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February 16, 1989

To: Members of the Committee of the Whole for the Development Committee

From: The Secretary

Subject: Progress of Initiatives Benefiting Sub-Saharan Africa

Attached for consideration by the Committee of the Whole is a paper, prepared jointly by the staffs of the Fund and the World Bank at the request of the Development Committee, on the progress of initiatives benefiting sub-Saharan Africa.

Mr. Hino (ext. 8379) or Ms. Meesook (ext. 8316) is available to answer technical or factual questions relating to this paper prior to the Committee discussion on Friday, March 10, 1989.

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PROGRESS OF INITIATIVES BENEFITING SUB-SAHARAN AFRICA

A Joint Report of the International Monetary Fund and the World Bank

13 February 1989

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I. EXECUTIVE SUMMARY AND ISSUES FOR DISCUSSION

Since the mid 1980s, there have been encouraging signs of policy reform in Sub-Saharan Africa. In some countries commitment to reform vacillates and not all Sub-Saharan countries are carrying out substantial policy reforms. But a large number are committed to reform efforts and these have made substantial policy progress.

With these reforms have come some initial signs of improving economic performance. The renewed growth accompanied by increased investment and exports can be the springboard for sustaining adjustment efforts into the 1990s. However, these recent signs of economic promise are fragile and are fraught with threats of reversal.

The international donor and creditor community has supported the region's efforts by increasing aid allocations, by continued rescheduling of debt, and through special initiatives including:

- the Special Program of Assistance;
- the Structural Adjustment Facility (SAF) and enhanced SAF (ESAF);
- continued efforts at debt relief, including the Toronto-Berlin consensus;
- actions on the social aspects of adjustment and development and;
- specific measures focused on long-term development issues.

This paper focuses on progress of these initiatives of the international community to benefit Sub-Saharan Africa and to support the efforts of the region's governments to adjust their economies.

Dealing with external financing problems

The World Bank, with the international donor community, formally launched the Special Program of Assistance (SPA) for low-income, debt-distressed countries in Sub-Saharan Africa at a donors' conference in December 1987. The program aims to help eligible countries adjust and grow, while restoring and sustaining normal debtor-creditor relationships. To accomplish this, the program provides for substantially more, highly concessional, quick-disbursing financing and debt relief on softer terms to expand imports in eligible countries. The program established a framework for case-by-case assistance to these countries. This framework includes: (1) increased adjustment lending from IDA-8, (2) increased cofinancing and coordinated financing from bilateral and other multilateral donors for adjustment operations, and (3) supplemental IDA adjustment credits; these resources would be provided in conjunction with: (4) additional IMF resources from the ESAF and (5) greater debt relief.

In the first year of the SPA, donors have mobilized substantial resources for eligible countries. Overall aid flows are up and per capita imports are substantially higher than in 1987. In 1988:

- IDA approved 11 adjustment operations for US$0.8 billion in nine SPA countries, 30 percent of which were disbursed within the year.
- Donors indicated commitments of over US$3 billion for cofinancing and coordinated financing of specific adjustment operations in SPA countries, with disbursements amounting to about US$0.8 to US$1 billion by the end of 1988.
- Supplemental IDA adjustment credits for US$0.1 billion, financed by a special allocation from IDA reflows and investment income, are being processed for eight SPA countries.
- The IMF approved SAF and ESAF arrangements for ten Sub-Saharan countries (eight of which are SPA-eligible) for over US$1.1 billion with disbursement of almost US$0.5 billion.
- Official creditors agreed in Toronto on a menu of concessional rescheduling options, which is a helpful step toward a viable solution to the debt problem. Since October 1988, the Paris Club has applied the menu to five SPA countries.

The SPA provides new arrangements for strengthening aid coordination and donor support for policy reform, which are as important as the extra resources it has mobilized. The new partnership provides the framework for donors to agree to untie assistance and to standardize and simplify procurement and disbursement arrangements for adjustment financing.

Dealing with social aspects of adjustment and development

Adjustment -- and the growth it spurs -- can improve social conditions in the long run. While growth is necessary to reduce poverty, it alone may not always be sufficient. Moreover, the stringency of short-run belt-tightening has raised concerns about the immediate effects of adjustment on some of the poor. Progress is now being made to mitigate the social costs of adjustment and to ensure that growth strategies reduce poverty as much as possible. The Social Dimensions of Adjustment (SDA) project was launched to help integrate social dimensions with adjustment and development. The project helps governments design social policies and programs linked to structural adjustment programs -- and to development programs more broadly. Such efforts include developing monitorable actions to protect the poor during adjustment and to foster their participation in the process of growth and development. The project also helps strengthen institutions responsible for formulating social policy, analyzing social conditions, and collecting socioeconomic data on the poor. By January 1989 26 Sub-Saharan were taking part -- or slated to take part -- in the SDA project.

Dealing with long-term development problems

Despite the necessity of dealing with Africa's economic crisis, the World Bank is not only providing quick-disbursing assistance to support adjustment. Other initiatives augment, indeed reinforce the Bank's effort to strengthen Africa's long-term development. While a long-term perspectives study is helping build a consensus with Africans on these issues, the Bank has launched several initiatives to address thorny development problems, including education, population, environment, food security, capacity building, and agricultural research and extension.

Issues for discussion

African governments and the international community both have made major efforts to restore growth in Sub-Saharan Africa. But much remains to be done, and the following issues for discussion may help shape the agenda for the future.

Strengthening and sustaining adjustment in Africa. Do ministers agree that many Sub-Saharan governments have made major efforts to reform policies and that these adjustment efforts are beginning to improve economic performance? Do they also agree, however, that the priority remains for governments in Sub-Saharan Africa to strengthen and sustain adjustment efforts, both to attain domestic and external balances and to improve the prospects for higher per capita income growth over the longer term?

Implementing the Special Program of Assistance. Do Ministers agree that the SPA program is broadly on track but that the priority now is for donors, working closely with the Fund and the World Bank, to intensify implementation, notably by finalizing commitments as quickly as possible and by adopting arrangements to speed disbursements of cofinancing and coordinated financing under the new partnership?

Dealing with debt in the poorest countries. Do Ministers agree that while the Toronto-Berlin consensus is a major step by official creditors to help reduce debt burdens of the poorest countries, further consideration needs to be given to measures that would accelerate this process and enhance its impact on these countries in the short and long-term?

Continuing special assistance for low-income countries in the 1990s. Given the importance of sustaining adjustment efforts, dealing with debt, and restoring growth in the poorest countries, do Ministers agree that special assistance by the international community to low-income, debt-distressed Sub-Saharan countries should be reinforced and continued beyond 1990?

Broadening assistance to middle income countries. Within the context of global efforts to help address the problems of severely indebted middle income countries, do Ministers agree on the need to strengthen such efforts to assist these countries in Sub-Saharan Africa through a variety of measures, including market-based, voluntary debt reduction on a case-by-case basis and to increase official flows to support growth-oriented programs?

Addressing social aspects of adjustment and development. Do ministers agree that successful adjustment is essential for the longer term effort to address the needs of the poor? Given the persistent past declines in income and consumption and the generally longer time required for Sub-Saharan economies to respond to growth-oriented reforms, what more can the international community do to help mitigate social costs of adjustment and to expand opportunities of the poor during growth?

Focusing on long-term development problems. Given the need for continued special assistance to help support structural adjustment and address its social aspects in Sub-Saharan Africa, what measures can the international community and African governments take to increase productive investment, rehabilitate and strengthen infrastructure, and carry through on special initiatives to tackle the region's long-term development problems, including population growth?

II. EFFORTS TO RESTORE GROWTH IN AFRICA

African governments

Many African economies fell out of step with the world economy when overly optimistic images of the future faded and unrealistic development strategies failed. Instead of accelerating the development process, the windfall resources from the boom years of the late 1970s and early 1980s led to unrealistic expectations, overextended borrowing on commercial terms, and an unmanageable debt burden. Incentives became increasingly distorted, exchange rates increasingly overvalued, and government controls and restrictions increasingly voluminous. The rigidity of these policies in Sub-Saharan countries compounded the rigidities of their economies, further weakening their ability to adjust rapidly to changing global conditions. As a result, GDP growth turned negative, living standards declined, exports stagnated, world market shares in exports shrank, and debt was not serviced. There was neither orderly adjustment nor growth.

Since the mid-1980s, however, there have been encouraging signs of improved policies in Sub-Saharan Africa. More than half the region's countries have embarked on reform programs to increase economic efficiency, to regain international competitiveness, and to improve fiscal and financial management. Since the mid-1980s, real exchange rates in Sub-Saharan Africa have fallen by about a third, on average, and the divergence between the region and other developing regions may be starting to narrow. Governments with fiscal stabilization programs have reduced fiscal deficits by more than a tenth (as a percentage of GDP) and raised real interest rates, while other governments have allowed deficits to rise and interest rates to fall. In countries where agricultural policy reforms have been implemented, farm prices for export crops have risen by almost 50 percent in real terms during the 1980s. Farm prices for food crops have also risen in these countries compared to declines in other countries. As a result, agricultural taxation has diminished. Many governments have sold or shut down badly managed public enterprises and launched a wide array of institutional reforms to strengthen performance in those remaining in public hands. Table 1 compares reform efforts in reforming and nonreforming countries.

Strong adjustment efforts are being made, but it is still early to see sustained economic results of these reforms in the region. Economic and institutional rigidities slow the response to new policies in Sub-Saharan countries more than in other regions.[1] Moreover, the initial and continuing diversity among countries in the severity of distortions, external shocks, and structural rigidities makes it difficult to draw general conclusions about the impact of reforms.

Nevertheless, emerging evidence suggests that reforms and adjustment have coincided with better economic performance. Agricultural output is rising three times faster in the region overall since 1985 than during the previous decade and a half. In 1985-88 it exceeded population growth for the first extended period since 1970. Exports have improved moderately, such that the region's share of world exports for 10 major nonoil primary commodities grew by almost a third in 1984-86, reversing the steady decline since 1970. GDP growth averaged 2.3 percent a year in the three years 1985-87, a clear improvement over the poor performance of the early 1980s. Preliminary data suggest more vigorous growth in 1988.

Table 1: Summary of policy reform indicators

Indicators	Period	Countries with strong reform program	Countries with weak or no reform programs
Government expenditure (percentage of GDP)	1980-83	31.9	28.9
	1986-87	22.9	30.3
Fiscal balance, before grants (percentage of GDP)	1980-83	-12.4	-11.2
	1986-87	-11.0	-12.7
Real central bank discount rate (percent)	1980-82	-7.0	-7.6
	1986	-1.0	-12.2
Consumer prices changes (percent per year)	1980-85	18	23
	1986-87	16	35
Real effective exchange rate (index, 1980-82 = 100)	1986-87	79	83
Real export crop prices (index, 1980-82 = 100)	1986	146	108
Real food crop prices (index, 1980-82 = 100)	1986	115	90

Notes: Averages are unweighted. Growth rates are computed using least squares with end points inclusive. Country coverage varies depending on available data.

The signs of economic improvement are strongest, however, in countries that have continued to implement strong reform programs designed to bring about structural adjustment. (See table 2.) These countries improved their investment performance the most between 1980-87. The previous substantial decline in their investment was almost arrested in 1985-87 (real investment even began to grow, on average, in reforming countries not affected by severe external shocks). In contrast, there is no evidence of any significant reversal of the continuing decline of investment in nonreforming countries. Domestic savings rates also have improved somewhat in reforming countries, on average, from the low rates in 1982-84.

Agricultural production, exports, and GDP have also improved. In reforming countries, the growth of agricultural production more than doubled between 1980-84 and 1985-87. Countries without such reforms have seen their agricultural growth rates stagnate at the low levels that prevailed for both groups of countries in the early 1980s. Compared with countries where government controls food marketing and pricing, food production grew twice as fast in countries that have either recently liberalized food marketing or did not enforce controls: 19 percent between 1980 and 1987 compared with 10 percent. Some of these differences must, however, be ascribed to differing weather patterns, as reforming countries in West Africa have had relatively favorable weather since 1985.

Table 2. Summary of economic performance indicators
(average annual growth rate unless otherwise noted)

Indicators	Period	Countries with strong reform programs	Countries weak or no reform programs
Growth of real domestic investment	1980-84	-3.5	-7.0
	1985-87	1.9	-4.8
Gross domestic savings (percentage of GDP)	1982-84	7.8	0.9
	1986-87	10.7	5.6
Agricultural production	1980-84	1.4	1.8
	1985-87	3.4	2.6
Growth of export volume	1980-84	-0.7	-5.7
	1985-8	4.9	-3.3
Growth of GDP (constant 1980 prices)	1980-84	1.2	0.7
	1985-87	3.8	1.5
Growth of import volume	1985-87	6.1	-4.0
Growth of real per capital consumption	1980-84	-2.4	-1.5
	1985-87	0.7	-0.9

Notes: See table 1. Excludes countries affected by strong terms of trade and weather shocks in 1985-87.

Export performance in reforming countries, which had deteriorated in 1980-84, improved substantially in 1985-87. In reforming countries, average annual export growth rates rose by five to six percentage points from the early 1980s to 1985-87. Aggregate volumes begin to rise when countries that have faced severe shocks -- principally the oil exporters -- are excluded. In contrast, average rates rose by only about half as much in nonreforming countries. In fact, in nonreforming countries aggregate export volumes continue to decline.

Excluding countries recently affected by strong external shocks (both positive and negative), annual GDP growth rates in reforming countries accelerated from just over 1 percent during 1980-84 to almost 4 percent on average in 1986 and 1987. By contrast, the growth rates in countries with weak or no reform programs (again excluding those affected by external shocks), running under 1 percent a year in the earlier period, increased only a third as much in 1986 and 1987. Preliminary estimates for 1988 reinforce the trend observed for 1985-87. The average GDP growth rate appears to be rising in reforming countries, but declining in nonreforming countries.

Ghana illustrates how adjustment, when adequately supported, can lead to stronger economic performance. In keeping with the government's Economic Recovery Program, ODA commitments grew by about 16 percent a year in real terms between 1983 -- when donors reconvened the Consultative Group -- and 1988; disbursements grew almost as fast. These increasing flows have helped ensure both adequate financing for imports during recovery, despite high debt service payments, and increased public investment to rehabilitate economic and social infrastructure. Investment rates have tripled, as the contribution of foreign savings to investment has risen from 15 percent in 1980-83 to a projected 50 percent in 1988-90. As domestic savings and exports gradually rise with the continued economic adjustment, current medium-term scenarios project that aid requirements will begin to diminish in the early 1990s.

Sustaining reform progress in the near term and ensuring adequate economic adjustment over the medium term require continued balance of payments support plus a renewed emphasis on investment to deal with long-term development issues. Reforms are necessary to improve productivity and increase output. But they are not sufficient where economies remain less flexible because of historically low investment rates (12 percent in Sub-Saharan Africa compared to 25 percent in other developing countries), high concentrations of exports in a few primary commodities, and extremely low savings rates that are difficult to raise when incomes stagnate or decline. Donor support continues to be essential.

International community

The international donor community has supported Africa's efforts by increasing its aid allocations to the region and by rescheduling more debt on increasingly favorable terms. (See table 3 for selected indicators.)

Net international capital inflows rose substantially in the late 1970s and early 1980s because of large commercial borrowing. They fell dramatically in 1984-85 in the wake of the global debt crisis and worsening performance in the region but started to rise in 1986-87.[2] In 1987, they were 10 percent above the 1975-79 average in real terms. Available estimates for 1988 point to continued increases.

An increasing and preponderant share of these flows is from official sources on concessional terms. The region now receives about 30 percent of the world's ODA, about twice the share of 15 years ago. In 1987, per capita ODA to Sub-Saharan Africa was US$27 -- almost triple the worldwide figure, eight percent of GDP -- over five times the worldwide level, and more than 50 percent of domestic investment. Real net disbursements of ODA to reforming countries from both bilateral and multilateral sources increased by almost 20 percent a year during 1985-87, largely because of the large and growing share of quick-disbursing aid to support adjustment operations. (ODA flows have declined in real terms in countries with weak or no reform programs.)

The major bilateral donor countries have allocated a growing share of their domestic resources to assist Sub-Saharan Africa through concessional capital flows. Net ODA disbursements from members of the OECD Development Assistance Committee (DAC) -- when deflated by price changes in donors' own currencies -- grew at an average of more than 10 percent a year between 1983 and 1985, substantially faster than GDP growth in donor countries. Estimates for 1986 and 1987, however, show an average growth of DAC countries' net ODA to Sub-

Saharan Africa of only 1 percent a year. But this slowdown must be put into a broader context. Despite the shrinking global volume of bilateral aid (declining by more than 1 percent a year in 1986 and 1987), a rising share is going to Sub-Saharan Africa. As measured by the volume of imports the aid can finance, a rising amount of aid is going to the region (12 percent annual growth in 1986 and 1987). In addition, the amount of ODA required for food aid and emergency relief has declined since 1985 because African food production has increased.

Table 3. Support from the international community

Indicator	Period	Countries with strong reform programs	Countries with weak or no reform programs	All Sub-Saharan countries
Change in total net ODA (percent per year)[a]	1983-85	2.9	15.6	9.2
	1985-87	18.7	-4.7	9.4
of which:				
DAC bilaterals	1983-85	3.0	24.5	11.5
	1985-87	20.2	-2.4	11.7
Multilaterals	1983-85	5.2	20.8	12.3
	1985-87	26.0	-4.0	12.9
Paris Club agreements (per year)				
Number	1980-85	4.3	1.8	7.9
	1985-87	8.0	1.5	11.0
Effective reduction in debt service (US$ billion)[b]	1980-85	1.3	0.4	1.7
	1986-87	1.9	0.1	2.5
Current account balance[c] (ratio of level in 1984-85)	1986-87	1.8	0.9	1.9
Growth of import volume (percent per year)[d]	1985-87	6.8	-3.0	3.4
Consultative groups (per year)	1980-85	1	1	3
	1986-88	4	2	8
Roundtables (per year)	1980-85	1	1	3
	1986-88	2	2	6

Notes: Averages are weighted. Growth rates between end points are computed using least squares.
a) Deflated by import prices.
b) Estimated annual relief, based on debt service consolidated under agreements through 1987.
c) Before grants.
d) Excludes oil-exporting countries.

Multilateral agencies (including the IMF's Trust Fund and SAF) have increased their net ODA disbursements to Sub-Saharan Africa even faster than have bilateral donors. Net disbursements in real terms grew 12 percent a year in 1983-85 and 14 percent a year in 1986 and 1987. (Details on the flows from IDA and IBRD are in Appendix 2; some details for the IMF are in Appendix 3.)

The nominal decline in gross private lending (including loans not guaranteed by debtor governments) has moderated since 1984 (a decline of only 10 percent a year since 1984 compared with a decline of 25 percent a year in 1982-84). Gross disbursements of private long-term lending to Sub-Saharan Africa averaged US$3.3 billion a year in 1986-87 (40 percent of which is from loans not guaranteed by African governments). By most estimates, net private foreign direct investment in Sub-Saharan Africa began to increase in 1985 or 1986, reversing a three-to-four year decline. But it accounts for only about 6 percent of total net financial flows.

However, this turnaround in private flows and the large increases in ODA have not yet compensated for the precipitous fall in commercial lending in 1983-85. Total flows remain below the exceptionally high level of 1980. But the composition of current flows, with an overall grant element of 70 percent, is much more in line with the region's weakened creditworthiness and economic capacity than were the large commercial inflows of the early 1980s.

Action to deal with Africa's debt problems has been accelerating. During 1978-87, eleven DAC bilateral donors unilaterally converted about US$1.6 billion of concessional debt to grants, about a fifth of their outstanding portfolio of such loans to the region.[3] About two-thirds of worldwide cancellations reported by creditors are in Sub-Saharan Africa, much higher than the region's share of global concessional debt. Several donors (including Finland, Norway, Sweden, the United Kingdom and, more recently, Canada and Germany) have already converted most of their concessional loans to grants.

Debt reschedulings have been substantial, involving 25 countries and 133 agreements during the 1980s, and more than US$40 billion in debt-service obligations (both official and private) during 1980-88. Two-thirds of all Paris Club agreements and a third of the debt service consolidated worldwide were negotiated with Sub-Saharan countries in 1986-87, although the region accounted for only 17 percent of debt and eight percent of debt service payments from all developing countries to Paris Club creditors in 1986. Reschedulings of the region's debt service obligations to, or guaranteed by, official bilateral creditors (Paris Club members) increased substantially in 1986-87 over previous years. Official debt rescheduling has also been on increasingly favorable terms compared to other regions.

As a result of this external support, reforming countries have been able to sustain progressively widening current account deficits in 1986 and 1987, both in dollars and as a percentage of GDP. By 1987 the aggregate current account deficit (before grants) in reforming countries (excluding Nigeria) had more than doubled from the low level in 1984-85 and was two-thirds of the 1980-82 level, when foreign borrowing was especially high. In contrast, nonreforming countries are still forced to compress their deficits, which have fallen to less than half the level of the early 1980s.

In contrast to the continuing general compression of imports in Sub-Saharan Africa during the 1980s -- a decline in volume of almost 40 percent between 1981 and 1987, the quantity of imports began to rise in 1985, on average, in countries with reform programs and continued to rise in 1986 and 1987. During 1985-87 aggregate import volumes rose by almost 7 percent a year in countries (excluding oil exporters) with reform programs supported by international donors. But they declined about 3 percent a year in countries with weak or no reform programs.

The evidence from 1986 and 1987, and the lessons emerging from the Special Program of Assistance and the Enhanced Structural Adjustment Facility in 1988, show that adjustment with growth is feasible. But where rigid and weakened economies slow down the adjustment, even where government reform efforts are strong, donors will continue to share responsibility to help finance additional investments and recurrent inputs required by expanding economies. Over time, these financing requirements may diminish -- more quickly in some countries than in others -- but they may always be required for the poorest. For the near term, however, additional external financing is still necessary to achieve even modest per capita growth in Africa.[4]

III. INITIATIVES BENEFITING SUB-SAHARAN AFRICA

In recognition of the problems facing the region and the reform efforts by most countries, the international donor and creditor community has launched many initiatives to benefit the region. The initiatives deal with external financial problems, social aspects of adjustment and development, and long-term development issues.

A. Dealing with external financing problems

The Special Program of Assistance

The World Bank formally launched the Special Program of Assistance for low-income, debt-distressed countries in Sub-Saharan Africa at a donors conference in December 1987, following the earlier endorsement of the Development Committee.[5] The objective of the three-year program is to help eligible countries adjust and grow, while restoring and sustaining normal debtor-creditor relationships. The program provides for substantially increased, highly concessional, quick-disbursing financing, and debt relief on softer terms to expand import capacities in eligible countries.

Donors have agreed on three eligibility criteria: (1) poverty (eligibility for IDA credits but not IBRD loans), (2) debt problems (a projected debt service ratio of 30 percent or more in 1988-90), and (3) adjustment (currently implementing a policy reform program supported by the Bank and IMF, including agreement on a Policy Framework Paper).[6] Nineteen countries are currently eligible and all but one has a SAF or ESAF program with the IMF. Others may be approved soon.[7]

The program established a framework of five elements for case-by-case assistance to eligible countries. This framework includes (1) increased adjustment lending from IDA-8, (2) increased cofinancing and coordinated financing from bilateral and other multilateral donors for adjustment operations, and (3) supplemental IDA adjustment credits; these resources would be provided in conjunction with (4) additional IMF resources from the ESAF and (5) greater debt relief. Within the framework, the World Bank monitors progress on all components, but it actively manages only the first three. These five components constitute the pool of additional assistance being made available to eligible debt-distressed countries under the SPA, although the total resources available for some components are not necessarily restricted to African low-income, debt-distressed countries or limited to 1988-90.

(1) Additional IDA-8 adjustment lending. Within the IDA-8 allocation for Africa, US$ 1 billion above regular project and program lending is being programmed to SPA countries. Additional IDA disbursements to the 19 currently eligible countries are projected at US$0.7 billion in 1988-90.

(2) Increased cofinancing of adjustment operations. Eighteen donor governments and multilateral agencies pledged an initial US$6.4 billion in concessional, quick-disbursing funds for low-income African countries with debt problems.[8] These funds will be provided through both formal cofinancing

of specific IDA-supported adjustment operations and other financing coordinated closely with these same operations.[9]

(3) Supplemental IDA adjustment credits. The special allocation of IDA reflows and income for supplemental IDA adjustment credits for IDA-only countries with outstanding IBRD debt (other than for enclave projects) was added in September 1988 to support the SPA.[10] The global allocation would average 10 percent of IDA reflows and investment income on IDA donor encashments in fiscal 1989-93, divided among qualifying countries in proportion to their IBRD interest payments.

(4) ESAF. The ESAF is fully explained below.

(5) More concessional debt relief. The SPA calls for continued rescheduling on conventional terms to provide cash-flow relief during 1988-90. Such rescheduling has occurred or is expected for 15 of the 19 countries.[11] But the SPA also calls for more concessional debt relief in two forms: (1) further conversion of bilateral ODA loans to grants, and (2) softer terms on rescheduled commercial loans from or guaranteed by creditor governments.[12]

Some donors have discussed the possibility of including, within the framework, proposals to deal with commercial debt not eligible for Paris Club rescheduling. This private debt is about 3 percent of total external debt and 7 percent of debt service payments of the 19 countries currently eligible for the SPA. An objective of any proposal to reduce this private debt would be to transfer to debtor countries the prevailing market discounts on it (which are 75 percent or more). This could be accomplished through a variety of mechanisms, including direct cash buybacks, debt for debt swaps, conversion of debt to equity, exit bonds, or direct contributions by creditor institutions.

Accomplishments under the SPA

The SPA was established to increase financial support during 1988-90. Financial workouts for 20 countries project contributions from each of the five components as shown in table 4. Provided they can be disbursed fast enough, the combined resources available under the SPA components have the potential to close the 1988-90 financing gaps in the eligible debt-distressed countries.

In the first year of the SPA, donors have mobilized substantial resources for eligible countries. Although empirical and methodological problems make it difficult to compare 1988 results to previous years, there is evidence that the SPA program has dramatically improved the external resource balances of eligible countries (see table 5). Estimated ODA disbursements rose to US$7.2 billion, an increase of over 10 percent in real terms over 1987 levels.

Less progress has been made, however, on reducing debt service payments, which appear to be mounting. In 1988, the debt service ratio remained above 30 percent and would have been much higher except for the estimated one-third increase in export earnings. Despite rising debt service payments, real per capita imports are estimated to have risen by more than 25 percent.

Table 4. Projected disbursements for SPA-eligible countries

	1988-90, total (US$ billions)	(Percent)	1988 Preliminary (US$ billions)
External financing gap (20 countries)	13.7	100	3.4
SPA financing and reduction in debt service			
1. Additional IDA-8 adjustment lending	0.7	5	0.3
2. Increased cofinancing of adjustment operations	4.1	30	1.0
from commitments indicated already	2.6	19	1.0
from additional commitments being sought	1.5	11	-
3. Supplemental IDA adjustment credits	0.2	1	0.0
4. ESAF[a]	1.4	10	0.2
5. Debt relief (including on arrears), total	7.3	53	1.9

Notes: a) Includes Benin.
Projections for the ESAF are illustrative. As of the end of 1988, US$0.8 billion had been committed from the ESAF. Projected disbursements from the SAF are taken into account in estimating the external financing gap; SAF disbursements were US$0.3 billion in 1988.

(1) Additional IDA-8 adjustment lending. There has been a rising share of total IDA commitments in Sub-Saharan Africa allocated to SPA-eligible countries. In fiscal 1988, the share reached 81 percent, up from an average of 71 percent in fiscal 1985-87. About 50 percent of IDA lending supports adjustment. In calendar 1988 more than US$0.8 billion was approved for 11 adjustment operations in nine of the 19 eligible countries, of which about US$0.3 billion was disbursed during the year. The first-year disbursement rate on these SPA commitments is about twice that for overall IDA adjustment lending in Africa. Roughly a third of this represents additional financing as part of the World Bank's contribution to the SPA. In total, IDA disbursed US$1.3 billion to these countries in 1988.[13]

(2) Increased cofinancing of adjustment. By the end of 1988, donors had indicated commitments totaling US$3 billion (with disbursements estimated at US$0.8 to US$1 billion) for cofinancing and coordinated financing of specific adjustment operations in eligible countries. This is equivalent to just over half of the estimated commitments needed to fill the financing gaps of these countries during 1988-90. To fill the financing gaps as currently estimated, taking into account projections for the ESAF and debt relief, about 75 percent (or about US$4.1 billion) of the aggregate cofinancing and coordinated financing commitments required for these countries must be disbursed during the three years of the SPA, 1988-90. This target rate of disbursement is less than the three-year disbursement rate on IDA adjustment lending in Africa, and it is no higher than the rate achieved in three years on the direct contributions to the Special Facility for Africa (SFA). These high rates were achieved with untied funds and common procurement procedures. But the target rate is much higher than the disbursement rate on bilateral funds under the

Special Joint Financing (SJF) of the SPA, which was only 40 percent over three years. Even though untied, the SJF bilateral funds were administered under a variety of commitment, procurement, and disbursement procedures. The SPA is addressing standardization and simplification of these procedures (see discussions of the new partnership).

Table 5. Some indicative results for nineteen SPA-eligible countries

	1986	1987	1988 (preliminary)
Exports of goods and all services (US$ billions)[a]	9.7	8.5	11.3
Total gross disbursements of grants and concessional loans (US$ billions)[b]	5.3	6.1	7.2
Reduction in debt service through Paris Club rescheduling (US$ billions)[c]	1.6	1.2	1.2
Debt service payments (US$ billions)[d]	2.8	3.1	3.7
Imports of goods and noninterest services (US$ billions)	12.6	12.3	16.3
Debt service ratio (percent)	29	36	33

Sources: Data for 1986-87 are from the World Debt Tables and the OECD Geographical Distribution of Financial Flows to Developing Countries. Data for 1988 are estimates by World Bank staff.

Notes: Data are based on estimates country-by-country. Figures are presented to help judge trends for each component, rather than to help reconstruct the balance of payments for a given year.

a) Exports in 1988 include some receipts of private transfers.
b) From all donors. Data for 1986-87 are based on grants reported to the OECD and concessional loan disbursements reported to the World Bank.
c) Excludes arrears unless for obligations due in respective year. Data for 1986-87 do not include arrears on debt service due in those years that may have been rescheduled in 1988. Excludes any reduction in debt service resulting from cancellation of ODA loans.
d) IMF charges are estimated. Excludes interest on short-term debt. Payments in 1988 exclude estimated arrears carried into 1989.

DAC donors continued to increase their net ODA disbursements (in constant prices and exchange rates) to SPA countries in 1987 at the same rate as in 1986 (7 percent a year). In contrast, total ODA flows to all Sub-Saharan Africa from DAC countries stagnated in real terms in 1987. Thus, the share of these donors' ODA to Sub-Saharan Africa that SPA countries receive rose from 49 percent (1986) to 53 percent (1987). Almost seven-eighths of the 1987 increase in ODA flows to the region went to 19 SPA countries. Five countries (Italy, Canada, United Kingdom, United States, and Japan) allocated a substantially higher volume and a larger share of their aid to SPA countries in 1987. Italy alone accounts for more than a third of this volume increase. In contrast, five other donors (Belgium, Sweden, Norway, France, and Denmark) allocated less real ODA to the SPA countries in 1987; the first four donors also reduced the share of their Sub-Saharan ODA to SPA countries. Although multilateral agencies increased both the amount of ODA that goes to SPA countries, as well as its share of their total ODA flows to the region, the EC moved somewhat contrary to this trend in 1987 with lower real ODA disbursements. (See table 6; other details of donor support are also given in Appendix 1.)

Table 6. Net ODA flows to nineteen SPA-eligible countries, 1985-87

	1985	1986	1987
Net ODA from SPA donors (US$ millions)	3,450	4,890	6,260
Percentage change (deflated by import prices)	7	35	17
Share of SPA donors' Sub-Saharan ODA to SPA countries (percent)	49	53	58
DAC donors only	47	49	53
Multilateral agencies only	56	64	71
Share of increase in Sub-Saharan ODA to SPA countries (percent)	24	67	85
DAC donors			
Share (percent)	72	66	63
Percentage change in ODA flows (deflated by import prices)	8	25	12
Percentage change in ODA flows (deflated by DAC price index)	6	7	7
Multilateral agencies			
Share (percent)	28	34	37
Percentage change in ODA flows (deflated by import prices)	6	60	26
Memo items:			
SPA donors' share of total ODA to SPA countries (percent)	82	88	95

Source: Appendix 1. Multilaterals include IDA and IMF.

(3) ESAF. The five ESAF arrangements already approved for Africa are all for SPA eligible countries. About US$0.2 billion was disbursed in 1988 and about US$0.7 billion remains to be disbursed to these countries in 1988-90. A number of additional ESAF arrangements are expected to be requested in 1989. See sub-section below on SAF and ESAF for further details.

(4) Concessional debt relief. In 1987-88 Canada and Germany moved to convert their ODA loans to grants, which would benefit some SPA countries. The United States is also considering allowing repayment in local currencies for certain types of concessional debt, although this might be financed by transfers out of the aid budget. The actual short-run cash savings of these cancellations are probably small. At most, they would save no more than US$25-50 million a year in debt service for the SPA countries. But the majority of this would likely have been rescheduled through conventional arrangements in any case. In 1986-87, debt service obligations on concessional debt were reduced by about US$170 million a year through conventional rescheduling by eligible countries. For progress on softening terms of conventional rescheduling, see sub-section below on the Toronto-Berlin consensus.

(5) Supplemental IDA adjustment credits. Supplemental IDA adjustment credits totaling US$87 million are being processed in fiscal 1989 for eight SPA eligible countries.[14] The amount of future allocations will depend on IDA's financial results. In support of this initiative, the governments of Norway and Sweden also made grant funding available to help meet IBRD debt service in four African countries in 1989.

New partnership

The SPA is developing several operational procedures to strengthen aid coordination and donor support for policy reform. These are as important as the extra financial resources it has mobilized. Elements of this new partnership include: (1) designating working-level contacts, (2) identifying donors' particular geographical and operational priorities, (3) exchanging documentation -- including PFPs -- on eligible countries and on proposed adjustment operations, (4) having donors take part in selected appraisal, negotiation and supervision missions, (5) regular biannual multidonor meetings to discuss aggregate progress in implementing the Special Program of Assistance and special meetings on individual countries or issues, (6) recommending standard procurement and disbursement procedures, and (7) faster, fuller monitoring of donors' commitments and disbursements. The first five procedures are now in place; progress on the other two is discussed below.

Cofinancing under the SPA involves close coordination with separate bilateral aid programs. It is therefore more complicated than the Special Facility for Africa, which provided a common pool of untied assistance administered by IDA under standard procurement and disbursement procedures. The new partnership provides a framework for the donors to agree to untie assistance and to standardize and simplify procurement and disbursement of adjustment financing.

Pooling arrangements. To speed disbursements and increase the efficiency of aid, proposed "notional" pooling arrangements require each participating donor to untie at least 50 percent of its SPA pledge. However, as there are no formal agreements between the World Bank and donors, each donor is responsible for assuring compliance with the untying arrangements. By the end of 1988, eight SPA donors (Japan, Finland, France, Germany, Norway, Sweden, Switzerland, and the United States) indicated they would unite at least 50 percent of their pledges for worldwide procurement, and one other (Spain) agreed to untie at least 50 percent of its pledge for procurement from pool members and Part II countries. Including the African Development Fund and the European Communities, some US$3.5 to US$4.0 billion is expected to be untied on a broad basis.

Standardizing procedures. Standardizing and simplifying procurement and disbursement procedures for cofinancing and coordinated financing for adjustment operations can help accelerate disbursements. It would also reduce administrative complexity for recipient governments. In November 1988, the World Bank chaired a technical meeting with 17 donor agencies that recommended standardized competitive bidding procedures for public sector procurements and standardized procedures for disbursements. Ten donors have indicated their readiness to apply the recommendations on standardized bidding (Canada, Denmark, Norway, Switzerland, United States, Japan, France, Netherlands, Germany, and Finland). More donor coordination is needed in applying these recommended procurement and disbursement procedures to country-specific adjustment operations.

Better monitoring. Better monitoring is vital for the SPA's success. The World Bank monitors adjustment progress and financing requirements and resources in eligible countries, which are reported in country Status Reports prepared for each biannual multidonors' meeting. Cofinanciers have agreed to report regularly both aggregate and detailed information on commitments and disbursements of cofinancing and coordinated financing.

SAF, ESAF, and other IMF facilities

Two new facilities have been established by the International Monetary Fund to help low-income countries with protracted external payments problems undertake policy adjustment programs to improve their balance of payments and foster growth over the medium term.[15] Thirty-four of the 44 Sub-Saharan African members are among the low-income countries that are eligible to use the resources of these facilities. Under the structural adjustment facility (SAF), established in March 1986, and the enhanced structural adjustment facility (ESAF), established in December 1987, up to SDR 8.7 billion (US$11.7 billion) may be made available to these countries on highly concessional terms -- an annual interest rate of 0.5 percent and a repayment period of five and a half to ten years.[16]

Total access under the SAF is currently 63.5 percent of quota during a three-year arrangement, of which 20 percent of quota is disbursed in the first year, 30 percent in the second year and 13.5 percent in the third year. Maximum access under the ESAF is currently 250 percent of quota (350 percent in exceptional circumstances); ESAF arrangements approved so far involved access of about 150-180 percent of quota.

Arrangements under the SAF or ESAF were approved for 23 of the 34 eligible Sub-Saharan African countries as of end-1988. Commitments under these arrangements totalled SDR 1,615 million (US$2.2 billion) of which SDR 975 million (US$1.3 billion) had been committed under the SAF and SDR 640 million (US$0.9 billion) under the ESAF. This represents about 64 percent of total commitments to all countries under these facilities. Of these amounts, SDR 460 million (US$0.6 billion) were disbursed under the SAF and SDR 137 million (US$0.2 billion) under the ESAF. Disbursements to Sub-Saharan African countries under the two facilities combined increased steadily between 1986 and 1988. There are SDR 911 million (US$1.2 billion) remaining for disbursement under these arrangements. It is expected that that there will be more requests for SAF and ESAF arrangements in 1989.

In 1986-88, in addition to arrangements under the SAF and the ESAF, several Sub-Saharan African countries also received financial support from the Fund under stand-by and extended arrangements. Such arrangements were approved both for countries that received assistance under the SAF and ESAF and for countries that are not eligible for assistance under these facilities (Cameroon, Cote d'Ivoire, and Gabon). Stand-by or extended arrangements were already in place at the time SAF/ESAF arrangements were requested in four countries and were approved concurrently with first-year SAF/ESAF arrangements in 13 cases. In these cases, the new facilities have supplemented, and not replaced, existing facilities. A few Sub-Saharan African countries also made use of the Compensatory Financing Facility (CFF) during this period (Cameroon, Cote d'Ivoire, Ethiopia, The Gambia, Kenya, Madagascar, Uganda, and Zambia). Disbursements from all Fund facilities to Sub-Saharan African countries amounted to SDR 1,873 million (US$2.5 billion) during 1986-88. Repayments, however, were higher because of the substantial use of Fund resources in the first half of the 1980s, totalling SDR 2,832 million (US$3.8 billion). Although net disbursements were negative during 1986-88, the annual amount of net repayments declined by more than half in 1988, following the establishment of the ESAF, to SDR 144 million (US$0.2 billion), compared to an annual average of SDR 389 million (US$0.5 billion) in the preceeding two years.

To enhance the Fund's support to member countries, the Compensatory and Contingency Financing Facility (CCFF) was established in August 1988, thereby integrating a contingency financing mechanism into the previously existing CFF. In addition to financing temporary export shortfalls and excesses in cereal import costs, the new facility provides financing to member countries facing other adverse shocks beyond their control, such as interest rate fluctuations or shortfalls in tourist receipts. Financing under the CCFF is currently available to all member countries under the same set of conditions. No sub-Saharan African country has used the new CCFF.

The concessional terms of the SAF and ESAF have led to a steadily higher proportion of concessional lending by the Fund to Sub-Saharan African countries during the past three years. Commitments under the SAF and the ESAF as a proportion of total financing committed to countries in the region rose steadily from 13 percent in 1986 to 36 percent in 1987 and to 62 percent in 1988. The proportion of Fund credit outstanding accounted for by the SAF and the ESAF rose from just under 1 percent at end-1986 to 5 percent at end-1987 and to 11 percent at end-1988.

Direct resource flows from the Fund to Sub-Saharan African countries remain small relative to the countries' needs. However, the PFP approach involved with the SAF and ESAF is designed as a catalyst to boost financial resources from other multilateral and bilateral sources. The facilities' catalytic role has been enhanced by Paris Club creditors' decision to link reschedulings, on a case-by-case basis, to SAF and ESAF arrangements.[17] In countries that are ineligible for SAF or ESAF resources (such as Cote d'Ivoire and Gabon), the Fund's catalytic role has extended to assistance with debt reschedulings and commercial banks' contributions of new money.

For countries in arrears, the Fund has been active in collaborating with the Bank and other creditors to mobilize external assistance to clear those arrears and to finance imports required for the countries' sustained growth. More generally, Fund staff participate regularly in the international community's activities to raise resources for developing countries, such as donors and Paris Club meetings.

Toronto-Berlin consensus

The Toronto agreement, finalized in Berlin at the 1988 Annual Meetings of the World Bank and the IMF, represents a major breakthrough by creditor governments to reduce the burden of their official debt in low-income, debt-distressed countries, mostly in Sub-Saharan Africa. It is a way to lower debt service payments in the short term with less buildup of nonconcessional debt that must be serviced in the longterm. And it establishes the principle of reducing the stock of official nonconcessional bilateral debt.

Creditors reached consensus on a menu of comparable options to increase the concessionality of commercial debt reschedulings. By the end of 1988, it had been applied by the Paris Club to five Sub-Saharan, SPA-eligible countries (Mali, Niger, Tanzania, Madagascar, and the Central African Republic).[18] In applying the various options, two creditors have chosen to forgive a third of the debt-service obligations on loans covered by the rescheduling arrangements (option A); four creditors have chosen to provide longer maturities of 25 years (option B); and the other Paris Club creditors have chosen to reduce the interest rates charged on the rescheduled debt by up to three and half percentage points (option C). One chose a mix of options depending in part on the type of loan rescheduled. Based on the debt service on nonconcessional debt that the five debtors mentioned above owe to the Paris Club creditors in 1989, which the agreements cover wholly or in part, about half would be covered by option A, a seventh by option B, and a third by option C.[19]

The Toronto-Berlin consensus is a helpful step, and it should be applied in future reschedulings of these countries. But it is not a full solution. First, debt owed to regular Paris Club creditors does not account for all official bilateral nonconcessional debt. The debt owed to Paris Club creditors gives rise to only about a third of the total debt service obligations of the five SPA countries whose debt was rescheduled under the menu approach in 1988. Second, the reduction in debt-service payments, over and above that achieved by conventional rescheduling, is limited in the shortterm to the savings on moratorium interest payments. For these five countries, the additional reduction may be no more than US$10 million a year during the grace period, which is roughly 5 percent of their annual residual financing gaps under the SPA. Third, some creditor governments are financing the debt reduction provided for by the menu by transferring funds from their aid budgets to their creditor agencies. This practice reduces the additionality of the Toronto-Berlin consensus.

Further actions for low-income countries

Improving current SPA

IDA funds for the SPA are fully programmed but can be committed and disbursed only if currently and potentially eligible SPA countries implement viable adjustment operations. For IDA, the ongoing task is to deepen the country dialogue, which is a staff-intensive process.

For SPA cofinanciers, the most important task is meeting the commitment and disbursement targets for funds already pledged, by the following measures.

* Accelerating formal commitments. All cofinancing and coordinated financing commitments required to fill the financing gaps of the currently eligible countries should be clearly indicated by October 1989, followed by signed, formal agreements with recipient governments no later than April 1990. The remaining amounts should be committed by April 1990, preferably to any newly-eligible countries.

* Raising disbursement rates. SPA donors should adopt suitable measures to disburse 75 percent of their pledges by the end of 1990 (and the rest in 1991), including further untying, standardization and simplification of disbursement procedures, and timely reporting.

For bilateral creditors, the task is to accelerate and enhance the impact of existing measures.

* Cancellation of concessional debt. There is ample scope for further action. The concessional debt that SPA countries owe to SPA bilateral cofinanciers is over US$6 billion; debt service actually paid on this debt in 1987 was about US$150 million; debt service obligations are projected at almost US$500 million a year in 1988-90. Interest rates on new commitments of bilateral ODA debt remain high, averaging over 3 percent, four times higher than on new multilateral concessional loans. Donors have many instruments available to reduce this part of the debt burden facing SPA countries, including cancellation and rescheduling.

* Rescheduling nonconcessional debt and the Toronto-Berlin consensus. The SPA countries still have a large nonconcessional debt and pay substantial debt service on it. In 1987, almost US$0.7 billion was paid on nonconcessional debt owed directly to donor governments participating in the SPA, or guaranteed by their official creditor agencies. These payments could be reduced by consolidating more obligations, especially where applying the Toronto-Berlin consensus reduces the buildup of nonconcessional debt caused by larger consolidations. To accelerate and enhance the contribution of the consensus in the shortrun, creditor governments should seek to extend it to other SPA-eligible countries, increase the amount of debt service consolidated, bring other creditors (beyond the regular Paris Club members) into the consensus, and introduce predictable, multiyear rescheduling that would facilitate financial planning by both debtor governments and donors. Creditor governments may finance the debt reduction under Options A and C of the Toronto-Berlin consensus in various ways. But to maximize its additionality, they should avoid financing concessions by transfers from aid budgets to compensate creditor agencies.

Other actions would also help alleviate debt problems. The USSR has indicated that it is prepared to institute debt write-offs or 100-year moratoria on debt service payments by least developed countries. This would help some SPA countries, and other creditors have an interest in assuring that the USSR proposal be integrated with the strategy of adjustment and growth.[20] Finally, with respect to private debt, there is a need for a medium-term strategy, supported by donor and creditor governments and agencies, that could reduce both its short-term cost and the effects of its overhang on the future.

Planning for 1991 and beyond

There is an emerging consensus that the SPA program must continue beyond its initial three years. Viable adjustment in these low-income countries is a long-term process that includes rehabilitating and strengthening infrastructure and investing to diversify productive activities and raise productivity. Continued high levels of donor assistance are needed to finance both imports and investments. Strong adjustment combined with high donor aid flows and debt relief will help generate the economic growth that can be expected to lead gradually to higher domestic savings rates and higher exports.

However, the external financing gaps are unlikely to diminish in the early 1990s, even in countries carrying out major reform efforts. For the countries currently eligible for the SPA, the gaps in 1991 are projected at roughly the same level as the yearly average in 1988-90. Possible reductions after that will, in any case, be gradual. Moreover, financing requirements under the program will increase substantially as other countries become eligible. For instance, in 1989-90, the combined gaps for five countries (Comoros, Equatorial Guinea, Sierra Leone, Somalia, and Zambia) could amount to almost US$1 billion a year, which exceeds the cofinancing and coordinated financing resources remaining after the needs of the currently eligible countries are provided for.

Some financing after 1990 will be available from resources pledged under the existing SPA as some disbursements from commitments in 1988-90 will run into 1991. Continued rescheduling and debt cancellations are likely. For the countries currently eligible for the SPA, the carryover of disbursements from earlier commitments within the framework of the SPA, coupled with an increased commitment authority under IDA-9, might cover most of their external financing gaps in 1991. But for subsequent years, and for additional countries, more resources must be mobilized. Additional investments needed to deal with long-term development problems will further raise external resource requirements.

A substantial increase in IDA lending will be of major importance in continuing the SPA into the 1990s. A high level of IDA-9 commitments will provide the World Bank group with the capacity to play a key role in ensuring that the SPA is an effective collaborative framework for mobilizing additional bilateral and other multilateral aid. Such support will enable the SPA to continue to focus on delivering aid in a coherent manner consistent with reform efforts, and for better integrating decisions on debt relief and aid flows.

Strengthening support of middle-income countries

Since 1985, the strategy to assist highly-indebted, middle-income countries (HICS) (including Cote d'Ivoire and Nigeria in Sub-Saharan Africa)[21] to restore their creditworthiness has consisted of three elements: (1) vigorous structural adjustment efforts by debtors, (2) increased financial and technical support by international financial institutions, and (3) resumption of financial flows from commercial banks.

This strategy has helped reduce the risks to the international financial system of defaults by major borrowers in developing countries. International financial institutions have provided substantial direct lending, catalyzed new money packages from commercial banks and helped facilitate commercial debt conversions or consensual debt reductions on a limited and case-by-case basis. But the strategy generally fell short of expectations by failing to achieve satisfactory growth in debtor countries and to restore normal borrower-creditor relationships. A weakness in the strategy is that prospects for a return to voluntary commercial bank lending, especially for balance of payments support, are increasingly dim -- especially in Africa.

In addition, the existing strategy for the HICs does not cover smaller middle-income countries in Sub-Saharan Africa (including Cameroon, Congo, Gabon, and Zimbabwe) that have accumulated significant debt, both to official lenders and to commercial banks. By definition, these countries are also not eligible for support within the SPA framework.

There is increasing evidence that an additional effort is needed for some highly-indebted, middle-income countries in Sub-Saharan Africa. Although country situations vary (see tables 7 and 8), some generalizations are possible. Overall, their debt burden is more severe than that of other HICs. Although their ratio of debt to exports is slightly lower, these economies have an arguably lower capacity to adjust to their debt overhang. Their per capita GNP is only about a third that of the other HICs.[22] Their economies are, on average, smaller. Their export structures are generally more rigid, with a higher share concentrated in a few primary commodities; export growth has been erratic and lower on average. Their economic performance has in general been much more negative than that of the HICs, with stagnating GDP growth and drastically declining per capita consumption. Their imports have been compressed even more than those of the SPA eligible countries, which have benefited, at least recently, from rising ODA disbursements. Projected debt service ratios are considerably higher than those of the HICs. A higher share of their debt is owed to official creditors, while their commercial debt is generally worth less on secondary markets.

Table 7: Indebtedness of selected Sub-Saharan middle-income countries, 1987

	Total long-term debt		Total debt service payments		Projected total debt service, 1988-90 (annual average in US$ billions)	Ratio of debt to exports (percent)	Ratio of debt to GNP (percent)	Ratio of debt service to exports (percent)
	(US$ billions)	Share of official creditors (Percent)	(US$ billions)	Share of official creditors (Percent)				
Highly indebted countries (17)	479.6	33	50.8	38	78.2	325	57	34
Selected African countries	49.3	53	4.1	38	9.7	280	89	21
Congo[a]	3.7	48	0.4	21	0.8	353	195	36
Cote d'Ivoire	12.3	45	1.6	33	1.7	339	130	42
Nigeria	26.1	55	0.9	54	5.6	335	111	12
Cameroon	3.3	72	0.6	37	0.6	156	27	28
Gabon	1.7	44	0.1	32	0.4	119	54	7
Zimbabwe	2.3	62	0.5	41	0.5	136	40	24
SPA countries (19)	41.2	91	3.1	80	4.1	486	94	32

Source: World Debt Tables and World Bank staff estimates.

Notes: Totals may not reconcile because of rounding. Data include IMF except in projections but exclude short-term debt and debt service. Official debt and debt service includes suppliers' credits.
The debt service ratio is based on payments and excludes arrears. The projected debt service excludes interest arrears and does not take into account reschedulings in 1988; it does include debt service on new disbursements projected from the existing pipeline of loan commitments.
Exports include receipts of factor service payments.

a) Includes oil company debt.

Table 8: Economic performance of selected Sub-Saharan middle-income countries[a]

	Average annual growth rates, 1982-87 (percent)					Share of GDP, 1986-87 (percent)		Share of manufacturers in exports 1986-87 (percent)
	GDP	Exports	Imports	Per capita consumption	GDP per capita	Gross domestic investment	Gross domestic savings	
Highly indebted countries (17)[b]	2.6	2.9	-3.4	0.2	..	17.5	19.1	26
Selected African countries	0.1	2.5	-13.1	-24.4	-3.2	21.6	21.2	8
Congo	0.5	1.8	-7.8	-1.2	-2.7	26.5	18.4	1
Cote d'Ivoire	1.5	6.3	0.1	-1.6	-2.5	12.0	20.8	9
Nigeria	-0.9	1.5	-21.9	-35.6	-4.2	12.9	14.0	2
Cameroon	7.0	8.8	1.1	1.7	3.6	19.0	17.4	7
Gabon	0.0	-4.2	-4.6	-1.8	-3.8	38.7	32.2	12
Zimbabwe	1.6	0.9	-7.0	-21.3	-1.9	20.5	24.2	39
SPA countries (19)	2.1	0.8	0.0	-14.1	-1.0	17.2	5.1	12

Source: World Bank data files.

Notes:
a) Growth rates are weighted and computed in constant prices using least squares.
b) Growth rates are for 1982-88; shares of GDP refer to 1986.

More important, the limited exposure of commercial banks in these countries, relative to the banks' capital and provisions, is not likely to induce substantial defensive lending on their part. Moreover, in view of the problems in accelerating growth of GDP and exports in Africa, the hard terms of any new commercial lending could weaken recovery rather than strengthen it. (Rising debt ratios and an increasingly unserviceable debt overhang will discourage the expansion of trade credit lines, increased foreign investment, and repatriation of domestically-owned assets from abroad.)

Because of relatively lower debt burdens, some of the middle-income countries in Sub-Saharan Africa, notably Cameroon, Gabon, and Zimbabwe, may be able to manage their commercial debt without resort to special measures. But for others -- especially Congo, Cote d'Ivoire, and Nigeria -- it seems unlikely that simply improving their cash-flow situation in the short term will lead to a sustainable current account balance or a return to creditworthiness. Viable, medium-term scenarios for such Sub-Saharan countries may have to rely less on commercial arrangements and more on support from official creditors than might be the case for other HICs.

For the highly-indebted, middle-income African countries (and for the large commercial bank debt in Nigeria), political agreement is needed that recognizes the importance of the debt problem to these countries and assures that the expanded menu of options, plus regulatory coordination, is made relevant to them too. Making this approach more relevant to countries with strong domestic reform programs may involve expanded official medium-term lending with the possibility of increased concessionality, enhanced efforts to reduce the stock of existing medium-term commercial debt (both official and private) where appropriate, and support for continued or widened access to short-term trade financing.

B. Dealing with social aspects of adjustment and development

Adjustment -- and the growth it spurs -- can only help to improve social conditions in the long run. Growth is necessary to reduce poverty but it may not always be sufficient to do so. Moreover, the stringency of short-run belt-tightening has also raised concerns about the immediate effects of adjustment on some of the poor. The cooperative effort of the Bank and the Fund through the policy framework process is sensitive and responsive to the social aspects of adjustment and development. And thinking about how best to mitigate the social costs of adjustment and how best to ensure that growth strategies reduce poverty as much as possible has led to parallel and systematic approaches to assure that the poor benefit as much as possible from adjustment.[23]

Short-run compensatory efforts. Parallel interventions aim to protect vulnerable groups and provide for compensatory actions and transitional arrangements. Ghana's PAMSCAD is one such parallel program to compensate for the perceived short-run damage to some from the adjustment program. Key services that benefit the most vulnerable groups need to be protected from the possible adverse effects of budget cuts. This is done primarily though shielding public expenditure on key health, education, nutrition and other basic welfare services (for example, basic rural health programs and primary education). In Senegal, an education sector loan supports the reorientation of government expenditures and investments in the sector. In Cote d'Ivoire the government is establishing an action plan improving basic health services for vulnerable groups.

Compensatory actions may be appropriate for individuals who face substantial adjustment costs. For example redundant civil servants can be given severance pay. Occasionally, special privileges (food, subsidies) may be required for fixed-income individuals after a devaluation. Other transitional arrangements may be justified so that disadvantaged groups can compete more effectively in the economic environment created by adjustment. Guinea has a system of severance payments for laid-off public servants and has introduced bonuses for voluntary departures from the public sector. In the Gambia, retraining and job counseling for laid-off civil servants is supplemented by a line of credit to fund new cooperative ventures. Mauritania has introduced food-for-work programs with better targeting of food distribution to the neediest groups and also has a system of temporary reassignment for banking sector employees laid off in the course of streamlining.

Long-run participatory efforts. Because most of these parallel programs will be extremely difficult to sustain over an extended period, systematic efforts to reduce poverty need to be at the core of adjustment programs -- and of development programs more generally. These efforts involve developing and implementing a comprehensive social policy to alleviate poverty. They also involve developing programs and monitorable actions that not only protect the poor during the adjustment process but that foster the participation of the poor in the growth process. Such efforts efforts are often impeded, however, by weaknesses of Africa's institutions responsible for designing and carrying out social policies and programs and by weaknesses of Africa's socioeconomic information systems.

To strengthen the ongoing efforts of donors and African governments to deal better with the social dimensions of structural adjustment and economic development, the Social Dimensions of Adjustment (SDA) Project was launched as a joint undertaking of the World Bank, the African Development Bank, and the United Nations Development Program. Other donors supporting the SDA project include Canada, Germany, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, the European Communities, and IFAD. By January 1989, 26 Sub-Saharan countries were taking part in the SDA project.

At the regional level, the SDA project supports research to develop a general policy framework and empirical methods for assessing the evolution of living conditions of various population groups during adjustment. The project also facilitates donor coordination, especially through joint task forces (for example, on training). At the country level, the SDA project helps governments design country specific policies and specific action programs to protect vulnerable groups and strengthen community development. These operations include investments in basic physical infrastructure and measures to strengthen institutional capacity for social policy planning and for regularly monitoring social conditions.[24]

In Madagascar, for example, the government prepared a poverty alleviation strategy, which underpins the Economic Management and Social Action Project. The project is (1) launching an emergency malaria control program, (2) expanding a local NGO's family planning services, (3) helping prepare and implement food security policy, (4) financing selected labor-intensive road works, (5) supporting the Ministry of Population's coordination of NGO's, and (6) redeploying workers laid off from public enterprises. To strengthen administrative capacity for implementing and monitoring long-term social programs, the project is also setting up a permanent household survey and establishing a capability to appraise food security and poverty alleviation projects.

Country assessment papers (CAPs) are prepared at the outset of the SDA project in each country to assess its poverty situation and to identify key issues facing the government in formulating a poverty alleviation strategy. CAPs also help define the scope of data collection required in the country to improve the government's capacity to assess the impact of macroeconomic and sectoral policies on the poor and to monitor the evolution of household living conditions throughout the development process. In fiscal 1989, CAPs are expected to be completed in eight countries: Chad, Cote d'Ivoire, Guinea, Guinea-Bissau, Madagascar, Malawi, Senegal, and Zaire. In fiscal 1990, 10 additional countries are programmed for CAPs: Burundi, Cameroon, Gambia, Ghana, Mauritania, Mozambique, Sudan, Tanzania, Togo, and Zambia.

C. Dealing with long-term development problems

Adjustment is a critical first step in restoring the economic capacity for longer term growth in the region. And in countries where governments have pursued reforms vigorously there is evidence of improved economic growth, recovery of exports, and rising per capita consumption. Donor support has strengthened the impact of these adjustment efforts by helping compensate for the currently low levels of domestic savings and weak capacity to earn foreign exchange, and this donor support will have to continue. However, though essential, policy reform supported by donors is not sufficient to deal with longer-term development problems.

The region's economic base has been weakened by the effects of years of inappropriate policies. The region's savings and investment rates are, in aggregate, half those of other developing countries; in the IDA-eligible countries, the ratio is only a third. Real investment has been declining, along with per capita incomes. The quality of many investments has been poor, and overall productivity in the region lags behind that of its competitors. The volume of exports has stagnated, and their composition remains concentrated in a limited number of primary commodities. Bottlenecks in infrastructure, mainly in transport, have already dampened the response to improved policies, especially in agriculture, in some reforming countries. Economic recovery in Sub-Saharan Africa starts from a weakened base.

Moreover, the long-term trends facing the region are daunting: population growth rates are now the highest in the world; environmental degradation continues at an alarming pace; price prospects for its commodity exports are discouraging; the investment requirements simply to rehabilitate degraded infrastructure are enormous; urban unemployment is increasing at a rapid pace; adequate education and other basic human services for the expanding population will require tremendous resources. In the long-term, only stronger economic growth, coupled with specific actions addressing the most critical and severe constraints, can reverse the disturbing trends now in place. To achieve this, more investment will increasingly be needed to rebuild and broaden the economic base for sustained growth.

While the World Bank devotes substantial staff and financial resources to the problems of adjustment, the bulk of its efforts continues to focus on issues of long-term development. For example, in fiscal 1988, nearly three-fourths of the large increase in IDA commitments over the preceding year was for investment projects; and almost half of its adjustment lending in that year was in specific sectors, notably energy and industry. It also supports special efforts to tackle some of the most severe bottlenecks to increased production; for example, the Sub-Saharan African Transport Program, executed by the World Bank jointly with the Economic Commission for Africa, the UNDP, and other donors, is one effort to help Sub-Saharan governments improve their policies and institutional capabilities to raise the efficiency and sustainability of transport services.

In addition to strengthening its investment lending program, the World Bank is giving special emphasis to several areas that need urgent attention, especially to help reverse the long-term trends that threaten economic recovery and sustained growth. Two areas in particular need immediate attention: population and the environment. Other areas include agricultural research and extension, food security, education, and capacity building.

Population

Population growth in Africa exceeds 3 percent a year and is accelerating. Unless the fertility rates are brought down, population growth rates in many African countries will approach 4 percent a year, making it increasingly difficult to achieve sustained improvement in living standards and even to meet minimum needs of food, basic education, and health.

While the economic difficulties of rapid population growth are clear (and stark) at a national level, and the need to reduce growth seems more compelling, policy-makers and households often have a different perception. But experience of similar programs in other regions of the world leaves no doubt that, over time, a consensus can be built at the family level and population growth rates can come down. Given the urgency of the population problem and confidence in the eventual success in tackling it, the World Bank is working to expand its lending for population and has launched a special initiative on population. Its objective is to generate a consensus among African governments and opinion leaders on population issues on the need to (i) translate population policies into effective action programs, (ii) speed the implementation of population programs, and (iii) expand the size of these specific programs into broad-based population programs. The initiative is still in an initial phase of expanding contacts and establishing the necessary task forces.

Environment

A specially disturbing feature in many African countries is that declines in per capita incomes have been associated with accelerated desertification, deforestation, ground water loss, and air and water pollution in rural and urban areas. The World Bank is taking steps to build a multi-sectoral environmental focus into all its operational work. To achieve this, a new environmental division was set up in 1987 and a multi-faceted environmental initiative has been launched.

One aim of the initiative is to obtain accurate data on the changing status of natural resources in Africa and to develop tools and methods for providing such information to national decisionmakers in a useful form. A second is to understand better the technical and socioeconomic factors that influence decisions regarding the use and conservation of natural resources at all levels, from individual farmers to local communities to national leaders. A third is to develop and improve technologies that promote more effective and sustainable use of natural resources for economic development.

Six Environmental Assessments/Action Plans (EAP) were launched in fiscal 1988 (Madagascar, Mauritius, Lesotho, Rwanda, Burkina Faso, and Ghana); four more are programmed in fiscal 1989, and two of these have started (Tanzania and Guinea). Several regional studies, including case studies, have also been started on remote sensing, environmental resource management, monitoring environmental changes, agro-forestry, tribal peoples, wildlife, pests, and sahelian issues.

Agricultural research and extension

With growing population, the scope for expanding land under cultivation will diminish and production growth will increasingly depend on improving agricultural technology. The World Bank's initiative in this area includes efforts to improving agricultural research, extension, credit, animal health, input supply, forestry, rural roads, and other agricultural services. Services will be designed to be low cost, simple, and sustainable over the long term. The focus is on developing local capacities with highly selective, high-quality inputs from foreign experts.

In the area of extension, the training and visit (Benor) system is the highlight of the Bank programs. The system has been extended to more than 30 African countries and the results are highly encouraging in terms of commitment of farmers and extension agents as well as in terms of improved productivity.

Extension systems need to draw on research, and the Bank initiated a Special Program for African Agricultural Research (SPAAR) in 1985 to strengthen research efforts. SPAAR's 23 members -- 14 donor countries, two private donor organizations, and seven multilateral organizations -- are improving networking, information sharing, and direct support for national research organizations (in collaboration with the CGIAR system) to speed the adaptation of new agricultural technologies and increase feedback on which innovations work and which ones still need more research.

Food Security

Ending hunger is an essential component of any development program. The three initiatives noted above -- family planning, environmental protection, and agricultural research and extension -- will eventually go far toward increasing per capita food production and will play a key role in achieving food security. However, food security action plans have to go beyond food production and include programs that (a) reach vulnerable groups not sharing in food production growth, (b) tackle short-term fluctuations in food supply, and (c) create purchasing power to match increased food supply with increased effective demand for food.

The World Bank's special initiative in this area (started early in fiscal 1989) includes the following: (a) explaining the elements of the Bank's food security effort to donors and recipients and learning from their experience; (b) working on food security action plans in eight countries in fiscal 1989

(Benin, Burkina Faso, Kenya, Malawi, Madagascar, Mozambique, Nigeria, and Sudan); (c) studying the effectiveness of food aid in Africa, jointly with the World Food Programme (WFP); and (d) exploring ways for greater collaboration with other donors in early warning systems.

Education

In Sub-Saharan Africa, the pressures of rapid population growth and constrained resources have reduced educational quality as classrooms become overcrowded and teaching materials increasingly scarce. Measures to improve quality and further expand education systems, to revitalize educational infrastructure and restore quality, and to provide for selective future expansion will require policies and an incremental flow of resources consistent with demographic and fiscal realities. As part of this effort, over a dozen Sub-Saharan countries are either implementing education sector adjustment operations supported by the World Bank or discussing future operations. As a follow-up to the recent World Bank education policy paper[25], twenty-five donors to African education have agreed to take concrete steps to improve coordination through task forces, special background studies, and externally-funded action programs on mobilization of human and financial resources, education statistics, text books, and school examinations and certification.

Capacity building

Parallel, and complementary, to this effort in the education sector, the World Bank is in the early stages of launching an initiative to strengthen African capacity for macroeconomic policy analysis and management. The World Bank recently convened a meeting, co-hosted by the Rockefeller Foundation, to discuss with African leaders and representatives of the international community how best to address this issue. It also participates in the International Consortium for Economic Research, which provides support to individual African researchers working in universities and policy institutions and sponsors research on economic development issues in Africa. Another important effort involves strengthening local consulting capacity in Africa. With support from the AfDB, UNDP, and some bilateral donors, the World Bank is assisting local consulting industries in seven countries (Cote d'Ivoire, Congo, Ghana, Madagascar, Mauritius, Senegal, and Tanzania) and will continue to help attract external support for this purpose.

Long-term perspectives study

The issues noted above are among those being addressed in the World Bank's Long-Term Perspectives Study on Sub-Saharan Africa. This major study was initiated two years ago to analyze how Africa can build on adjustment programs and move toward sustainable growth with equity in the 1990s and beyond. The study has also identified other major issues affecting long-term growth prospects, including entrepreneurship development, regional integration, and development of industrial and mining potential of Africa. In preparing the report, the World Bank is making a major effort to build consensus among all the major actors in Africa's development and has engaged in extensive dialogue with development experts from Africa and the donor community. The preliminary results suggest that resource constraints will continue to be severe in Africa during the 1990s. Enhanced efforts will be needed to mobilize aid and set priorities for expenditure programs. In particular, an increasing share of public expenditure (and aid) will have to be devoted to developing human resources and strengthening Africa's infrastructure.

ENDNOTES

1. See the World Bank report Adjustment Lending: An Evaluation of Ten Years of Experience, Washington, D.C., 1989.

2. See World Bank. Africa's Adjustment and Growth in the 1980s, Washington, DC., forthcoming

3. This is based on data reported to the World Bank by debtor governments. Creditors report higher cancellations, or about US$ 2 billion for 22 Sub-Saharan countries in 1978-88. (See UNCTAD Bulletin, No. 246, 1988.)

4. A year ago, a report to the Development Committee estimated that the region, excluding Cote d'Ivoire and Nigeria, would require an average of an additional US$ 2.5 billion a year during 1988-92 to achieve only negligible per capita GDP growth, even with the initiatives outlined below. Nigeria and Cote d'Ivoire would further increase financing requirements. (See Development Committee. The Adequacy of Resource Flows to Developing Countries. Pamphlet No. 18. Washington, DC. 1988.) Earlier, the UN had estimated a shortfall of at least US$ 2 billion a year. (See United Nations. Financing Africa's Recovery - Report and Recommendations of the Advisory Group on Financial Flows for Africa. New York. 1988.)

5. See Development Committee, Proposals for Enhancing Assistance to Low-Income Countries that Face Exceptional Difficulties. Pamphlet No. 16. Washington, DC. 1988, for a full development of the origins of the debt problems facing these countries and the justification for the SPA. The establishment of the SPA was described in detail in the World Bank's most recent Annual Report - 1988.

6. The PFP is a three-year comprehensive policy framework paper prepared by the national authorities with the joint assistance of the staffs of the World Bank and the Fund. It identifies the sources of a country's problems, describes the proposed remedies, and provides estimates of the associated financing requirements and the role of major aid agencies. Thus, the paper also serves as a framework for other donors planning additional assistance to the country.

7. Sixteen countries were eligible initially: Burundi, Gambia, Ghana, Guinea, Guinea-Bissau, Madagascar, Malawi, Mauritania, Mozambique, Niger, Sao Tome and Principe, Senegal, Tanzania, Togo, Uganda, and Zaire. The Central African Republic was added at the first multidonors' meeting (March 1988). Kenya and Mali were approved on a no objection basis before the second multidonors' meeting (October 1988). Sao Tome and Principe has not yet been accorded a SAF or ESAF; and Mauritania's SAF arrangement lapsed

after the second year, while an appropriate subsequent program is being discussed. Eligibility for other countries (such as Benin) may be proposed at the third multidonors' meeting (April 1989). Other African countries (including Comoros, Equatorial Guinea, Liberia, Somalia, Sudan, and Zambia) meet the eligibility criteria of poverty and debt distress but are not yet implementing satisfactory reform programs.

8. Donors that have made pledges are Austria, Belgium, Canada, Denmark, Finland, France, the Federal Republic of Germany, Italy, Japan, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom, the United States, the African Development Bank, and the European Communities (including the European Investment Bank). The initial Japanese pledge covered only the first two years of the program.

9. Not all the cofinancing and coordinated financing represents additional commitments or additional cash inflows for eligible countries. Estimates at the time of pledging suggest, however, that at least half the disbursements of these pledges can be considered additional to what the eligible countries would have received from these donors during 1988-90 in the absence of the SPA. Almost three-fourths of cofinancing and coordinated financing was pledged as grants, with the remainder highly concessional loans.

10. The background and rationale of this new component is given in "The Use of IDA Reflows," IDA/R88-106, September 16, 1988. This special allocation is not limited to Sub-Saharan Africa, although 13 of the 17 potentially eligible countries are in the region, and the region received over 85 percent of the fiscal 1989 allocation.

11. Burundi, The Gambia, Ghana, and Kenya are not expected to reschedule. For Ghana, the bulk of debt service is owed to multilateral agencies. For Kenya, the possible negative effect of rescheduling on its current access to commercial lending is considered to outweigh gains from rescheduling. Neither The Gambia nor Burundi are expected to go to the Paris Club because of the small amounts involved.

12. Eleven least developed SPA countries have benefited from cancellation of ODA loans under UNCTAD resolution 165, as reported by creditors. All but four SPA eligible countries have rescheduled with the Paris Club creditors or commercial banks in the 1980s; ten have rescheduled more than once. Conventional terms are generous, usually involving 100 percent consolidation of principal and interest, arrears, and some previously rescheduled debt service. But rescheduling on conventional terms has not always led to viable financial workouts (19 of the Sub-Saharan countries that rescheduled have done so repeatedly during 1980-88). It may not have significantly aided a return to medium-term viability in some cases because it increased nonconcessional debt. The Paris Club capitalized more than US$3 billion in interest obligations during 1980-87, equal to about a sixth of the average annual new disbursements of nonconcessional loans from the same creditors over the same period.

13. In fiscal 1988, total commitments to SPA countries reached US$ 1.9 billion, with gross disbursements of US$ 1.4 billion, seven-eights of which were net transfers.

14. The eight qualifying countries are Ghana, Kenya, Madagascar, Malawi, Senegal, Tanzania, Togo and Uganda, all of which are eligible for the SPA. Other IDA-only countries with IBRD debt are Ethiopia, Liberia, Sierra Leone, Sudan and Zambia.

15. Of the 62 countries that are eligible to use the resources of the facilities, China has indicated that, under present circumstances, it does not intend to use the facilities although it remains fully eligible to do so, while India has stated that, in the absence of a fundamental deterioration in its balance of payments, it does not expect to borrow from the facilities.

16. SDRs have been converted to US$ at US$1.35 per SDR, the exchange rate at end 1988.

17. Reschedulings for the Central African Republic, Guinea-Bissau, Mozambique, Niger, Tanzania, and Uganda were linked directly with arrangements under the SAF and ESAF. In addition, reschedulings for Madagascar, Malawi, Mali, and Togo were agreed at the time the countries had both SAF or ESAF arrangements and stand-by arrangements.

18. It has subsequently been applied to Senegal and Uganda.

19. Exact coverage is difficult to ascertain in advance because not all debt service owed to Paris Club creditors is eligible for consolidation (for example, debt contracted after the cut off date is excluded, as is some previously rescheduled debt) and it is up to the debtor to seek similar terms from other creditors that do not participate in the Paris Club. For the five debtors mentioned here, these other bilateral creditors account for about 30 percent of obligations on bilateral nonconcessional debt. On ODA debt, the Toronto-Berlin consensus provides for 25-year maturities at interest rates no higher than those originally contracted. Additional concessionality would result only if the rescheduling increases grace periods and/or maturities.

20. The SPA countries owe over US$220 million to the USSR. This debt is barely concessional (a 31 percent grant element) and this is concentrated in a few countries, including four SPA countries (Guinea, Madagascar, Mali, and Tanzania). Annual debt service payments of about US$50 million exceed disbursements and net flows were negative in 1986-87.

21. Nigeria's low per capita GNP now qualifies it for IDA credits. Although it will remain a blend borrower because it is such a large country, it could receive a large amount of IDA financing in the future. For this report, it continues to be classified as a HIC.

22. Roughly US$500 versus US$1500 for 1987 based on the Atlas methodology.

23. Some of these issues were discussed previously in a background paper for the last meeting of the Development Committee, on "Strengthening the World Bank's Poverty Focus: Future Directions."

24. A major issue will be the capacity of African institutions to implement comprehensive, multi-sector social action plans. Past experience with similar projects requiring coordination of numerous government agencies has not always been satisfactory. Longer-term efforts to build capacity, as discussed below, will help address this problem; in the near term, programs will need to be scaled accordingly.

25. See Education in Sub-Saharan Africa: Policies for Adjustment, Revitalization, and Expansion, 1988, prepared by the World Bank.

Appendix 1: Data on overall donor support to SPA-eligible countries

The Special Program of Assistance allows donors to choose from a wider menu of contributions in support of adjustment programs in SPA-eligible countries. The evolving nature of the financing requirements of the adjustment program and of the contributions to support them requires closer monitoring of each donor's support under the various program elements. Documentation of each donor's support for the various components of the Special Program of Assistance helps keep all donors informed about each other's contributions.

The following three tables and five graphs place ODA flows from bilateral donors and multilateral agencies to SPA countries in a broader context of all official flows and debt service obligations, payments, and relief. The data document the extent of individual donor's efforts to mobilize resources, the composition of this support, and its degree of debt exposure. The data also give an idea of the scope for continued support in the immediate future. The information can be grouped under three general headings:

(1) direct contributions:

- (a) official concessional and nonconcessional flows,
- (b) past cancellations of ODA debt,
- (c) Paris Club rescheduling,
- (d) cofinancing and coordinated financing for adjustment operations, and
- (e) contributions by bilateral donors to multilateral agencies that provide aid to SPA-eligible countries;

(2) past debt service receipts and scheduled debt service obligations; and

(3) supplementary information for each donor on:

- (a) geographical allocation of ODA,
- (b) real growth rates of net ODA disbursements,
- (c) relative shares of ODA in donor's GNP,
- (d) average grant element, and
- (e) total debt to SPA countries.

Notes and Sources follow the tables and graphs.

Table 1: Contributions by bilateral donors and multilateral agencies to SPA countries

Donors:	(I) Net ODA disbursements (US$ millions) (a) 1985	1986	1987	(II) (1) Past cancellations of ODA debt (total 1978-87, US$ millions) (b) 1978-87	(II) (2) Scheduled debt service obligations on ODA debt (annual average, US$ millions) (b) 1988-90	(III) Paris Club rescheduling (amount rescheduled in US$ millions) (f) 1985	1986	1987	(IV) Cofinancing and coordinated financing of IDA-operations in SPA countries (1) Pledges (US$ millions) 1988-90	(2) Indicated commitments (US$ millions) as of 10/1988
I Bilaterals	2,467	3,242	3,970	1,128	481	1,334	1,439	1,119	5,474	2,549
1 Austria	7	4	4	0	1	25	28	27	85	0
2 Belgium	129	186	156	0	12	80	111	83	30	94
3 Canada	174	151	220	84 (c)	3	25	25	9	356	192
4 Denmark	78	123	136	131	4	7	7	3	150	14
5 Finland	34	46	60	23	1	20	23	7	194	64
6 France	518	672	759	118	178	314	361	343	800	217
7 Germany	259	382	447	363 (d)	69	79	95	99	275	101
8 Italy	153	336	559	0	18	153	128	100	700	170
9 Japan	155	251	343	1 (e)	77	123	125	56	500	560
10 Netherlands	127	230	278	42	22	50	63	45	300	199
11 Norway	104	160	166	0	0	9	12	9	210	129
12 Spain	..	..	..	..	5	31	28	20	30	10
13 Sweden	113	203	176	56	7	32	37	27	675	34
14 Switzerland	49	89	101	7	0	29	20	12	150	143
15 United Kingdom	108	139	200	302	6	120	118	64	450	230
16 United States	460	292	366	3	80	237	258	216	570	393
II Multilaterals	435	604	690	4	70	-	-	-	960	443
17 AFDB/F	126	163	243	0	32	-	-	-	360	94
18 EDF/EIB	269	394	390	4	33	-	-	-	600	349
19 IFAD	40	48	57	0	5	-	-	-	0	0
III Subtotal for SPA donors	2,902	3,847	4,660	1,132	551	1,334	1,439	1,119	6,434	2,992
IV Bretton-Woods institutions	549	1,047	1,598	9	209	-	-	-	1,000	1,143
20 IDA/IBRD	549	997	1,271	9	127	-	-	-	1,000	283
21 IMF	0	50	327	0	82	-	-	-	-	860
V Overall total	3,451	4,893	6,258	1,141	760	1,334	1,439	1,119	7,434	4,136

Symbols:
.. : missing information
- : not applicable
0 : nil or less than half the smallest unit shown

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Table 2: Contributions by bilateral donors and multilateral agencies to SPA-countries

	(V) Other support		(VI) Aid quality	(VII) Donor's contribution to multilateral aid agencies			(VIII) General aid performance of bilateral donors and multilateral agencies							
	(1) Gross nonconcessional disbursements (US$ mill.) (b)		(1) Annual avg. composite grant element of all official flows to SPA (in percent) (g)	(1) IDA-8 commitments (in percent)	(2) SFA,SJF disbursements (in percent)	(3) AfDF-V commitments (in percent)	(1) Real annual growth rates of net ODA disbursements to SPA countries (adjusted for donors' price and exchange rate changes) (in percent) (h)			(2) Net ODA disbursements to SPA countries as share of donor's net ODA to SSA (in percent) (i)		(3) Net ODA to SSA as share of donor's worldwide net ODA disbursements (in percent) (i)		(4) Net ODA to SPA countries as share of donor's GNP (in percent)
	1986	1987	1987	FY 1988-90	FY 1986-88	FY 1988-90	1985	1986	1987	1986	1987	1986	1987	1987
I Bilaterals	546	310	91	100	91	98	5	7	7	49	53	27	27	0.03
1 Austria	1	2	100	1	1	1	-1	-63	-11	31	31	8	9	0.00
2 Belgium	1	10	94	2	1	2	14	5	-31	75	67	66	55	0.11
3 Canada	29	27	100	5	3	11	-4	-14	33	55	61	26	28	0.06
4 Denmark	1	1	100	1	1	3	-11	15	-11	63	64	54	47	0.14
5 Finland	0	0	100	1	1	1	-20	6	9	47	44	51	52	0.07
6 France	217	168	78	7	10	10	-1	-5	-5	58	49 (j)	44	42 (j)	0.09
7 Germany	12	2	98	12	8	10	-2	0	0	46	49	38	30	0.04
8 Italy	10	11	87	6	9	9	8	59	37	36	49	63	61	0.07
9 Japan	5	1	80	23	25	16	-1	12	17	56	58	12	11	0.01
10 Netherlands	9	2	98	4	7	3	-13	33	1	53	56	37	35	0.13
11 Norway	0	0	100	1	1	4	11	36	-12	61	66	52	51	0.20
12 Spain	1	2	-	1	1	2	..	..	..	..	..	..	..	0.00
13 Sweden	1	1	100	3	3	5	1	30	-26	58	53	45	37	0.11
14 Switzerland	80	8	100	1	7	4	6	28	-8	64	70	43	37	0.06
15 United Kingdom	171	57	100	7	11	4	-2	9	24	46	56	29	36	0.03
16 United States	10	17	94	25	5	13	46	-38	22	33	47	12	11	0.01
II Multilaterals	146	117	89	-	-	2	1	30	6	53	55	52	52	-
17 AFDB/F	136	108	65	-	-	2	145	21	38	62	66	97	99	-
18 EDF/EIB	10	9	98	-	-	-	-25	37	-8	50	51	48	44	-
19 IFAD	0	0	71	-	-	-	76	13	11	51	44	33	43	-
III Subtotal for SPA donors	692	427	90	100	91	100	5	10	7	50	53	29	29	-
IV Bretton-Woods institutions	432	401	74	-	9	-	10	79	42	73	81	42	49	-
20 IDA/IBRD	83	74	83	-	9	-	10	70	18	73	78	41	46	-
21 IMF	350	326	49	-	-	-	-	-	507	79	94	66	64	-
V Overall total	1,124	826	87	100	100	100	6	20	14	53	58	31	32	-

Symbols:

.. : missing information

- : not applicable

0 : nil or less than half the smallest unit shown

Table 3: Debt outstanding and debt service from SPA countries (b)

	(IX) Long term debt		(X) Debt service		
	(1) Debt outstanding (US$ mill.)	(2) of which: Nonconcessional debt outstanding (US$ millions)	(1) Debt service receipts on all official loans (US$ millions)		(2) Total scheduled debt service obligations on all official loans (US$ millions)
	End of 1987	End of 1987	1986	1987	1988-90
I Bilaterals	16,822	10,286	796	816	6,920
1 Austria	300	287	14	17	167
2 Belgium	940	660	43	23	393
3 Canada	346	157	11	15	96
4 Denmark	133	11	2	2	18
5 Finland	59	51	0	0	19
6 France	5,302	3,542	244	303	2,412
7 Germany	2,194	881	54	64	607
8 Italy	981	818	36	27	474
9 Japan	1,540	363	25	26	411
10 Netherlands	651	377	20	9	268
11 Norway	108	108	11	11	67
12 Spain	265	221	20	21	127
13 Sweden	182	152	7	4	105
14 Switzerland	439	421	74	66	266
15 United Kingdom	1,050	1,007	136	134	702
16 United States	2,333	1,280	99	94	785
II Multilaterals	2,804	863	130	184	758
17 AFDB/F	1,807	680	93	127	537
18 EDF/EIB	796	184	36	55	207
19 IFAD	200	0	1	1	14
III Subtotal for SPA donors	19,626	11,148	926	1,000	7,678
IV Bretton-Woods institutions	12,029	4,743	1,276	1,390	3,958
20 IDA/IBRD	8,044	1,264	309	354	1,036
21 IMF	3,985	3,479	967	1,036	2,922
V Overall total	31,655	15,891	2,202	2,390	11,636

Symbols:
.. : missing information
- : not applicable
0 : nil or less than half the smallest unit shown

FIGURE 1

Bilateral and multilateral support for the Special Program of Assistance

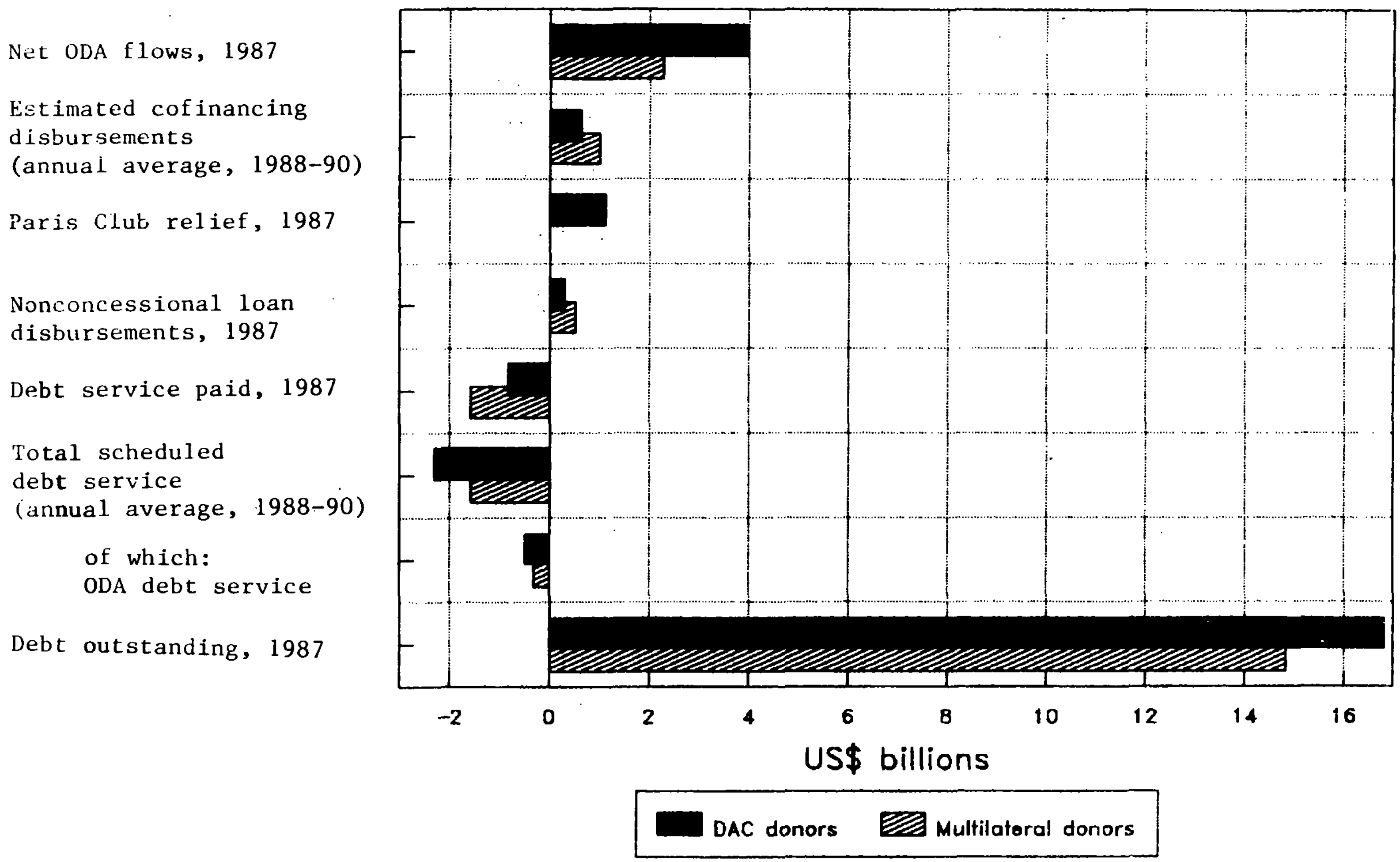
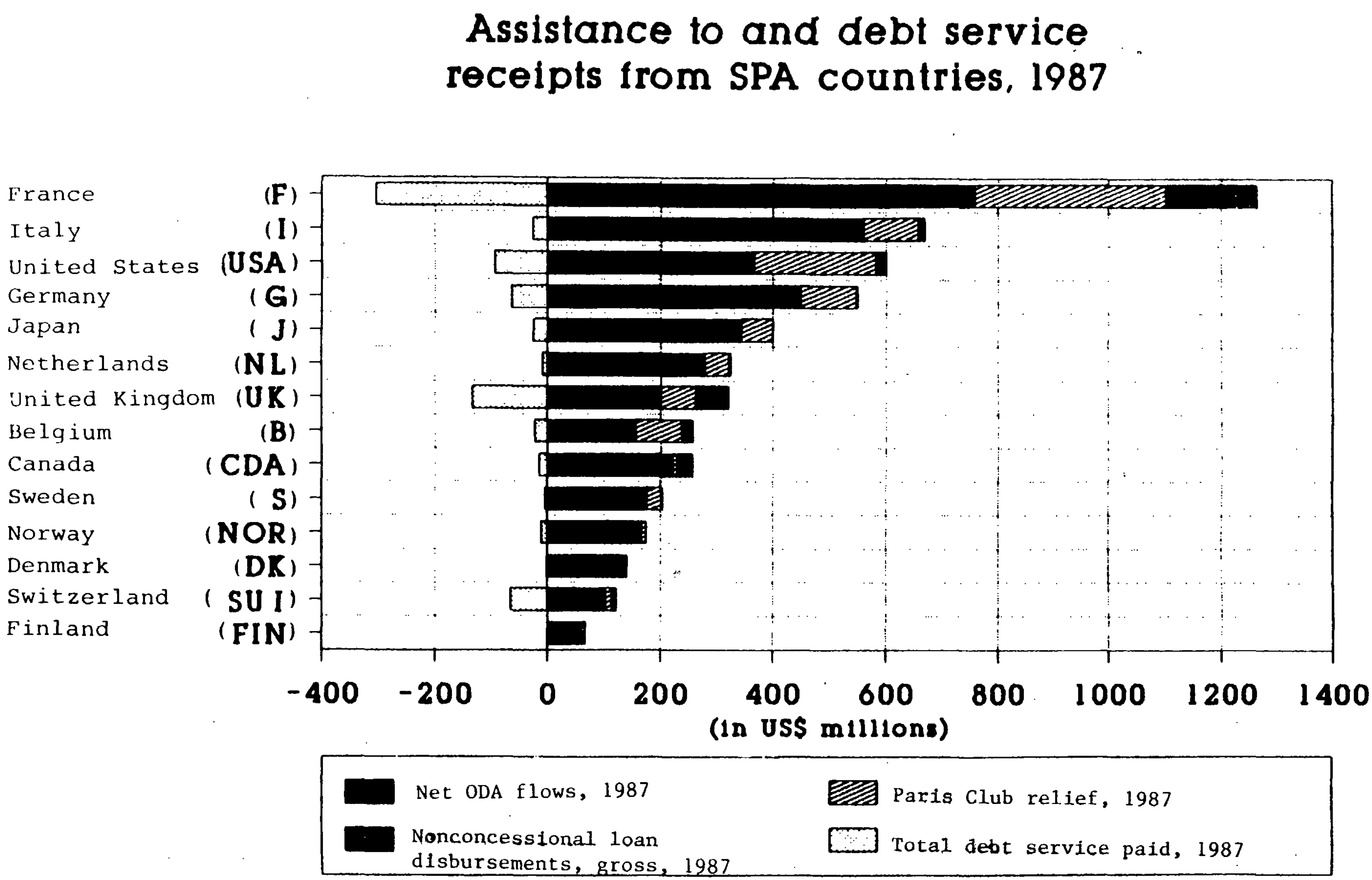


FIGURE 2



Assistance to and debt service receipts from SPA countries, 1987
France (F)
Italy (I)
United States (USA)
Germany (G)
Japan (J)
Netherlands (NL)
United Kingdom (UK)
Belgium (B)
Canada (CDA)
Sweden (S)
Norway (NOR)
Denmark (DK)
Switzerland (SUI)
Finland (FIN)
-400
-200
0
200
400
600
800
1000
1200
1400
(in US$ millions)
Net ODA flows, 1987
Paris Club relief, 1987
Nonconcessional loan disbursements, gross, 1987
Total debt service paid, 1987

FIGURE 3

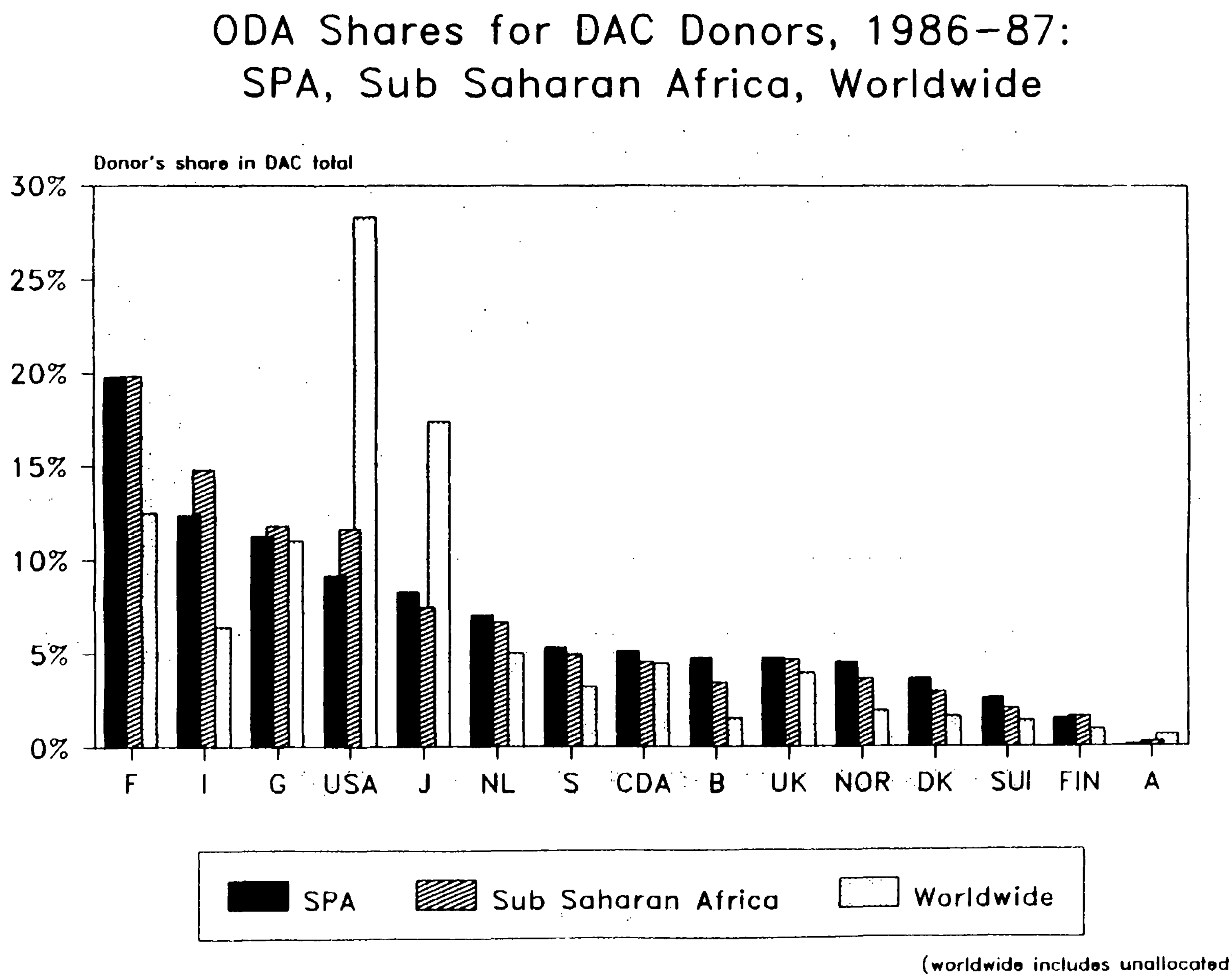
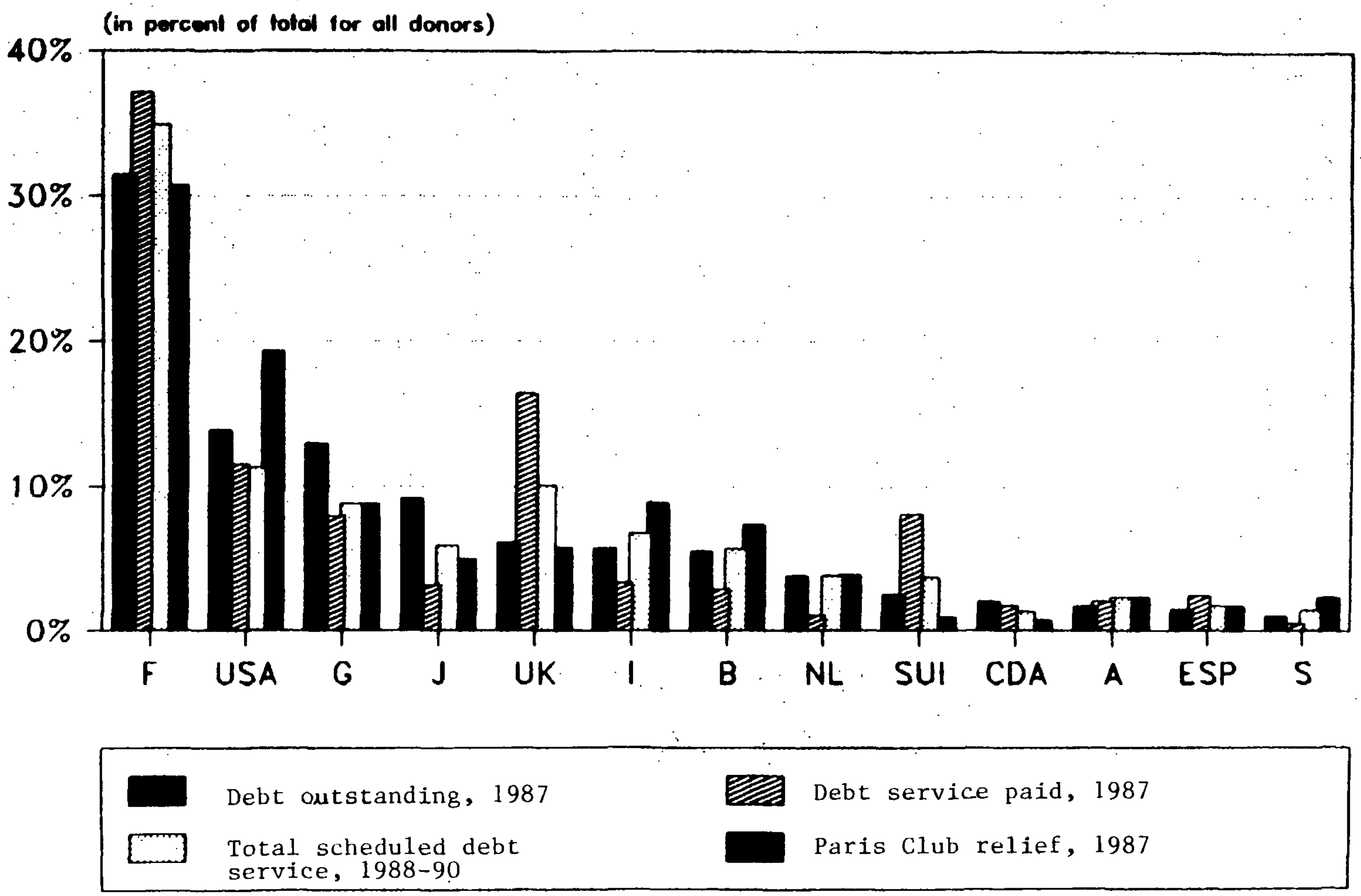

ODA Shares for DAC Donors, 1986-87:
SPA, Sub Saharan Africa, Worldwide
Donor's share in DAC total
30%
25%
20%
15%
10%
5%
0%
F
I
G
USA
J
NL
S
CDA
B
UK
NOR
DK
SUI
FIN
A
SPA
Sub Saharan Africa
Worldwide
(worldwide includes unallocated)

FIGURE 4

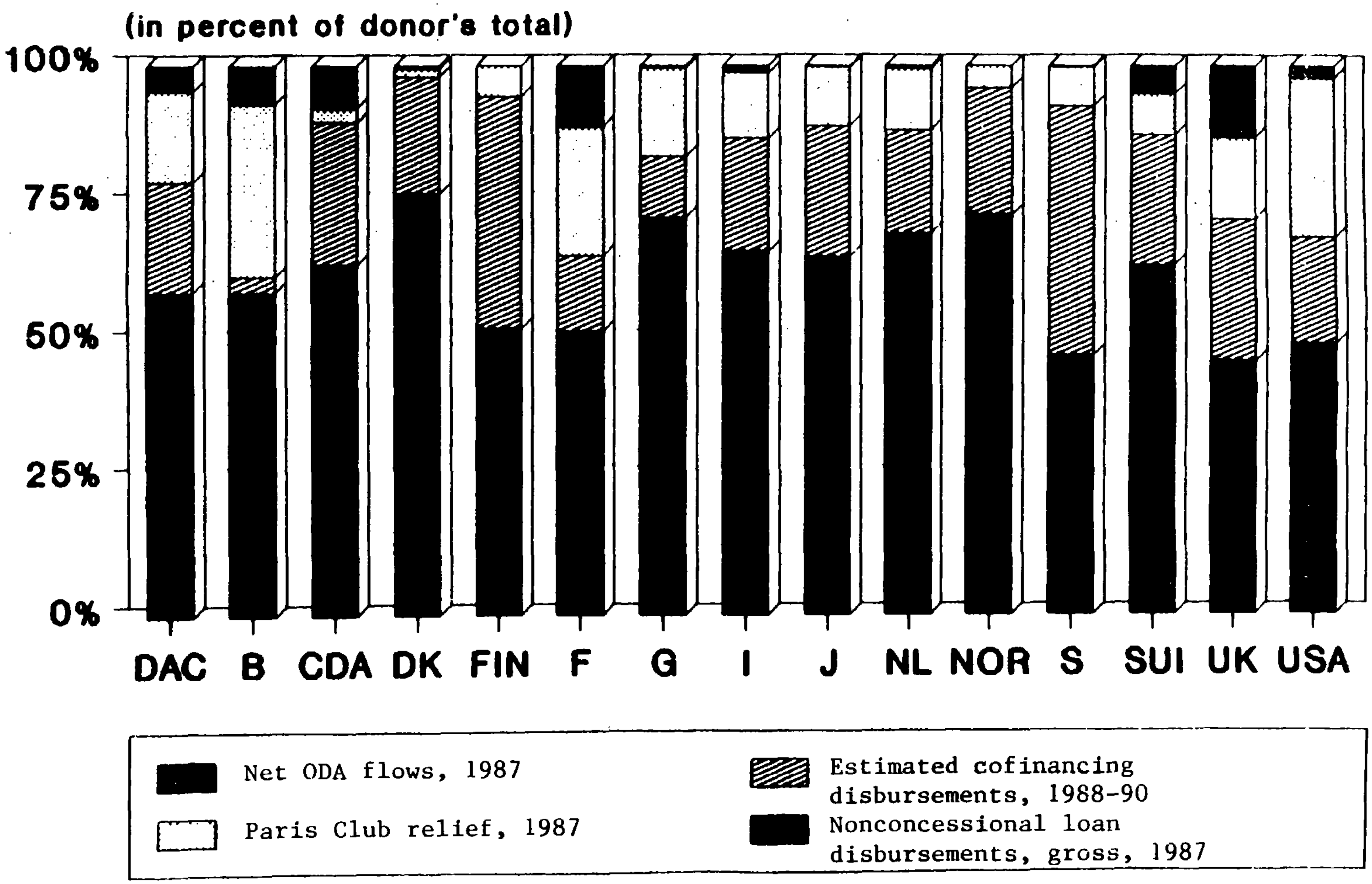
Debt, debt service paid and scheduled, and Paris Club reschedulings



(FIN, NOR, DK: each less than 1%)

FIGURE 5

Contribution profile to SPA countries by DAC donors



Notes and sources for Tables 1 - 3

a. Data from OECD, Geographical Distribution of Financial Flows to Developing Countries - 1984/87.

b. Data from the World Debt Tables.

c. The Canadian government is in the process of forgiving other ODA debts owed by several Sub-Saharan African countries, totalling US$ 740 million.

d. In July 1988, the German government announced plans to cancel the remaining ODA debt service obligations of thirteen low-income countries, totalling about US$1.6 billion. The following SPA countries benefit from this initiative: CAR, Ghana, Madagascar, Mauritania, Mozambique, Senegal, Togo, and Zaire.

e. Following the Toronto Summit, the Japanese government extended its program of grants to match principal and interest due on nonconcessional loans to nine SPA countries.

f. The data in section III of table 1 are estimates of debt relief under the various Paris Club agreements on a yearly basis and on balance of payments terms. From the loans that were covered in these rescheduling agreements, projections were made of the amounts of debt relief due during the consolidation period of each agreement.

g. The grant element is a weighted average of all official (or direct bilateral) loans and grants committed in 1987.

h. For bilaterals, growth rates represent changes in donors' own currencies, deflated by their respective GNP price indexes. They indicate how much more each donor allocated of its own domestic resources to SPA countries. Net ODA disbursements by multilateral agencies were deflated by the import price index for Sub-Saharan Africa.

i. Disbursements to Sub-Saharan Africa exclude those for which recipients were not specified, but worldwide disbursements include those for which recipients are not specified.

j. Disbursements to overseas departments and territories are excluded.

k. Official loans comprise direct bilateral loans, suppliers credits (all of which are assumed to be guaranteed by creditor agencies), and fixed-rate financial institution loans (which are also assumed to be guaranteed by creditor agencies).

Notes for Figures 1 - 5:

Data are from tables 1 to 3. Cofinancing pledges are converted to annual disbursements in 1988-90 assuming a disbursement rate of 75 percent. Nonconcessional disbursements are gross. The scheduled debt service obligations are on all official loans calculated as an annual average for 1988-90, based on projections from debt outstanding at the end of 1987.

The ranking in figure 3 is by share of total DAC ODA disbursements to SPA-eligible countries.

<u>Acronyms and initials used in figures 1 - 5:</u>

A: Austria
B: Belgium
CDA: Canada
DK: Denmark
FIN: Finland
F: France
G: Germany
I: Italy
J: Japan
NL: The Netherlands
NOR: Norway
S: Sweden
SUI: Switzerland
UK: United Kingdom
USA: United States
DAC: Weighted average for DAC donors (figure 5)
ESP: Spain
DS: Debt Service
PC: Paris Club

Multilateral donors are the African Development Bank Group, the European Investment Bank and Development Fund, the World Bank Group, the IMF, and the IFAD.

APPENDIX 2. Data on IDA and IBRD operations

The World Bank Group has played a major role in the efforts of the international community to increase capital flows to Sub-Saharan Africa. In 1986 and 1987, IDA net disbursements rose by an average of 35 percent a year, about twice the rate for total ODA flows. Half of the eighth replenishment of IDA has been allocated to the region (equivalent to SDR 5.6 billion, or US$ 7.6 billion at end 1988 exchange rates). In fiscal 1988, the first year of IDA-8, IDA commitments to the region rose by 39 percent over the average of the previous two years, to US$2.3 billion.[1] Programmed commitments for fiscal 1989 and 1990 show a further increase to over US$2.5 billion a year. The decision of the Executive Directors in late 1988 to increase the total IDA-8 commitment authority by SDR 1.05 billion (about US$1.4 billion) in FY89-90, against expected reflows of IDA in the future, will enable the World Bank to increase further its lending to the region.[2] Africa's accounted for 51 percent of IDA's worldwide commitments in fiscal 1988, compared to only 42 percent during IDA-7 and 33 percent during IDA-6.

The level and growth of IBRD lending depends substantially on both the creditworthiness of a few major borrowers in Sub-Saharan Africa and their progress in implementing major adjustment operations. As a consequence, there were only seven active IBRD borrowers in both fiscal 1987-88, and new commitments have declined since their peak in fiscal 1985 (by 20 percent or about US$0.2 billion). Net flows to the region from the IBRD have been kept positive, although the US$0.1 billion in fiscal 1988 was far below the average of the preceding three years (US$ 0.6 billion).

The small number of current IBRD borrowers in the region, as well as the lumpiness in lending caused by a few large adjustment operations in some countries, can result in substantial variation from year to year, making generalization from 1988 results unwarranted. Moreover, the 1988 data should be put into a wider perspective: some planned adjustment operations in Cote d'Ivoire that could have raised disbursements could not be agreed on; a much higher level of commitments is programmed for fiscal 1989-90 -- some US$ 1.5 billion a year on average.

A substantial share of World Bank Group lending after fiscal 1985 has been to support policy reform programs, amounting to almost 50 percent of commitments in fiscal 1987-88. More than half (54 percent) the adjustment lending during fiscal 1985-87 was for specific sectors -- primarily development finance and agriculture, but also education. IDA adjustment credits (in 12 countries in fiscal 1988) rose by 27 percent compared with the average for fiscal 1986-87, comprising two-fifths (or almost US$1 billion) of fiscal 1988 IDA commitments. IDA adjustment credits to the region's countries account for almost all of IDA's worldwide adjustment

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1. These include about US$ 0.1 in direct contributions to the Special Facility for Africa.

2. The proportion of the additional commitment authority that will be committed to Sub-Saharan Africa has not yet been decided.

lending. IDA adjustment commitments are programmed to rise further in fiscal 1989-90 -- to an annual average of US$1.1 billion or about 45 percent of total commitments. IBRD adjustment operations covered only two countries in fiscal 1988. At US$120 million, they were reduced to about a third of the average in the two preceding years when large adjustment loans were approved for Cote d'Ivoire and Nigeria, the two major IBRD borrowers in the region.

As a result of the increase in the share of quick-disbursing adjustment operations financed by IDA and IBRD, the rate of disbursement from World Bank Group commitments has steadily risen since fiscal 1985. To illustrate, disbursements in the first two years for commitments approved in fiscal 1985 amounted to only 14 percent; for fiscal 1986, they rose to 29 percent; and for fiscal 1987 to 41 percent.

The following five tables provide data on IDA and IBRD lending to the region by major country groups and by country.

Table 1: IDA and IBRD lending in Sub-Saharan Africa by fiscal year 13-Feb-89

(in million of US $)

	I. IDA lending					II. IBRD lending				
	Total Sub-Saharan Africa	IDA countries: Total	IDA countries --- of which --: SPA countries	IDA countries --- of which --: other IDA countries	Non-IDA countries	Total Sub-Saharan Africa	IDA countries: Total	IDA countries --- of which --: SPA countries	IDA countries --- of which --: other IDA countries	Non-IDA countries
Fiscal 1985										
Commitments	1,104	1,104	700	404	0	572	118	118	0	455
Gross disbursements	794	779	514	265	15	815	262	237	24	553
Repayments	21	18	10	8	3	212	113	81	32	99
Net disbursements	773	761	503	258	12	603	149	157	-8	454
Fiscal 1986										
Commitments	1,681	1,681	1,225	456	0	909	155	155	0	755
Gross disbursements	1,145	1,132	757	375	13	678	152	101	51	526
Repayments	34	31	19	12	3	286	147	105	41	139
Net disbursements	1,111	1,101	738	363	10	392	5	-5	10	387
Fiscal 1987										
Commitments	1,653	1,653	1,292	361	0	866	0	0	0	866
Gross disbursements	1,608	1,595	1,178	417	13	1,174	116	90	26	1,058
Repayments	30	27	16	11	3	397	180	135	46	217
Net disbursements	1,578	1,568	1,162	406	10	776	-65	-45	-20	841
Fiscal 1988										
Commitments	2,316	2,316	1,888	429	0	743	18	0	18	725
Gross disbursements	1,616	1,602	1,318	284	13	627	55	53	2	572
Repayments	34	31	20	11	4	525	179	160	20	346
Net disbursements	1,581	1,572	1,298	274	10	101	-124	-107	-17	225

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Table 2: World Bank lending (IDA and IBRD) - country detail
(in million of US$)

13-Feb-89

	FY85			FY86			FY87			FY88		
	Commit-ments	Gross disburse-ments	Net disburse-ments	Commit-ments	Gross disburse-ments	Net disburse-ments	Commit-ments	Gross disburse-ments	Net disburse-ments	Commit-ments	Gross disburse-ments	Net disburse-ments
I. Total Sub-Saharan Africa	1,676	1,608	1,376	2,590	1,823	1,503	2,519	2,782	2,355	3,059	2,242	1,682
A. Total IDA countries	1,221	1,041	910	1,836	1,283	1,106	1,653	1,710	1,503	2,334	1,657	1,448
A. 1. Total SPA countries	818	751	660	1,379	857	733	1,292	1,268	1,117	1,888	1,371	1,191
Burundi	30	24	23	54	22	20	12	57	55	154	32	31
CAR	8	11	10	12	14	13	30	27	27	73	32	32
Gambia	0	4	4	6	3	3	29	23	22	0	6	6
Ghana	122	52	42	158	115	105	199	235	222	276	126	113
Guinea	18	19	14	60	35	29	69	36	28	149	42	31
Guinea Bissau	16	8	8	5	13	13	23	18	18	14	14	14
Kenya	39	175	147	115	92	52	49	106	56	144	112	38
Madagascar	67	39	37	105	81	78	144	77	74	181	105	102
Malawi	124	46	44	106	68	65	68	67	60	89	50	42
Mali	20	27	26	83	40	39	0	40	38	98	48	46
Mauritania	29	7	1	28	15	8	42	25	19	10	42	38
Mozambique	45	0	0	0	13	13	20	23	23	105	70	70
Niger	17	22	22	118	13	12	98	75	74	46	74	73
Sao Tome and Principe	5	0	0	0	0	0	15	1	1	0	6	6
Senegal	24	27	21	116	78	68	97	95	85	130	139	128
Tanzania	45	96	73	90	70	42	119	111	82	86	131	103
Togo	46	25	24	17	34	33	28	49	48	112	29	28
Uganda	72	114	113	0	78	75	31	63	61	166	107	103
Zaire	91	57	60	307	73	62	218	141	127	56	206	186
A. 2. Other IDA countries	404	289	250	456	426	373	361	442	386	447	287	257
Benin	5	17	16	12	26	26	35	24	23	21	16	15
Burkina Faso	62	14	13	0	30	29	0	26	26	18	20	19
Cape Verde	4	1	1	0	1	1	0	1	1	4	1	1
Chad	0	4	3	15	5	3	37	15	13	78	16	16
Comoros	0	5	5	0	5	5	8	5	5	0	3	3
Djibouti	10	2	2	0	6	6	0	6	6	18	7	7
Equatorial Guinea	9	1	1	10	3	3	5	8	8	0	6	6
Ethiopia	166	43	36	68	50	43	91	73	63	103	64	48
Lesotho	14	8	8	0	7	6	10	8	8	36	7	7
Liberia	8	12	9	0	13	7	0	9	1	0	2	2
Rwanda	16	25	25	74	35	34	37	44	43	10	29	28
Sierra Leone	0	9	7	5	9	7	0	5	5	0	2	1
Somalia	21	28	28	67	37	35	49	50	48	10	44	43
Sudan	38	80	74	63	53	45	47	70	64	140	60	50
Zambia	52	42	24	143	145	121	43	98	72	0	10	10
B. Non-IDA countries	455	568	466	755	540	397	866	1,071	851	725	585	235
Botswana	11	24	20	34	12	6	0	8	-5	0	12	-3
Cameroon	159	52	38	30	74	55	38	67	45	103	63	27
Congo, People's Rep.of	0	13	12	0	14	12	4	10	6	85	43	38
Cote d'Ivoire	141	192	158	348	103	57	160	224	157	57	261	155
Gabon	0	0	-2	0	0	-1	0	0	-1	50	0	-1
Mauritius	0	28	24	30	12	5	25	12	3	10	37	19
Nigeria	119	198	158	313	284	226	629	704	606	343	140	-16
Seychelles	6	0	0	0	3	3	0	0	0	0	0	0
Swaziland	9	4	1	0	2	-2	0	5	1	0	2	-3
Zimbabwe	10	57	57	0	36	36	10	44	38	77	28	20

Table 3. Type of lending: IDA and IBRD commitments 13-Feb-89

(in million of US $)

I. Adjustment lending

	IDA				IBRD			
	FY85	FY86	FY87	FY88	FY85	FY86	FY87	FY88
I. Total Sub-Saharan Africa	177	750	764	951	0	270	477	120
A. Total IDA countries	177	750	764	951	0	20	0	0
A. 1. Total SPA countries	138	556	764	951	0	20	0	0
A. 2. Other IDA countries	39	195	0	0	0	0	0	0
B. Non-IDA countries	0	0	0	0	0	250	477	120

II. Project lending

	IDA				IBRD			
	FY85	FY86	FY87	FY88	FY85	FY86	FY87	FY88
I. Total Sub-Saharan Africa	927	931	889	1,366	494	639	389	605
A. Total IDA countries	927	931	889	1,366	39	135	0	0
A. 1. Total SPA countries	562	669	528	937	39	135	0	0
A. 2. Other IDA countries	365	262	361	429	0	0	0	0
B. Non-IDA countries	0	0	0	0	455	505	389	605

Note: Details may not add to totals due to rounding.

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Table 4a: Structure of IDA commitments to Sub-Saharan Africa 13-Feb-89

		FY1985		FY1986		FY1987		FY1988	
	Sector	adjust-ment	project	adjust-ment	project	adjust-ment	project	adjust-ment	project
1	Agriculture	39	236	186	154	67	290	15	441
2	Infrastructure								
3	Transportation	0	160	0	242	0	214	0	300
4	Water supply	0	78	0	20	0	55	0	45
5	Urban	0	42	0	28	0	5	0	77
	Sub-total:	0	280	0	290	0	273	0	422
6	Energy and Industry								
7	Development finance	0	9	278	29	96	35	196	53
8	Industry	40	0	0	64	0	6	307	49
9	Energy	70	25	0	85	0	60	0	32
10	Power	0	57	0	135	0	44	0	13
11	Telecom	0	40	0	22	0	28	0	0
	Sub-total:	110	131	278	335	96	173	503	145
12	Population/Human Resources								
13	Education	0	128	0	59	35	70	0	155
14	PHN	0	30	0	59	0	21	0	121
15	Sub-total:	0	158	0	118	35	91	0	276
16	Technical assistance	0	56	0	34	0	47	0	81
17	Non-sector	28	66	287	0	566	15	433	0
	Total IDA	177	927	750	931	764	889	951	1,366
	- of which adjustment lending as a percent of total IDA:	16%		45%		46%		41%	

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Table 4b: Structure of IBRD commitments to Sub-Saharan Africa 13-Feb-89

	Sector	FY1985 adjustment	FY1985 project	FY1986 adjustment	FY1986 project	FY1987 adjustment	FY1987 project	FY1988 adjustment	FY1988 project
1	Agriculture	0	76	0	222	0	229	0	115
2	Infrastructure								
3	Transportation	0	250	0	29	0	20	0	328
4	Water supply	0	72	0	0	0	0	0	0
5	Urban	0	0	0	125	0	126	0	70
	Sub-total:	0	322	0	154	0	146	0	398
6	Energy and Industry								
7	Development finance	0	10	20	8	477	0	0	10
8	Industry	0	6	0	140	0	0	0	0
9	Energy	0	33	0	0	0	0	0	0
10	Power	0	0	0	0	0	0	0	44
11	Telecom	0	0	0	25	0	0	0	0
	Sub-total:	0	49	20	172	477	0	0	54
12	Population/Human Resources								
13	Education	0	0	0	56	0	0	0	23
14	PHN	0	34	0	22	0	10	0	0
15	Sub-total:	0	34	0	78	0	10	0	23
16	Technical assistance	0	13	0	13	0	4	0	15
17	Non-sector	0	0	250	0	0	0	120	0
	Total IBRD	0	494	270	639	477	389	120	605
	- of which adjustment lending as a percent of total IBRD:	0%		30%		55%		17%	

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APPENDIX 3. Data on the International Monetary Fund's financial and non-financial support to member countries in Sub-Saharan Africa.

Tables 1 and 2 below provide individual country data on the financial support by the Fund to member countries in the region. This includes arrangements under the newly established SAF and ESAF as well as the Standby Arrangements (SBA), the Extended Fund Facility (EFF), and the Compensatory Financing Facility (CFF).

In addition to the financial support that it can provide, the Fund conducts regular consultations with each member under Article IV of the Fund agreement to update information on the economic situation and policies of member countries. The discussions assist the country to identify emerging problems at an early stage so that corrective policies can be implemented in a timely manner. Such consultations usually take place annually, sometimes in conjunction with discussions on financial assistance. Consultations with all members, including industrial and developing countries not requiring financial assistance, aim at ensuring that an orderly global system of exchange arrangements is maintained and that the international trade environment is continually improved. As part of this process, the Fund has pressed in particular for greater transparency in the industrial and trade policies of developed countries.

The Fund also provides technical assistance to member countries in a wide range of areas, through field assignments of staff members or outside experts, as well as studies and recommendations prepared at headquarters. During 1986-88, almost all countries in Sub-Saharan Africa received some form of technical assistance from the Fund, involving assistance in such general areas as the organization and financing of central monetary institutions and fiscal reform, as well as specialized assistance in areas such as research and statistics, bank supervision, banking and exchange operations control, foreign exchange policy and management, and the structure of interest rates. Moreover, in its efforts to mobilize aid resources for poor countries, the Fund frequently provides assistance in technical work related to the rescheduling of debt by official creditors.

Table 1: Sub-Saharan Africa: SAF and ESAF Arrangements, 1986-88 a/

(In millions of SDRs)

	Disbursements									
	SAF			ESAF	Total				Memoranda b/:	
	1986	1987	1988	1988	1986	1987	1988	1986-88	Committed	Undisbursed
Burundi	8.5	--	12.8	na	8.5	--	12.8	21.3	27.1	5.7
Central African Rep.	na	6.1	9.1	na	na	6.1	9.1	15.2	19.3	4.1
Chad	na	6.1	--	na	na	6.1	--	6.1	19.4	13.3
Equatorial Guinea	na	na	3.7	na	na	na	3.7	3.7	11.7	8.0
Gambia, The	3.4	5.1	-- c/	3.4	3.4	5.1	3.4	11.9	29.0	17.1
Ghana	na	40.9	-- c/	86.3	na	40.9	86.3	127.2	409.0	281.8
Guinea	na	11.6	--	na	na	11.6	--	11.6	36.8	25.2
Guinea-Bissau	na	1.5	--	na	na	1.5	--	1.5	4.8	3.3
Kenya	na	na	28.4	na	na	na	28.4	28.4	90.2	61.8
Lesotho	na	na	3.0	na	na	na	3.0	3.0	9.6	6.6
Madagascar	na	13.3	--	na	na	13.3	--	13.3	42.2	28.9
Malawi	na	na	na	9.3	na	na	9.3	9.3	55.8	46.5
Mali	na	na	10.2	na	na	na	10.2	10.2	32.3	22.1
Mauritania	6.8	10.2	--	na	6.8	10.2	--	17.0	21.5	4.5
Mozambique	na	12.2	18.3	na	na	12.2	18.3	30.5	38.7	8.2
Niger	6.7	10.1	-- c/	8.4	6.7	10.1	8.4	25.2	67.4	42.2
Senegal	17.0	25.5	-- c/	29.8	17.0	25.5	29.8	72.3	187.3	114.9
Sierra Leone	11.6	--	--	na	11.6	--	--	11.6	36.8	25.2
Somalia	na	8.8	--	na	na	8.8	--	8.8	28.1	20.3
Tanzania	na	21.4	32.1	na	na	21.4	32.1	53.5	67.9	14.4
Togo	na	na	7.7	na	na	na	7.7	7.7	24.4	16.7
Uganda	na	19.9	29.9	na	na	19.9	29.9	49.8	63.2	13.4
Zaire	na	na	58.2	na	na	na	58.2	58.2	184.8	126.6
TOTAL	54.0	192.7	213.4	137.2	54.0	192.7	350.6	597.3	1,507.3	910.8
Memorandum:										
All countries	81.7	345.2	417.8	159.9	81.7	345.2	577.7	1,004.6	2,386.8	1,382.1

Notes: The symbols na means not applicable; and dashes (--) mean zero.

a/ Other Sub-Saharan African countries eligible to use SAF and ESAF resources are Benin, Burkina Faso, Cape Verde, Comoros, Djibouti, Ethiopia, Liberia, Rwanda, Sao Tome and Principe, Sudan and Zambia.

b/ Excluding amounts undisbursed under the SAF that will be made available under the ESAF.

c/ SAF arrangements with these countries have been replaced by arrangements under the ESAF.

Table 2: Sub-Saharan Africa: Arrangements under all IMF facilities, 1986-88

(In millions of SDRs)

	Commitments											
	SAF & ESAF				SBA, EFF & CFF				Total			
	1986	1987	1988	1986-88	1986	1987	1988	1986-88	1986	1987	1988	1986-88
Burundi	27.1	--	--	27.1	21.0	--	--	21.0	48.1	--	--	48.1
Cameroon *	--	--	--	--	--	--	115.9	115.9	--	--	115.9	115.9
Central African Rep.	--	19.3	--	19.3	--	8.0	--	8.0	--	27.3	--	27.3
Chad	--	19.4	--	19.4	--	--	--	--	--	19.4	--	19.4
Congo *	--	--	--	--	22.4	--	--	22.4	22.4	--	--	22.4
Cote D'Ivoire *	--	--	--	--	100.0	--	176.8	276.8	100.0	--	176.8	276.8
Equatorial Guinea	--	--	11.7	11.7	--	--	--	--	--	--	11.7	11.7
Ethiopia	--	--	--	--	35.3	--	--	35.3	35.3	--	--	35.3
Gabon *	--	--	--	--	98.7	--	--	98.7	98.7	--	--	98.7
Gambia, The	10.9	--	20.5	31.4	9.8	--	--	9.8	20.7	--	20.5	41.2
Ghana	--	129.9	368.1	498.0	81.8	245.4	--	327.2	81.8	375.3	368.1	825.2
Guinea	--	36.8	--	36.8	27.0	11.6	--	38.6	27.0	48.4	--	75.4
Guinea-Bissau	--	4.8	--	4.8	--	--	--	--	--	4.8	--	4.8
Kenya	--	--	90.2	90.2	--	--	125.0	125.0	--	--	215.2	215.2
Lesotho	--	--	9.6	9.6	--	--	--	--	--	--	9.6	9.6
Madagascar	--	42.2	--	42.2	46.1	--	13.3	59.4	46.1	42.2	13.3	101.6
Malawi	--	--	55.8	55.8	--	--	13.0	13.0	--	--	68.8	68.8
Mali	--	--	32.3	32.3	--	--	12.7	12.7	--	--	45.0	45.0
Mauritania	21.5	--	--	21.5	12.0	10.0	--	22.0	33.5	10.0	--	43.5
Mozambique	--	38.7	--	38.7	--	--	--	--	--	38.7	--	38.7
Niger	21.4	--	50.6	72.0	10.1	--	--	10.1	31.5	--	50.6	82.1
Nigeria *	--	--	--	--	--	650.0	--	650.0	--	650.0	--	650.0
Senegal	54.0	--	144.7	198.7	34.0	21.3	--	55.3	88.0	21.3	144.7	254.0
Sierra Leone	36.8	--	--	36.8	23.2	--	--	23.2	60.0	--	--	60.0
Somalia	--	28.1	--	28.1	--	33.2	--	33.2	--	61.3	--	61.3
Tanzania	--	67.9	--	67.9	64.2	--	--	64.2	64.2	67.9	--	132.1
Togo	--	--	24.4	24.4	23.0	--	13.0	36.0	23.0	--	37.4	60.4
Uganda	--	63.2	--	63.2	--	25.0	24.8	49.8	--	88.2	24.8	113.0
Zaire	--	184.8	--	184.8	214.2	145.3	--	359.5	214.2	330.1	--	544.3
Zambia	--	--	--	--	298.6	--	--	298.6	298.6	--	--	298.6
TOTAL	171.7	635.1	807.9	1,614.7	1,121.4	1,149.8	494.5	2,765.7	1,293.1	1,784.9	1,302.4	4,380.4
(In percent of total commitments)	13.3	35.6	62.0	36.9	86.7	64.4	38.0	63.1				

Notes: The symbols na means not applicable; dashes (--) mean zero; and an asterisk (*) indicates countries not eligible to use SAF or ESAF resources.