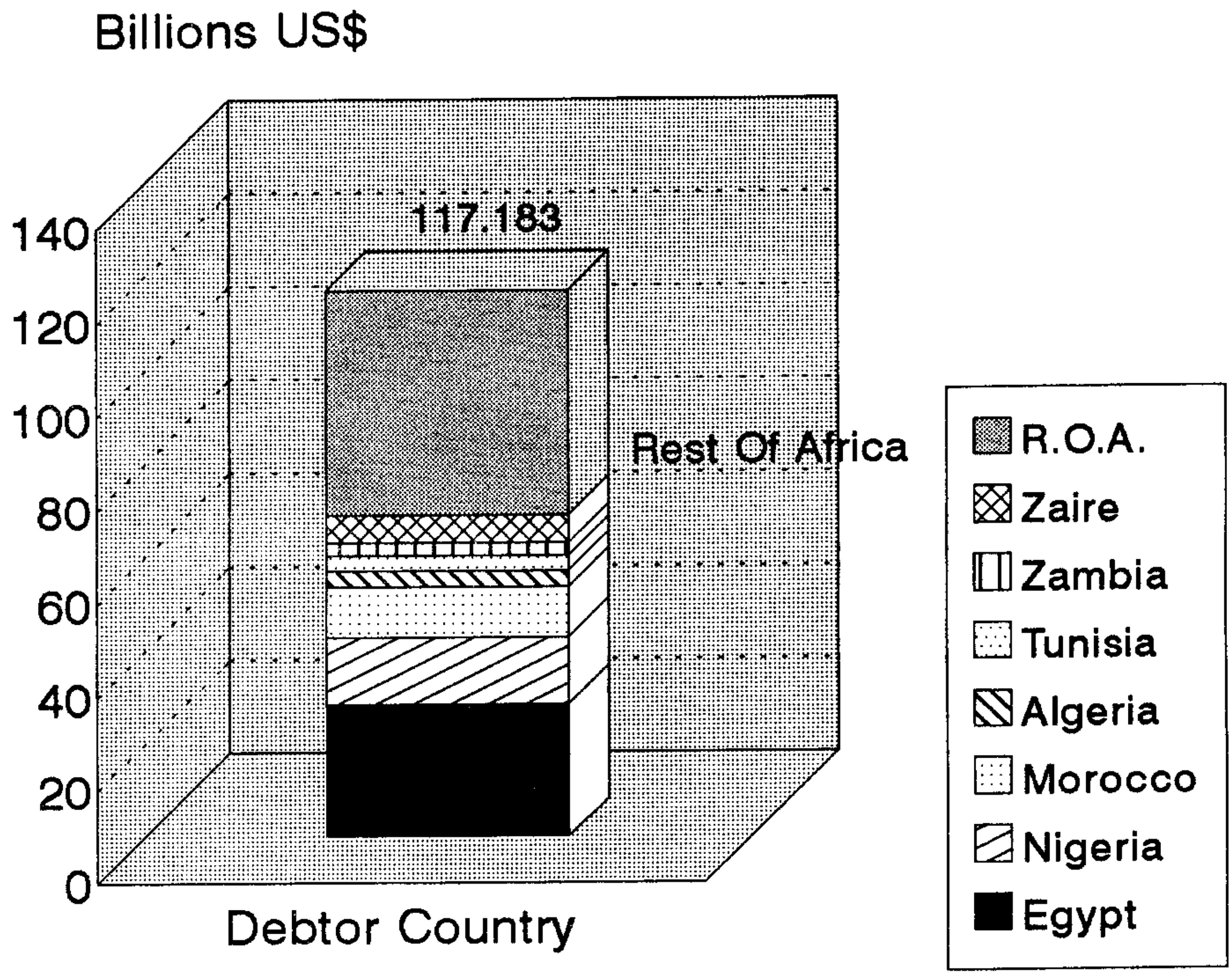
Chart 6



Africa: Official Bilateral Debt

Outstanding and Disbursed, 1991

Chart 7



R.O.A.	48.095
Zaire	5.963
Zambia	2.81
Tunisia	3.189
Algeria	3.501
Morocco	10.617
Nigeria	14.411
Egypt	28.597

Source: UNECA on the basis of data from the World Bank

ANNEX II - TABLES

AFRICA: TOTAL DEBT OUTSTANDING AND DISBURSED

Table 1

	Millions of US dollars					Percentage Shares				
	1980	1985	1990	1991	1992	1980	1985	1990	1991	1992
ALGERIA	19359	18242	27637	27919	26349	17.4	10.1	10.2	10.1	9.6
ANGOLA	59	2486	8181	8718	9645	0.1	1.4	3.0	3.1	3.5
BENIN	424	777	1225	1355	1367	0.4	0.4	0.5	0.5	0.5
BOTSWANA	133	334	516	578	545	0.1	0.2	0.2	0.2	0.2
BURKINA FASO	330	511	834	968	1056	0.3	0.3	0.3	0.3	0.4
BURUNDI	166	455	907	964	1023	0.1	0.3	0.3	0.3	0.4
CAMEROON	2513	2926	5990	6276	6554	2.3	1.6	2.2	2.3	2.4
CAPE VERDE	21	97	150	153	160	0.0	0.1	0.1	0.1	0.1
CENTRAL AFRICAN REPUBLIC	194	346	766	871	901	0.2	0.2	0.3	0.3	0.3
CHAD	229	185	505	619	729	0.2	0.1	0.2	0.2	0.3
COMOROS	44	134	185	175	173	0.0	0.1	0.1	0.1	0.1
CONGO, PEOPLE'S REPUBLIC OF	1526	3017	4922	4833	4751	1.4	1.7	1.8	1.7	1.7
COTE D'IVOIRE, REPUBLIC OF	7445	9633	16622	17557	17997	6.7	5.3	6.1	6.3	6.6
DJIBOUTI	32	144	210	197	190	0.0	0.1	0.1	0.1	0.1
EGYPT, ARAB REPUBLIC OF	20915	42091	40435	41008	40431	18.8	23.4	14.9	14.8	14.7
EQUATORIAL GUINEA	76	132	240	253	246	0.1	0.1	0.1	0.1	0.1
ETHIOPIA	824	2013	3765	4155	4354	0.7	1.1	1.4	1.5	1.6
GABON	1514	1206	3967	4177	3799	1.4	0.7	1.5	1.5	1.4
GAMBIA, THE	139	242	359	370	379	0.1	0.1	0.1	0.1	0.1
GHANA	1407	2225	3761	4209	4275	1.3	1.2	1.4	1.5	1.6
GUINEA	1117	1426	2469	2628	2652	1.0	0.8	0.9	0.9	1.0
GUINEA-BISSAU	134	306	594	632	634	0.1	0.2	0.2	0.2	0.2
KENYA	3394	4111	6947	6999	6367	3.0	2.3	2.6	2.5	2.3
LESOTHO	71	173	392	435	472	0.1	0.1	0.1	0.2	0.2
LIBERIA	685	1213	1861	1983	1952	0.6	0.7	0.7	0.7	0.7
MADAGASCAR	1223	2712	4131	4358	4385	1.1	1.5	1.5	1.6	1.6
MALAWI	821	1018	1584	1675	1699	0.7	0.6	0.6	0.6	0.6
MALI	732	1464	2471	2587	2595	0.7	0.8	0.9	0.9	0.9
MAURITANIA	840	1480	2140	2232	2303	0.8	0.8	0.8	0.8	0.8
MAURITIUS	467	629	969	1034	1049	0.4	0.3	0.4	0.4	0.4
MOROCCO	9710	16450	23478	21304	21418	8.7	9.1	8.6	7.7	7.8
MOZAMBIQUE	0	2660	4740	4699	4928	0.0	1.5	1.7	1.7	1.8
NIGER	863	1208	1824	1622	1711	0.8	0.7	0.7	0.6	0.6
NIGERIA	8934	19484	34538	34436	30998	8.0	10.8	12.7	12.4	11.3
RWANDA	190	367	736	833	873	0.2	0.2	0.3	0.3	0.3
SAO TOME PRINCIPE	24	63	152	171	190	0.0	0.0	0.1	0.1	0.1
SENEGAL	1473	2562	3742	3558	3607	1.3	1.4	1.4	1.3	1.3
SEYCHELLS	84	98	195	198	181	0.1	0.1	0.1	0.1	0.1
SIERRA LEONE	435	713	1155	1249	1266	0.4	0.4	0.4	0.5	0.5
SOMALIA	660	1636	2370	2449	2447	0.6	0.9	0.9	0.9	0.9
SUDAN	5163	9121	15303	15834	16085	4.6	5.1	5.6	5.7	5.9
SWAZILAND	210	243	262	264	240	0.2	0.1	0.1	0.1	0.1
TANZANIA	2476	3701	6119	6453	6715	2.2	2.1	2.3	2.3	2.4
TOGO	1052	940	1287	1357	1356	0.9	0.5	0.5	0.5	0.5
TUNISIA	3527	4883	7737	8330	8476	3.2	2.7	2.8	3.0	3.1
UGANDA	697	1230	2660	2861	2991	0.6	0.7	1.0	1.0	1.1
ZAIRE	4961	6093	10216	10736	10912	4.5	3.4	3.8	3.9	4.0
ZAMBIA	3261	4515	7237	7271	7041	2.9	2.5	2.7	2.6	2.6
ZIMBABWE	786	2415	3247	3436	4007	0.7	1.3	1.2	1.2	1.5
TOTAL AFRICA	111335	180105	271732	276978	274471	100	100	100	100	100

SOURCE: UNECA on the basis of data from the World Bank, World Debt Tables 1993-1994.

AFRICA: TOTAL BILATERAL DEBT

Table 2

	Millions of US dollars					Percentage Shares				
	1980	1985	1990	1991	1992	1980	1985	1990	1991	1992
ALGERIA	3211	3252	3620	3720	3501	8.8	4.8	3.3	3.2	3.0
ANGOLA	10	263	3266	3279	3223	0.0	0.4	3.0	2.8	2.8
BENIN	113	116	597	669	690	0.3	0.2	0.5	0.6	0.6
BOTSWANA	37	84	123	126	109	0.1	0.1	0.1	0.1	0.1
BURKINA FASO	119	149	147	237	274	0.3	0.2	0.1	0.2	0.2
BURUNDI	51	136	182	176	180	0.1	0.2	0.2	0.2	0.2
CAMEROON	759	880	2474	2544	3167	2.1	1.3	2.2	2.2	2.7
CAPE VERDE	4	39	50	49	47	0.0	0.1	0.0	0.0	0.0
CENTRAL AFRICAN REPUBLIC	45	142	214	270	276	0.1	0.2	0.2	0.2	0.2
CHAD	76	41	117	146	156	0.2	0.1	0.1	0.1	0.1
COMOROS	21	60	58	45	44	0.1	0.1	0.1	0.0	0.0
CONGO, PEOPLE'S REPUBLIC OF	487	609	2532	2660	2604	1.3	0.9	2.3	2.3	2.2
COTE D'IVOIRE, REPUBLIC OF	706	1449	4402	4917	5093	1.9	2.1	4.0	4.2	4.3
DJIBOUTI	19	50	70	76	69	0.1	0.1	0.1	0.1	0.1
EGYPT, ARAB REPUBLIC OF	11435	24618	22841	27831	28597	31.3	36.4	20.7	23.8	24.4
EQUATORIAL GUINEA	43	82	124	127	118	0.1	0.1	0.1	0.1	0.1
ETHIOPIA	299	974	2024	2045	2145	0.8	1.4	1.8	1.7	1.8
GABON	276	246	2118	2172	2034	0.8	0.4	1.9	1.9	1.7
GAMBIA, THE	33	53	88	94	84	0.1	0.1	0.1	0.1	0.1
GHANA	752	603	645	672	706	2.1	0.9	0.6	0.6	0.6
GUINEA	716	831	1457	1476	1448	2.0	1.2	1.3	1.3	1.2
GUINEA-BISSAU	63	124	262	259	261	0.2	0.2	0.2	0.2	0.2
KENYA	572	947	1122	1268	1298	1.6	1.4	1.0	1.1	1.1
LESOTHO	6	15	47	66	85	0.0	0.0	0.0	0.1	0.1
LIBERIA	229	417	491	490	479	0.6	0.6	0.4	0.4	0.4
MADAGASCAR	386	1484	2159	2198	2154	1.1	2.2	2.0	1.9	1.8
MALAWI	214	194	267	278	254	0.6	0.3	0.2	0.2	0.2
MALI	460	857	1418	1420	1400	1.3	1.3	1.3	1.2	1.2
MAURITANIA	458	866	1072	1082	1053	1.3	1.3	1.0	0.9	0.9
MAURITIUS	76	120	331	386	364	0.2	0.2	0.3	0.3	0.3
MOROCCO	3723	7835	12723	10519	10617	10.2	11.6	11.5	9.0	9.1
MOZAMBIQUE	0	1737	3009	3038	3069	0.0	2.6	2.7	2.6	2.6
NIGER	112	389	505	534	629	0.3	0.6	0.5	0.5	0.5
NIGERIA	434	792	13413	15143	14411	1.2	1.2	12.1	12.9	12.3
RWANDA	52	86	142	154	156	0.1	0.1	0.1	0.1	0.1
SAO TOME PRINCIPE	13	35	59	61	60	0.0	0.1	0.1	0.1	0.1
SENEGAL	390	1200	1406	1309	1292	1.1	1.8	1.3	1.1	1.1
SEYCHELLS	21	39	74	78	72	0.1	0.1	0.1	0.1	0.1
SIERRA LEONE	150	184	328	377	422	0.4	0.3	0.3	0.3	0.4
SOMALIA	408	917	1136	1137	1117	1.1	1.4	1.0	1.0	1.0
SUDAN	2659	4547	5777	5782	5618	7.3	6.7	5.2	4.9	4.8
SWAZILAND	103	91	130	132	116	0.3	0.1	0.1	0.1	0.1
TANZANIA	1129	1571	3511	3553	3611	3.1	2.3	3.2	3.0	3.1
TOGO	365	410	469	479	468	1.0	0.6	0.4	0.4	0.4
TUNISIA	1529	2205	3004	3162	3189	4.2	3.3	2.7	2.7	2.7
UGANDA	208	213	649	659	734	0.6	0.3	0.6	0.6	0.6
ZAIRE	2347	3467	6189	6194	5963	6.4	5.1	5.6	5.3	5.1
ZAMBIA	1105	1802	2887	2980	2810	3.0	2.7	2.6	2.5	2.4
ZIMBABWE	98	428	870	912	917	0.3	0.6	0.8	0.8	0.8
TOTAL AFRICA	36519	67649	110598	116977	117183	100	100	100	100	100

SOURCE: UNECA on the basis of data from the World Bank, World Debt Tables 1993-1994.

AFRICA: MULTILATERAL DEBT

Table 3

	Millions of US dollars					Percentage Shares				
	1980	1985	1990	1991	1992	1980	1985	1990	1991	1992
ALGERIA	284	582	2033	2658	2719	2.4	2.4	4.1	4.9	4.8
ANGOLA	13	28	56	97	112	0.1	0.1	0.1	0.2	0.2
BENIN	104	229	537	594	628	0.9	1.0	1.1	1.1	1.1
BOTSWANA	84	216	362	423	409	0.7	0.9	0.7	0.8	0.7
BURKINA FASO	142	272	565	640	715	1.2	1.1	1.1	1.2	1.3
BURUNDI	59	247	660	719	763	0.5	1.0	1.3	1.3	1.4
CAMEROON	422	691	1283	1417	1430	3.6	2.9	2.6	2.6	2.5
CAPE VERDE	17	55	91	95	103	0.1	0.2	0.2	0.2	0.2
CENTRAL AFRICAN REPUBLIC	53	121	453	498	511	0.5	0.5	0.9	0.9	0.9
CHAD	75	89	320	387	496	0.6	0.4	0.6	0.7	0.9
COMOROS	21	69	114	116	122	0.2	0.3	0.2	0.2	0.2
CONGO, PEOPLE'S REPUBLIC OF	118	329	566	567	536	1.0	1.4	1.1	1.0	1.0
COTE D'IVOIRE, REPUBLIC OF	524	1206	2588	2854	2905	4.5	5.1	5.2	5.3	5.2
DJIBOUTI	2	39	90	100	105	0.0	0.2	0.2	0.2	0.2
EGYPT, ARAB REPUBLIC OF	2625	3895	3743	3339	3329	22.6	16.3	7.5	6.2	5.9
EQUATORIAL GUINEA	3	14	67	70	71	0.0	0.1	0.1	0.1	0.1
ETHIOPIA	340	602	1237	1354	1485	2.9	2.5	2.5	2.5	2.6
GABON	40	94	310	341	349	0.3	0.4	0.6	0.6	0.6
GAMBIA, THE	43	87	205	219	247	0.4	0.4	0.4	0.4	0.4
GHANA	279	527	1838	2071	2188	2.4	2.2	3.7	3.8	3.9
GUINEA	130	257	678	828	915	1.1	1.1	1.4	1.5	1.6
GUINEA-BISSAU	29	100	250	286	290	0.2	0.4	0.5	0.5	0.5
KENYA	630	1320	2535	2629	2509	5.4	5.5	5.1	4.8	4.5
LESOTHO	39	143	292	312	328	0.3	0.6	0.6	0.6	0.6
LIBERIA	131	298	440	442	428	1.1	1.3	0.9	0.8	0.8
MADAGASCAR	182	475	1235	1390	1391	1.6	2.0	2.5	2.6	2.5
MALAWI	219	505	1076	1199	1266	1.9	2.1	2.2	2.2	2.2
MALI	173	400	909	1017	1068	1.5	1.7	1.8	1.9	1.9
MAURITANIA	125	336	656	679	714	1.1	1.4	1.3	1.3	1.3
MAURITIUS	78	187	301	294	263	0.7	0.8	0.6	0.5	0.5
MOROCCO	723	1934	4582	5067	5313	6.2	8.1	9.2	9.3	9.4
MOZAMBIQUE	0	111	468	562	685	0.0	0.5	0.9	1.0	1.2
NIGER	143	274	703	731	731	1.2	1.1	1.4	1.3	1.3
NIGERIA	571	1431	3733	4010	4087	4.9	6.0	7.5	7.4	7.3
RWANDA	91	232	542	613	647	0.8	1.0	1.1	1.1	1.1
SAO TOME PRINCIPE	11	22	75	92	107	0.1	0.1	0.2	0.2	0.2
SENEGAL	263	580	1363	1415	1528	2.3	2.4	2.7	2.6	2.7
SEYCHELLS	5	19	47	47	50	0.0	0.1	0.1	0.1	0.1
SIERRA LEONE	62	124	182	186	205	0.5	0.5	0.4	0.3	0.4
SOMALIA	159	410	754	772	746	1.4	1.7	1.5	1.4	1.3
SUDAN	634	961	1723	1855	1889	5.5	4.0	3.5	3.4	3.4
SWAZILAND	62	101	120	121	113	0.5	0.4	0.2	0.2	0.2
TANZANIA	530	1038	1824	2019	2194	4.6	4.4	3.7	3.7	3.9
TOGO	119	295	564	611	618	1.0	1.2	1.1	1.1	1.1
TUNISIA	433	826	2229	2715	2848	3.7	3.5	4.5	5.0	5.1
UGANDA	85	500	1296	1447	1565	0.7	2.1	2.6	2.7	2.8
ZAIRE	333	603	1874	2116	2080	2.9	2.5	3.8	3.9	3.7
ZAMBIA	397	723	1418	1514	1589	3.4	3.0	2.9	2.8	2.8
ZIMBABWE	3	269	637	730	967	0.0	1.1	1.3	1.3	1.7
TOTAL AFRICA	11604	23866	49622	51258	56353	100	100	100	100	100

SOURCE: UNECA on the basis of data from the World Bank, World Debt Tables 1993-1994.

AFRICA: TOTAL PRIVATE DEBT

Table 4

	Millions of US dollars					Percentage Shares				
	1980	1985	1990	1991	1992	1980	1985	1990	1991	1992
ALGERIA	13539	12546	20523	19306	18542	36.4	24.8	30.1	31.4	34.0
ANGOLA	36	1539	3924	3987	4293	0.1	3.0	5.8	6.5	7.9
BENIN	118	317	23	12	5	0.3	0.6	0.0	0.0	0.0
BOTSWANA	8	32	25	23	20	0.0	0.1	0.0	0.0	0.0
BURKINA FASO	20	36	38	6	5	0.1	0.1	0.1	0.0	0.0
BURUNDI	8	27	9	6	4	0.0	0.1	0.0	0.0	0.0
CAMEROON	825	432	996	1065	868	2.2	0.9	1.5	1.7	1.6
CAPE VERDE	0	2	3	2	2	0.0	0.0	0.0	0.0	0.0
CENTRAL AFRICAN REPUBLIC	48	25	21	21	21	0.1	0.0	0.0	0.0	0.0
CHAD	54	30	9	8	7	0.1	0.1	0.0	0.0	0.0
COMOROS	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0
CONGO, PEOPLE'S REPUBLIC OF	653	1401	1105	839	738	1.8	2.8	1.6	1.4	1.4
COTE D'IVOIRE, REPUBLIC OF	3080	3120	3025	2863	2687	8.3	6.2	4.4	4.7	4.9
DJIBOUTI	5	7	0	0	0	0.0	0.0	0.0	0.0	0.0
EGYPT, ARAB REPUBLIC OF	2152	6466	7733	4928	3798	5.8	12.8	11.4	8.0	7.0
EQUATORIAL GUINEA	7	16	18	17	16	0.0	0.0	0.0	0.0	0.0
ETHIOPIA	49	289	352	562	538	0.1	0.6	0.5	0.9	1.0
GABON	955	604	707	667	616	2.6	1.2	1.0	1.1	1.1
GAMBIA, THE	24	38	18	14	9	0.1	0.1	0.0	0.0	0.0
GHANA	130	167	189	215	202	0.3	0.3	0.3	0.4	0.4
GUINEA	159	204	108	98	102	0.4	0.4	0.2	0.2	0.2
GUINEA-BISSAU	36	40	32	31	29	0.1	0.1	0.0	0.1	0.1
KENYA	860	333	1014	938	828	2.3	0.7	1.5	1.5	1.5
LESOTHO	11	8	35	35	29	0.0	0.0	0.1	0.1	0.1
LIBERIA	156	172	192	196	195	0.4	0.3	0.3	0.3	0.4
MADAGASCAR	323	446	279	270	260	0.9	0.9	0.4	0.4	0.5
MALAWI	192	93	62	51	38	0.5	0.2	0.1	0.1	0.1
MALI	36	44	18	14	5	0.1	0.1	0.0	0.0	0.0
MAURITANIA	131	130	97	94	88	0.4	0.3	0.1	0.2	0.2
MAURITIUS	141	90	115	126	114	0.4	0.2	0.2	0.2	0.2
MOROCCO	3879	4056	4784	4552	4402	10.4	8.0	7.0	7.4	8.1
MOZAMBIQUE	0	698	604	438	382	0.0	1.4	0.9	0.7	0.7
NIGER	128	170	115	2	1	0.3	0.3	0.2	0.0	0.0
NIGERIA	3279	10916	15441	14031	9959	8.8	21.5	22.7	22.8	18.3
RWANDA	8	12	4	3	2	0.0	0.0	0.0	0.0	0.0
SAO TOME PRINCIPE	0	6	1	1	1	0.0	0.0	0.0	0.0	0.0
SENEGAL	452	278	181	144	112	1.2	0.5	0.3	0.2	0.2
SEYCHELLS	0	16	28	26	25	0.0	0.0	0.0	0.0	0.0
SIERRA LEONE	111	80	95	93	53	0.3	0.2	0.1	0.2	0.1
SOMALIA	28	84	37	36	35	0.1	0.2	0.1	0.1	0.1
SUDAN	529	1094	1655	1583	1476	1.4	2.2	2.4	2.6	2.7
SWAZILAND	24	23	7	5	4	0.1	0.0	0.0	0.0	0.0
TANZANIA	256	346	251	249	243	0.7	0.7	0.4	0.4	0.4
TOGO	415	86	54	54	53	1.1	0.2	0.1	0.1	0.1
TUNISIA	1249	1423	1475	1313	1381	3.4	2.8	2.2	2.1	2.5
UGANDA	250	178	287	247	196	0.7	0.4	0.4	0.4	0.4
ZAIRE	1582	888	889	872	852	4.3	1.8	1.3	1.4	1.6
ZAMBIA	639	575	542	481	411	1.7	1.1	0.8	0.8	0.8
ZIMBABWE	595	1081	957	969	899	1.6	2.1	1.4	1.6	1.6
TOTAL AFRICA	37178	50657	68072	61492	54546	100	100	100	100	100

SOURCE: UNECA on the basis of data from the World Bank, World Debt Tables 1993-1994.

AFRICA: INTEREST AND PRINCIPAL ARREARS ON LONG TERM TOTAL DEBT

Table 5

	Millions of US dollars							
	1985	1986	1987	1988	1989	1990	1991	1992
ALGERIA	0	0	0	0	0	1	0	0
ANGOLA	4	26	54	73	70	225	600	971
BENIN	15	23	35	46	42	41	27	22
BOTSWANA	0	0	2	1	1	2	5	7
BURKINA FASO	2	13	26	34	37	48	36	40
BURUNDI	7	7	10	2	1	0	0	7
CAMEROON	1	4	32	112	32	154	374	236
CAPE VERDE	0	3	6	8	12	18	21	23
CENTRAL AFRICAN REPUBLIC	1	2	14	16	26	29	47	86
CHAD	31	35	41	37	18	9	15	36
COMOROS	2	7	14	22	29	38	31	22
CONGO, PEOPLE`S REPUBLIC OF	67	40	99	230	370	170	484	918
COTE D`IVOIRE, REPUBLIC OF	9	20	32	83	396	82	104	330
DJIBOUTI	0	0	0	0	0	1	2	4
EGYPT, ARAB REPUBLIC OF	4567	7930	8032	7792	6703	3652	974	974
EQUATORIAL GUINEA	2	9	13	24	29	42	59	70
ETHIOPIA	0	0	43	9	56	241	481	676
GABON	0	24	1	9	37	126	300	356
GAMBIA, THE	10	10	9	8	5	2	2	2
GHANA	26	31	38	27	42	62	22	26
GUINEA	116	151	164	258	194	213	268	220
GUINEA-BISSAU	19	29	32	27	41	52	71	102
KENYA	11	19	33	39	54	64	96	163
LESOTHO	0	0	0	0	0	3	3	4
LIBERIA	59	210	519	474	601	792	942	949
MADAGASCAR	71	155	198	363	350	464	628	936
MALAWI	2	0	16	15	22	21	5	4
MALI	83	35	59	22	9	75	212	287
MAURITANIA	56	97	102	129	174	217	307	451
MAURITIUS	0	0	0	0	0	6	12	8
MOROCCO	105	951	1436	290	538	951	808	415
MOZAMBIQUE	87	200	275	382	485	794	1100	1359
NIGER	3	7	11	20	38	59	56	105
NIGERIA	15	4	296	796	169	692	313	2354
RWANDA	0	1	3	6	7	13	19	28
SAO TOME PRINCIPE	3	6	9	14	21	29	36	37
SENEGAL	18	6	4	5	16	0	0	120
SEYCHELLS	0	2	5	8	9	11	10	10
SIERRA LEONE	50	41	68	166	211	266	310	168
SOMALIA	175	282	377	556	684	895	1055	1162
SUDAN	2252	2879	4031	4700	6976	7677	8511	8890
SWAZILAND	0	0	0	0	0	0	3	5
TANZANIA	261	314	466	487	649	681	912	930
TOGO	0	9	97	1	0	3	16	33
TUNISIA	13	16	1	0	0	16	34	1
UGANDA	24	37	82	81	106	184	287	273
ZAIRE	85	112	134	664	198	541	1617	2409
ZAMBIA	367	268	934	1435	1922	2098	1891	1895
ZIMBABWE	0	0	4	1	2	0	0	0
TOTAL AFRICA	8620	14015	17839	19468	21383	21759	23106	28128

SOURCE: UNECA on the basis of data from the World Bank, World Debt Tables 1993-1994.

PARIS CLUB DATA
Total Africa (49 countries)
(Millions of US$)

Table 6

	1992	1993	1994
Debt Outstanding & Disbursed	275210.7	253035.0	232206.8
of which: Princ. and Inter. Arrears	42477.7	42477.7	42477.7
Principal Payments	15895.0	21351.7	18863.2
Interest Payments	9502.9	10728.7	9207.0
1. Paris Club Concessional Pre-Cutoff			
Debt Outstanding & Disbursed	28271.2	27167.3	25882.1
of which: Princ & Inter. Arrears	1520.4	1520.4	1520.4
Principal Payments	352.2	742.6	801.3
Interest Payments	275.7	470.5	455.0
2. Paris Club Nonconcessional Pre-Cutoff			
Debt Outstanding & Disbursed	56550.5	49773.7	43155.9
of which: Princ & Inter. Arrears	9766.5	9766.5	9766.5
Principal Payments	3291.5	6165.1	5623.8
Interest Payments	1896.4	3313.9	2835.2
3. Paris Club Concessional Post-Cutoff			
Debt Outstanding & Disbursed	10588.6	10444.6	10252.0
of which: Princ & Inter. Arrears	356.7	356.7	356.7
Principal Payments	43.4	144.5	192.7
Interest Payments	168.1	278.3	278.8
4. Paris Club Nonconcessional Post-Cutoff			
Debt Outstanding & Disbursed	6573.6	5641.2	4687.5
of which: Princ & Inter. Arrears	1024.1	1024.1	1024.1
Principal Payments	738.5	1023.8	951.1
Interest Payments	503.2	436.2	359.7
5. Other Bilateral Concessional Pre-Cutoff			
Debt Outstanding & Disbursed	17212.6	16390.0	15394.2
of which: Princ & Inter. Arrears	5952.1	5952.1	5952.1
Principal Payments	226.1	1053.1	995.3
Interest Payments	56.0	231.1	206.4
6. Other Bilateral Nonconcessional Pre-Cutoff			
Debt Outstanding & Disbursed	20664.1	19838.1	18807.8
of which: Princ & Inter. Arrears	6469.9	6469.9	6469.9
Principal Payments	428.3	1181.5	845.3
Interest Payments	549.3	828.7	759.6
7. Other Bilateral Concessional Post-Cutoff			
Debt Outstanding & Disbursed	3868.4	3627.9	3384.2
of which: Princ & Inter. Arrears	1218.2	1218.2	1218.2
Principal Payments	82.1	249.3	243.3
Interest Payments	30.1	94.1	83.6
8. Other Bilateral Nonconcessional Post-cutoff			
Debt Outstanding & Disbursed	3749.5	3430.0	3154.3
of which: Princ & Inter. Arrears	2116.6	2116.6	2116.6
Principal Payments	87.1	319.3	275.6
Interest Payments	55.6	100.5	79.2

Source: UNECA, on the basis of data from the World Bank.

PARIS CLUB DATA
Total Africa (49 countries)
(Millions of US$)

Table 6 (cont.)

	1992	1993	1994
9. IBRD			
Debt Outstanding & Disbursed	16159.7	14577.1	12910.9
of which: Princ & Inter. Arrears	9.8	9.8	9.8
Principal Payments	1632.3	1583.1	1666.0
Interest Payments	1275.5	1300.0	1161.4
q			
Debt Outstanding & Disbursed	20280.6	20153.2	19989.9
of which: Princ & Inter. Arrears	0.3	0.3	0.3
Principal Payments	87.5	127.3	163.9
Interest Payments	139.9	152.1	150.0
11. IMF			
Debt Outstanding & Disbursed	9153.7	8206.7	7420.2
of which: Princ & Inter. Arrears	3530.0	3530.0	3530.0
Principal Payments	907.9	946.8	786.6
Interest Payments	332.1	236.8	120.9
12. Other Multilateral Concessional			
Debt Outstanding & Disbursed	10597.7	10208.1	9801.5
of which: Princ & Inter. Arrears	874.0	874.0	874.0
Principal Payments	298.2	390.1	406.6
Interest Payments	135.9	159.1	148.8
13. Other Multilateral Nonconcessional			
Debt Outstanding & Disbursed	9998.7	9212.0	8430.1
of which: Princ & Inter. Arrears	951.4	951.4	951.4
Principal Payments	696.0	803.2	782.5
Interest Payments	619.0	713.6	650.3
14. Commercial Banks			
Debt Outstanding & Disbursed	20597.0	18587.8	16647.7
of which: Princ & Inter. Arrears	7102.5	7102.5	7102.5
Principal Payments	2708.4	2008.8	1940.1
Interest Payments	1392.5	1042.6	901.2
15. Other Private Debt			
Debt Outstanding & Disbursed	23700.0	18905.5	15416.7
of which: Princ & Inter. Arrears	1585.2	1585.2	1585.2
Principal Payments	4315.5	4613.2	3189.1
Interest Payments	1093.3	1371.2	1016.9
16. Short Term Debt			
Debt Outstanding & Disbursed	17244.8	16871.8	16871.8
Principal Payments	0.0	0.0	0.0
Interest Payments	980.3	0.0	0.0

Source: UNECA, on the basis of data from the World Bank.

AFRICA: FOREIGN DIRECT INVESTMENT

Table 7

	Millions of dollars							
	1985	1986	1987	1988	1989	1990	1991	1992
ALGERIA	0.4	5.3	3.7	13.0	12.1	0.3	11.6	12.0
ANGOLA	278.0	234.0	119.0	131.0	200.0	-334.8	664.5	288.0
BENIN	0.0	1.0	0.0	0.0	1.0	1.0	13.0	7.0
BOTSWANA	53.6	70.4	113.6	39.9	42.2	38.2	45.0	61.0
BURKINA FASO	-1.4	3.1	0.0	0.0	0.0	0.0	0.0	0.0
BURUNDI	0.5	1.5	1.4	1.2	0.6	1.3	0.9	0.3
CAMEROON	316.2	19.0	12.0	67.3	0.0	-62.3	-21.1	10.0
CAPE VERDE	0.0	0.0	2.8	0.6	0.2	0.3	1.2	-0.8
CENTRAL AFRICAN REPUBLIC	3.0	8.2	11.9	-3.8	1.3	0.7	-4.9	-3.0
CHAD	53.7	28.2	8.2	1.3	18.7	0.0	0.0	5.0
COMOROS	0.0	0.0	7.5	3.8	3.3	0.4	2.5	1.0
CONGO, PEOPLE'S REPUBLIC OF	12.7	22.4	43.4	9.1	0.0	0.0	0.0	0.0
COTE D'IVOIRE, REPUBLIC OF	29.2	70.7	87.5	51.7	40.8	47.7	46.1	49.1
DJIBOUTI	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0
EGYPT, ARAB REPUBLIC OF	1177.6	1217.4	947.7	1190.0	1250.2	734.0	253.0	459.0
EQUATORIAL GUINEA	0.0	0.0	0.0	0.0	-0.3	9.8	42.3	20.0
ETHIOPIA	0.0	-1.0	-3.0	2.0	0.0	12.0	1.0	6.0
GABON	15.1	110.3	89.8	132.5	-30.5	73.5	-101.4	-36.3
GAMBIA, THE	0.0	0.0	1.5	1.2	14.8	0.0	10.2	6.2
GHANA	5.6	4.3	4.7	5.0	15.0	14.8	20.0	22.5
GUINEA	1.0	4.0	6.0	7.0	4.0	0.0	1.0	0.0
GUINEA-BISSAU	1.0	1.0	0.0	1.0	1.0	2.0	0.0	0.0
KENYA	18.1	32.7	42.8	0.4	62.2	57.1	18.8	6.4
LESOTHO	4.8	2.1	5.7	21.0	13.4	17.1	7.5	2.7
LIBERIA	-16.2	-16.5	38.5	0.0	0.0	0.0	0.0	0.0
MADAGASCAR	0.0	14.0	3.0	3.0	12.8	22.4	13.7	21.1
MALAWI	0.5	0.0	0.1	0.0	0.0	0.0	0.0	0.0
MALI	2.9	-8.4	-6.0	0.7	24.5	8.4	3.5	-7.6
MAURITANIA	7.0	4.5	1.7	1.9	3.5	0.0	0.0	2.0
MAURITIUS	8.0	7.4	17.1	23.7	35.5	41.0	19.0	14.7
MOROCCO	20.0	0.5	59.6	84.5	167.1	165.1	319.9	423.6
MOZAMBIQUE	0.0	1.5	6.2	4.5	3.4	9.2	22.5	25.3
NIGER	-9.4	-2.0	62.0	-1.0	0.0	-1.0	1.0	0.0
NIGERIA	478.3	166.8	602.7	376.9	1882.3	587.9	712.4	896.6
RWANDA	14.6	17.6	17.5	21.0	15.5	7.7	4.6	2.2
SAO TOME PRINCIPE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SENEGAL	-15.8	-8.4	-3.9	14.4	0.0	0.0	0.0	0.0
SEYCHELLS	11.6	14.2	19.4	23.2	22.9	27.1	21.8	21.1
SIERRA LEONE	-31.0	-140.3	39.4	-23.1	22.4	32.4	30.0	37.0
SOMALIA	-0.7	3.0	64.0	-43.0	-41.0	6.0	0.0	3.0
SUDAN	-3.0	0.0	0.0	0.0	3.5	0.0	0.0	0.0
SWAZILAND	11.2	31.3	56.4	50.5	75.1	27.1	48.8	43.8
TANZANIA	14.0	-8.0	-1.0	4.0	6.0	-2.0	1.0	0.0
TOGO	16.6	6.5	7.4	13.0	0.0	0.0	0.0	0.0
TUNISIA	107.9	63.0	91.7	60.6	79.0	75.1	125.5	378.8
UGANDA	-4.0	0.0	0.0	5.0	-2.0	0.0	1.0	3.0
ZAIRE	69.0	6.0	-55.0	-4.0	-8.0	-12.0	15.0	1.0
ZAMBIA	51.5	28.3	74.5	93.3	163.6	202.8	34.3	50.0
ZIMBABWE	2.9	7.5	-30.5	-18.1	-10.2	-12.2	2.8	4.0
TOTAL AFRICA	2705.0	3024.1	2571.0	2366.2	4107.0	1708.1	2586.0	2835.7

SOURCE: UNECA on the basis of data from the World Bank, World Debt Tables 1993-1994.

AFRICA - BILATERAL DEBT OUTSTANDING AND DISBURSED Table 8

Creditor Country	(Millions of US$)							
	1985	1986	1987	1988	1989	1990	1991	1992
Austria	463	705	1179	1063	1341	1487	1705	1537
Australia	505	532	718	723	730	616	396	362
Belgium	562	995	1410	1366	1570	1947	2038	1765
Canada	1802	1903	1952	2105	2451	2233	2170	2093
France	6717	9892	15111	15006	16683	20946	23265	22322
Finland	51	162	196	216	262	307	317	340
Germany	4927	7678	10626	9349	10115	12233	13137	12782
Italy	1536	2241	3073	3528	4330	4893	5675	5393
Japan	3852	5421	7298	7398	6762	7633	9481	9603
Kuwait	3131	3163	3422	3356	4057	2276	2380	1851
Netherlands	660	1213	1646	1565	1965	2209	2558	2277
Norway	224	258	327	276	366	401	422	402
Spain	1135	1306	1776	2137	2204	2468	2639	2477
Sweden	162	217	323	319	385	426	513	472
Switzerland	329	620	1171	1050	1086	1277	1652	1596
Saudi Arabia	5747	5793	5851	6137	6113	5257	2469	1418
United Arab Emirates	1150	1198	1257	1328	1394	1157	1146	642
United Kingdom	1167	2762	4029	4107	5145	6175	6689	6002
United States	15042	15877	17720	18559	18587	12761	12567	11632
USSR	2839	3581	4634	5423	6617	8548	8597	6385
Unknown	15648	16845	17241	17215	14818	15347	17162	25830
Total	67649	82360	100959	102226	106982	110598	116977	117182

SOURCE: UNECA, on the basis of data from The World Bank.

Preliminary data for 1992.