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Economic Trends in Africa

(The Economic Performance of Sub-Saharan African Countries)

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Abstract

This paper surveys recent economic developments in countries in the African Department. In the aggregate, output growth continues to be sluggish, and it is expected that half of the countries will experience a declining income per capita in 1993. However, structural adjustment is making fast progress, especially as regards the liberalization of exchange and credit markets. This bodes well for an eventual improvement in economic performance.

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Summary

This paper draws on updates of selected macroeconomic and structural indicators to describe current economic trends in sub-Saharan African countries and to provide measures of the policy stance and of its impact on economic performance.

The paper presents contrasting findings. Overall, real GDP growth has been sluggish since 1989, the last year output growth exceeded population growth, partly because of a continuing weakness of export commodity prices. A disturbingly large number of countries continue to record overall budget deficits, including grants, of more than 3 percent of GDP. About two-thirds of the countries have been running large current account deficits, and their ratios of external debt to GDP have continued to rise, sometimes at an alarming rate.

The paper also finds, however, that an increasing number of countries (currently 21 of the 26 non-CFA countries) have liberalized their exchange regimes, a move often associated with a transition to liberal credit markets. Countries that have moved in this direction have achieved a stronger depreciation of their real effective exchange rate, better growth, and better external viability than the other countries. Thus, they appear to have adjusted more fully to the adverse terms of trade shocks that have affected most countries. It may therefore be expected that, with a lag, the newly liberalized economies will experience a better performance.

I. Introduction

This paper is an outgrowth of a collective effort in AFR to develop a regional perspective on sub-Saharan Africa. 1/ It presents, in a convenient format, data on the international environment which are relevant to an understanding of economic conditions in the region. More originally, it draws on updates of selected WEO series (the "Economic Trends in Africa" (ETA) tables), to summarize the overall economic performance and to highlight its diversity. An attempt is also made to raise issues of a more analytical nature--i.e., to provide measures of the policy stance and of its impact on economic performance. Such measures do capture some of the important concepts that arise out of operational work; by necessity and design, they are selective and debatable on theoretical and technical grounds, but, it is hoped, will prove stimulating.

Broadly stated, the paper presents contrasting findings. Overall, economic trends continue to be unfavorable, and in 1993, income per capita is expected to fall in 19 out of the 40 countries covered in the paper. On the other hand, the paper also underscores the progress made in adjusting economic policies toward a more appropriate setting, including in particular, progress toward liberal exchange systems. To the extent that appropriate policies are an "advance indicator" of improved results, this progress bodes well for an eventual improvement in economic performance.

II. The Environment

Grants and net loans extended to sub-Saharan countries exceeded US$10 billion in 1992, but the region's exports were depressed by weak commodity prices. While the flow of external resources is projected to rise further, to over US$11 billion, in 1993, commodity prices are expected to be even further depressed. Despite these difficult circumstances, political structures are evolving at a rapid pace.

1. External financing

Net external financing flows to the sub-Saharan African countries increased to US$10 billion in 1992, reflecting in part the international community's response to the drought which seriously affected a number of countries (Chart 1). Of the total, US$3.3 billion was in the form of grants. Capital transactions left a surplus of US$7 billion, the bulk of which (US$5.6 billion) was absorbed by interest payments. Capital transactions are expected to yield moderately increasing net inflows in 1993. Moreover, in contrast with their stagnation of recent years, net grants received would rise significantly in 1993.

1/ Sub-Saharan Africa in this paper includes the countries in AFR excluding South Africa, and, for statistical reasons, Angola and Liberia.

Paris Club creditors concluded debt reschedulings with nine African countries in 1992, eight of which benefited from enhanced concessional terms (Table 1). Debt renegotiations for Benin, Burkina Faso, and Mozambique, have been concluded so far in 1993, also under the menu of enhanced concessions. 1/ In addition, other creditors also provided relief under the Paris Club's comparability of treatment principle.

Table 1. Recent Paris Club Agreements

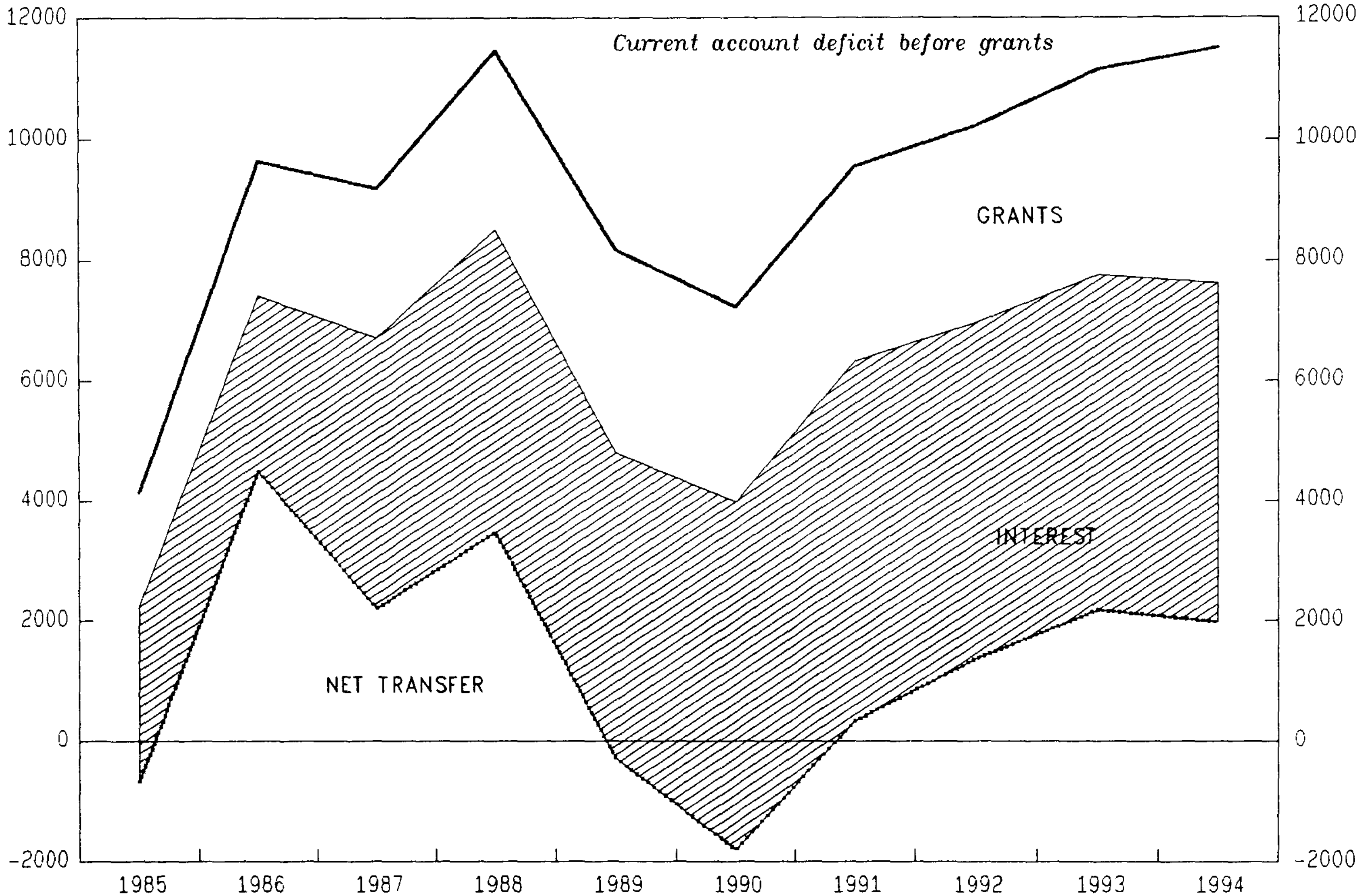
Country	Agreement date	Amount Consolidated 1/ (in millions of U.S. dollars)	Consolidation Period 2/ (months)	Terms 3/ (in years) Grace	Maturity
Tanzania IV	1/21/92	691	30	6.0	22.5
Cameroon II 3/	1/23/92	1,080	9	8.2	14.6
Eq. Guinea III	4/02/92	32	12	6.0	22.5
Uganda V	6/17/92	39	17	6.0	22.5
Togo IX	6/19/22	52	24	6.0	22.5
Zambia V	7/23/92	917	33	5.5	22.5
Guinea III	11/18/92	203	4/	6.0	22.5
Sierra Leone V	11/20/92	164	16	6.0	22.5
Ethiopia I	12/16/92	441	35	6.0	22.5
Mozambique IV	3/23/93	223	24	5.0	22.5
Burkina Faso II	5/07/93	36	33	5.1	21.6
Benin III	6/21/93	25	29	5.3	21.8

Source: Agreed Minutes of debt rescheduling.

1/ Includes debt service formerly rescheduled as well as postponed maturities.
2/ Consolidation periods exceeding 18 months are tranched.
3/ All rescheduling other than the one for Cameroon occurred under the menu of enhanced options.

1/ The enhanced menu includes options providing for a 50 percent reduction (in net present value terms) of debt service payments consolidated on non-ODA debts through either outright cancellation of 50 percent of the consolidated claims or a rescheduling at concessional interest rates. The menu retains, however, the nonconcessional option provided under the Toronto terms. Agreements reached under the enhanced terms also carry the option of similarly restructuring or reducing the remaining stock after a period of three to four years, provided that the previous rescheduling is fully implemented, other nonmultilateral

Chart 1
External Financing, 1985-1994
(In millions of US-dollars)



Source: ETA Tables, August 1993.

With the assistance of the IDA Debt Reduction Facility, Uganda completed a buyback of suppliers' credits and commercial debt for US$152 million in February 1993, at a cost of US$15 million. This is the first commercial bank debt reduction operation in the region since the 1991 agreements with Niger and Nigeria.

2. Commodity markets 1/

Petroleum, coffee, cocoa, and copper are the major sources of export revenue for much of sub-Saharan Africa. World Bank data (Table 2) indicate that they accounted, respectively, for 41 percent, 9 percent, 6 percent, and 5 percent of total merchandise exports of the region in 1985-87; coffee and cocoa combined account for some 50 percent of export earnings for Burundi, Côte d'Ivoire, Equatorial Guinea, Ethiopia, Ghana, Rwanda, and Uganda. Petroleum products account for important export shares in Angola, Cameroon, Congo, Gabon, and Nigeria. In addition, Kenya and Tanzania depend on coffee and tea for about half of their export revenues.

Overall, the trend of export prices continues to be unfavorable. An index of export prices reflecting the above commodity structure is represented in Chart 2. Excluding oil, that index is expected to fall in 1993 for the fifth consecutive year, for a cumulative drop of 23 percent since 1988, which is equivalent to an earnings shortfall of US$11 billion at 1993 conditions. Including oil, the medium-term pattern is less depressed; still, export prices would fall by 6.5 percent in 1993, following a decline of 2 percent in 1992. Both trends, however, are expected to be reversed in 1994.

Coffee prices fell to historic lows in world markets during 1992 and have declined further in early 1993 before firming up. Production in Côte d'Ivoire, Cameroon, Kenya, and Ethiopia is expected to stagnate in 1993, owing to falling producer prices and, in some cases, land pressures generated by population growth. After 1993, prices are projected to strengthen somewhat as major Latin American producers cut back production.

Cocoa prices also fell to a twenty-year low in 1992, and have declined by an additional 8 percent over the first two quarters of 1993. The continued downward pressure on prices reflects high world stocks, favorable weather in West Africa increasing yields in Ghana and Côte d'Ivoire, and low manufacturer demand. Prices are projected to strengthen modestly in 1994.

Copper prices declined by over 2 percent in 1992, and are expected to decline again sharply in 1993, reflecting weak demand and increases in supply from the former Soviet Union, as well as from new projects in Indonesia, Chile, Portugal, and the United States. Despite the high-grade ore deposits in Zambia and Zaire, deteriorating infrastructure in both countries has resulted in declines in both output and productivity. Zambia

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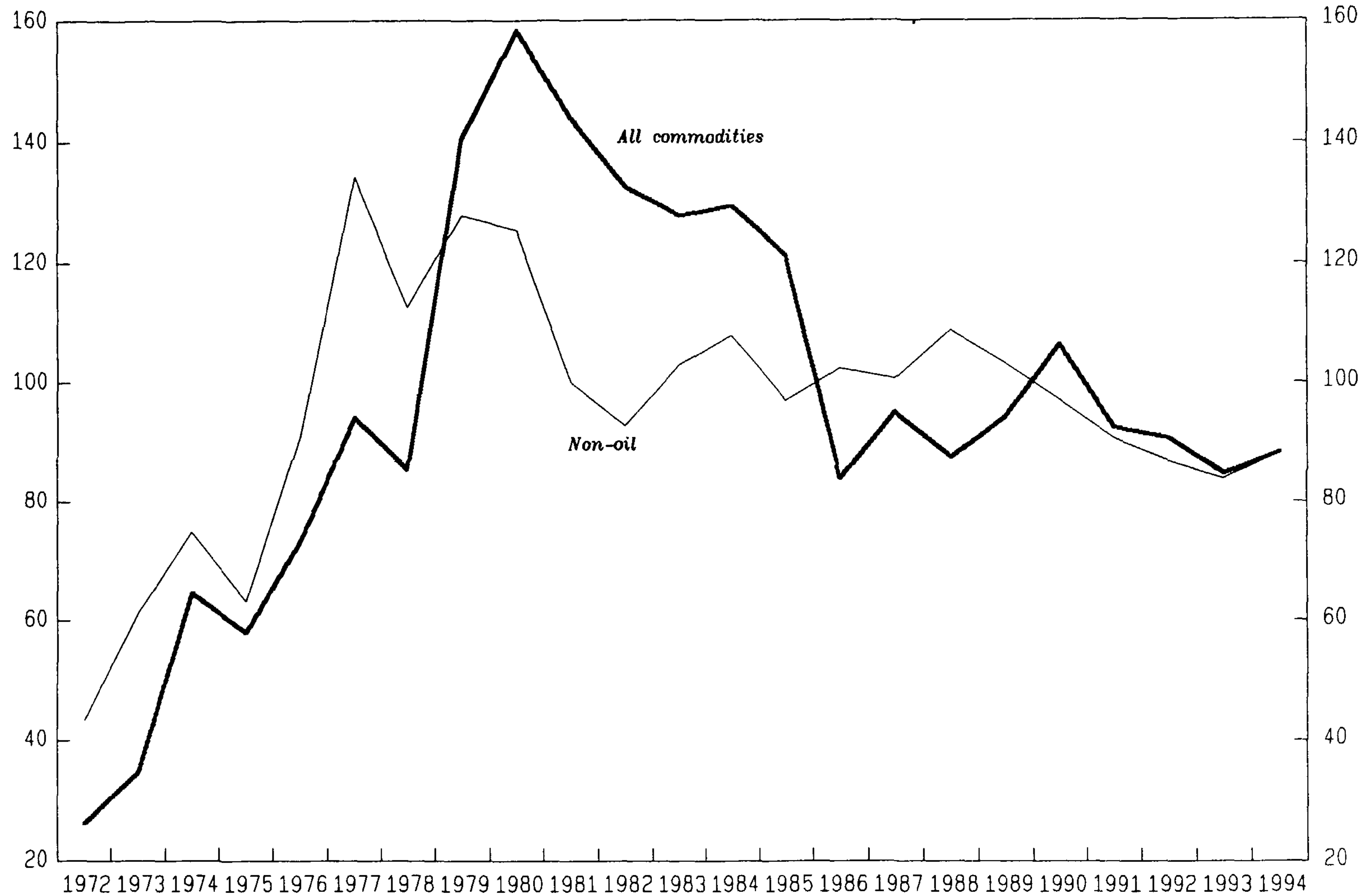
1/ This subsection relies on data from the Commodities Division of the Research Department.

Table 2. Distribution of Exports by Commodity, (Averages, 1985–87)
(In percent)

	Cocoa	Coffee	Tea	Sugar	Fish	Cotton	Timber	Tobacco	Petroleum	Bauxite	Aluminum	Copper
Angola	..	2.6	..	..	..	..	..	..	77.1	..	..	..
Benin	16.0	0.5	..	..	0.6	26.0	..	..	..	..	..	..
Botswana	..	..	..	..	..	..	..	..	..	..	..	2.0
Burkina	..	..	..	..	..	27.3	..	..	..	..	..	..
Burundi	..	83.5	4.2	..	0.1	1.2	..	..	..	..	..	..
Cameroon	8.3	13.1	..	..	0.2	1.0	3.2	0.1	48.1	..	2.9	..
Central African Rep.	..	26.0	..	..	..	11.6	18.0	0.9	..	..	..	..
Chad	..	..	..	..	..	33.2	..	..	..	..	..	..
Congo	0.3	0.2	..	0.7	0.5	..	5.7	..	83.2	..	..	..
Equatorial Guinea	53.5	7.2	..	..	0.5	..	38.0	..	..	..	..	..
Ethiopia	..	66.6	..	1.1	..	..	..	..	..	..	..	..
Gabon	0.3	0.1	..	..	0.6	..	7.4	..	70.5	..	..	..
Gambia, The	..	..	..	..	3.0	1.6	0.0	..	..	..	..	..
Ghana	49.2	0.1	..	..	3.0	..	5.4	..	..	0.5	11.3	..
Guinea	1.1	1.2	..	..	..	..	0.1	..	..	72.8	19.4	..
Guinea–Bisseau	..	..	..	..	13.9	3.1	2.9	..	..	..	..	..
Cote d'Ivoire	30.5	18.5	..	0.3	2.4	2.6	6.9	..	1.6	..	..	..
Kenya	..	31.7	22.2	..	0.4	..	..	0.1	..	..	..	..
Lesotho	..	..	..	..	..	..	..	..	..	..	..	..
Liberia	2.2	4.4	..	..	0.3	..	10.0	..	..	..	..	..
Madagascar	1.2	36.8	..	2.3	8.8	1.3	..	0.4	..	..	..	..
Malawi	..	3.7	15.4	9.9	0.1	1.2	..	53.5	..	..	..	..
Mali	..	..	..	..	0.3	41.9	..	..	..	..	..	..
Mauritius	..	..	1.3	38.7	1.5	..	..	..	..	..	..	..
Mozambique	..	..	1.7	7.1	55.7	5.0	1.3	..	..	..	..	..
Namibia	..	..	..	..	..	..	..	..	..	..	..	..
Niger	..	..	..	..	..	0.4	..	..	..	..	..	..
Nigeria	2.5	..	..	..	..	..	..	..	94.2	..	..	..
Rwanda	..	68.8	8.4	..	..	..	..	..	..	..	..	..
Senegal	..	..	..	..	39.9	2.2	..	..	..	..	..	..
Sierra Leone	16.3	16.0	..	..	5.6	..	0.1	1.1	..	18.0	..	..
Swaziland	..	..	..	40.6	..	1.9	4.0	..	..	..	..	..
Tanzania	1.0	44.1	4.8	1.2	0.6	11.3	0.6	4.4	..	..	..	..
Togo	8.6	10.4	..	..	0.9	11.8	..	..	..	..	..	..
Uganda	0.1	95.8	0.8	..	..	1.6	..	0.3	..	..	..	..
Zaire	0.6	14.3	0.2	..	..	..	0.8	..	10.7	..	..	35.9
Zambia	..	0.2	..	0.8	..	0.4	..	0.7	..	..	..	93.3
Zimbabwe	..	2.6	1.0	3.4	..	6.7	0.3	19.7	..	..	..	2.1
Total Sub–Saharan Africa 1/	6.1	8.7	1.1	1.5	1.5	1.6	1.9	1.3	41.4	1.4	0.9	4.5

Source: IBRD, Commodity Markets Division.
1/ Including Angola.

Chart 2
Export Prices, 1972-1994 1/
(US-dollar Index, 1985 = 100)



Source: IMF, Commodities Division, and Table 2.

1/ Based on weights inTable 2.

has announced its intention to seek foreign investors or to privatize the state-owned copper enterprise.

3. The drought

A serious drought affected a number of countries in the South and East of the region in 1992. For Kenya, Malawi, Mozambique, Swaziland, Zambia, and Zimbabwe together, the shortfall of output in 1992 relative to the average of 1991 and 1993 is on the order of US$1 billion, or 5 percent of these countries's total output and 0.7 percent of the region's. Botswana, Lesotho, and Namibia were also affected, but their GDPs nevertheless increased in 1992. Food crops in that area were very good in 1993, contributing, in some cases strongly, to an abatement of inflationary pressures.

4. The electoral cycle

While this survey concentrates on economic developments, mention must be made of the sweeping political changes that are taking place over the continent. It is estimated that 29 countries will have organized presidential elections, and 33 countries will have held parliamentary elections, in the four-year period 1990-93. In many instances, these will have been the first polls in many years to be contested by several political parties. In some cases this process has had a notable impact on economic policies in the countries concerned.

III. Economic Trends

This section reviews recent economic developments in sub-Saharan Africa, including preliminary estimates for 1993, based on the August 1993 update of the Economic Trends in Africa (ETA) tables. The section also looks into indicators of the macroeconomic policy stance. However, no forecast beyond 1993 is presented, as any forecast is subject to many qualifications in terms of underlying policies.

In order to account for the diversity of economies, country groups have been defined on the basis of various criteria. The group of countries with liberal exchange and trade systems includes the 14 countries that had liberal exchange and trade regimes at the end of 1990 (and does not include the CFA countries, on account of their accumulation of external payments arrears). The group of "performing" economies includes the 10 countries that had both positive real per capita growth in 1989-92, and balance of payments viability (as defined below) in 1992. Finally, membership in the CFA area is also used as a criterion.

1. Growth performance

Sub-Saharan Africa's total GDP expressed at current exchange rates amounted to US$144 billion in 1992 (Table 3). Output was concentrated in a few countries, nine of which, with individual GDPs in excess of US$5 billion, accounted for 60 percent of the region's total production. Of these "big nine," Nigeria alone contributed 18 percent to the regional total. The other eight countries include Cameroon, Côte d'Ivoire, and Kenya (about 7 percent each), 1/ as well as Ethiopia, Gabon, Ghana, Senegal, and Zimbabwe (about 4 percent).

Real GDP growth has been sluggish since 1989, the last year output growth exceeded that of the population. The region's output rose by 2.2 percent a year in 1991 2/ and only 0.2 percent in 1992, owing in part to the drought. A modest recovery (2.6 percent) is expected for 1993 (Chart 3). The region's relatively weak economic activity over the period took place against the background of a rapidly expanding population, causing per capita income to fall by 1.4 percent a year on average between 1989 (the previous peak) and 1992, with a smaller decline being expected in 1993.

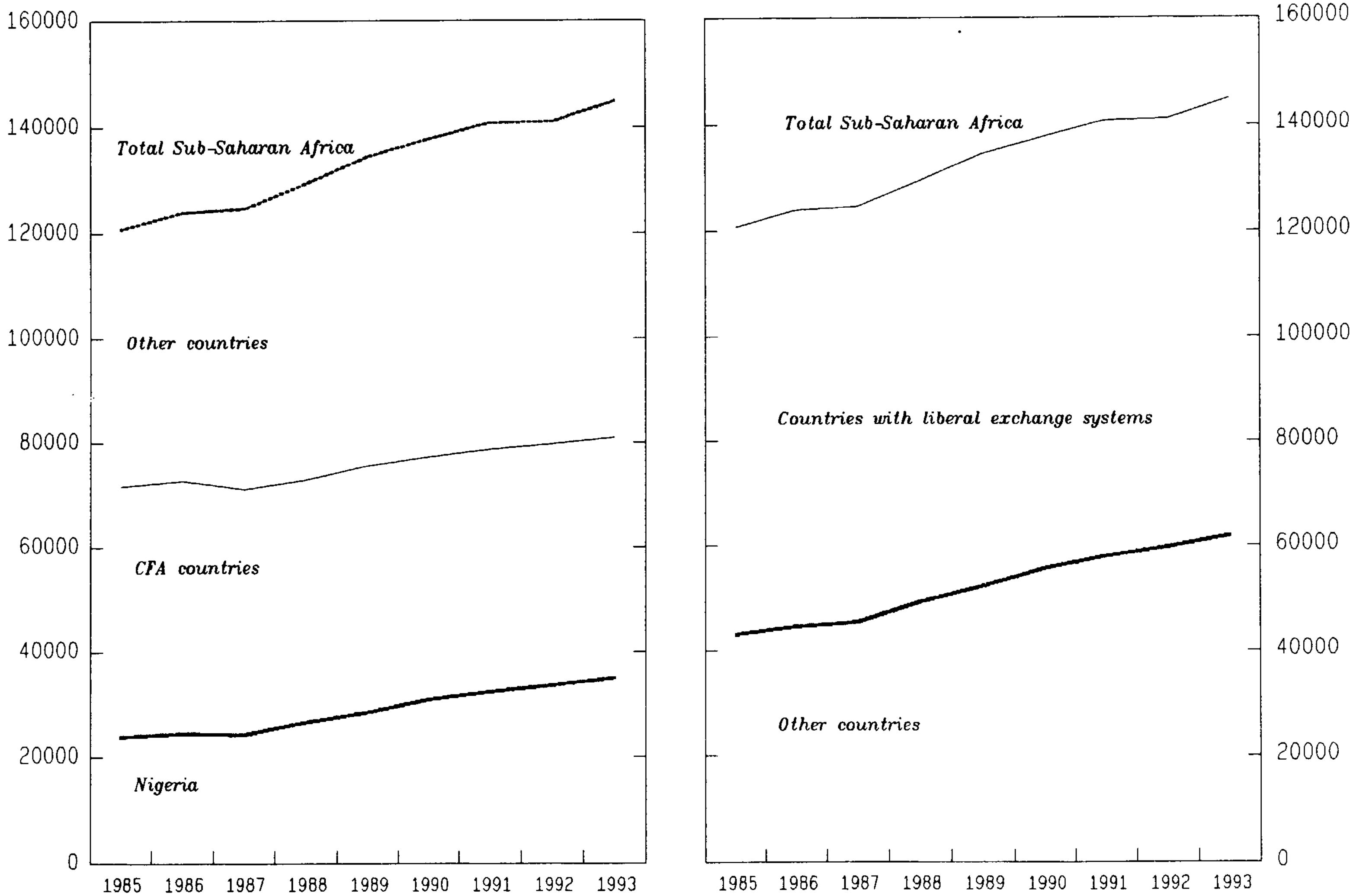
Export performance--in nominal U.S. dollars terms--was also disappointing over the 1989-93 period (a period which straddles the 1991 oil market tensions), owing partly to a 3.6 percent drop in earnings expected in 1993. In part, the lack of export buoyancy is a reflection of the decline in commodity prices discussed above. Depressed export prices contributed to a 30 percent cumulative loss of terms of trade for the region in 1985-92. However, significant adjustment has taken place, to the extent that the real effective exchange rate depreciated by 36 percent over that period.

On average, annual losses in per capita incomes in 1989-92 were more pronounced in the CFA countries than in the other countries, and this trend is projected to continue in 1993. At the same time, the group of countries that established liberal exchange and trade systems has been doing better than those that did not. Between 1989 and 1992, per capita real GDP rose by 1.4 percent a year in the "liberal" group of countries, and is projected to increase slightly in 1993, while it fell by 4.6 percent per annum in the "nonliberal" economies, and is expected to shrink further, by 1.1 percent, this year.

1/ Angola, not included in this survey, would also feature as one of the larger countries. Note that country shares of regional output are sensitive to deviations of the market exchange rate in the base period from their PPP levels. However, for practical reasons, PPP weights were not available for purposes of aggregation in this paper. Aggregation over current U.S. dollar magnitudes has been made at current exchange rates. Real GDP data in local currency were converted to U.S. dollars using 1989-91 average exchange rates.

2/ Unless otherwise specified, group averages in this paper are computed on an appropriately weighted basis.

Chart 3
Real GDP, 1985-1993
(In millions of US-dollars, at 1990 prices)



Source: ETA Tables, August 1993.

Table 3. Basic Data, 1/ 1989-93

	1992			Real per capita GDP growth (in %)		Export growth (in %) 3/		Terms of trade 4/	Real effective exchange rate 4/
	Nominal GDP 2/ (in US$ bn)	Population (in mill.)	Per capita GDP Curr.Prices (in US$)	1989-92 average	1993	1989-92 average	1993	1992	1992
Total sub-Saharan Africa	144.4	435.0	332.0	-1.4	-0.4	2.4	-3.6	70.6	63.8
CFA countries	50.4	81.6	617.6	-3.6	-3.1	3.0	-2.5	65.8	101.0
Non-CFA countries	94.0	353.8	265.7	-0.2	0.9	2.1	--	72.9	45.5
Liberal exchange systems	58.4	179.0	326.3	1.4	0.6	4.1	-5.7	65.1	36.3
Other exchange systems	86.0	256.3	335.5	-4.6	-1.1	0.2	-0.6	74.5	82.5
Strong performers	22.4	39.1	572.9	1.3	-0.2	5.3	-0.2	85.1	78.5
Other performers	122.0	396.2	307.9	-1.8	-0.4	1.6	-4.5	74.1	62.0

Source: ETA Tables, August 1993.

1/ For a description of groups, see p. 5.
2/ At current exchange rate.
3/ Merchandise exports in current U.S. dollars.
4/ Level of GDP-weighted index, 1985=100 (source: WEO/INS).

2. Financial indicators

Economic performance in sub-Saharan Africa can also be assessed on the basis of developments in inflation, in fiscal and external balances, and in real interest and exchange rates (Table 4).

Changes in consumer prices (excluding Zaire) accelerated to an (unweighted) average of 25 percent in 1992. This relatively favorable result is largely due to the strong inflation performance of the CFA countries; as regards the other countries, a long-term trend toward an acceleration of inflation (Statistical Appendix Table IV) is of concern. Inflation has been rising to particularly high levels in countries experiencing serious security problems.

M2 growth eased slightly, to an unweighted average rate (excluding Zaire) of just below 20 percent in 1992, and is expected to fall to 14 percent in 1993. The pattern of growth rates across country groups bears some resemblance, as would be expected, to that of CPI increases; it is noteworthy, though, that countries with liberal exchange systems record relatively high rates of monetary expansion, indicating more favorable trends in velocity.

Thirty of the 40 countries have experienced substantial overall budget deficits (including grants), exceeding 3 percent of GDP in 1992; the proportion varies little among country groupings, except that the "performing" economies have lower than average deficits. The proportion of high deficit countries is expected to remain high in 1993; however, on average, deficits would fall markedly in relation to GDP, from 7.0 percent in 1992 to 5.4 percent in 1993 (Appendix Table II).

Owing in part to a trend toward the liberalization of financial markets, the number of countries that maintain positive real interest rates 1/ has risen from 22 in 1989 to 27 in 1992; however, it is somewhat worrisome that an increasing number of countries (7 in 1989 and 10 in 1992) experienced real interest rates higher than 10 percent. While reflecting sub-Saharan Africa's recent achievements in the critical area of financial sector liberalization, the increase in the number of high positive real interest rate countries may also testify to both the low interest-sensitivity of international capital flows and persistent underlying resource gaps within the subregion.

3. Policy stance and economic performance

In the Fund's perspective, economic policies should seek growth that is balanced enough to be sustainable. One strategic option in pursuing this goal is to facilitate the opening up of the economy to the world market.

1/ Nominal rate deflated by the average CPI growth in the following two years. The measurement of 1992 real interest rates accordingly would be biased by any systematic error in the inflation forecast.

Table 4. Financial Indicators, 1/ 1989-93

	Inflation 2/		M2 Growth 2/		Overall budget balance 3/		Current account balance 3/		Debt/Exports (percent)	
	1992	1993	1992	1993	1992	1993	1992	1993	1989	1992
Total sub-Saharan Africa	25.4	32.3	19.7	14.0	-7.0	-5.4	-4.8	-5.6	316.4	341.1
CFA countries	--	1.7	1.2	4.8	-6.2	-5.3	-6.8	-7.5	304.2	364.9
Non-CFA countries	34.9	40.6	28.2	18.3	-7.4	-5.5	-3.8	-4.5	321.3	331.4
Liberal exchange systems	14.2	14.3	20.6	14.8	-8.5	-5.6	-3.1	-4.3	267.8	248.9
Other exchange systems	30.6	39.7	19.2	13.5	-5.9	-5.3	-5.9	-6.5	376.4	467.9
Strong performers	0.1	8.9	14.9	12.8	-0.9	-0.1	-0.4	-2.4	159.9	158.8
Other performers	30.6	38.6	21.3	14.4	-8.1	-6.5	-5.6	-6.2	356.8	393.5

Source: ETA Tables, August 1993.

1/ For a description of groups, see p. 5.
2/ Average percent change (unweighted); excluding Zaire.
3/ In percent of GDP; including official grants received.

For this, it is important to allow exchange and interest rates to settle down at equilibrium levels, and to regulate domestic demand. Thus, two indicators, one for growth and one for sustainability, can provide a basic gauge of economic performance, while two others, one for the flexibility of relative prices and one for excess domestic demand, can characterize the stance of macroeconomic policies. In practice, of course, countries pursue a much more open set of objectives and employ accordingly a far wider range of instruments, as indeed can be verified in the design of Fund programs; yet, the simple grid made up of these four indicators can be a helpful guide through the diversity of country experiences.

a. Economic performance

According to the above approach, measures of growth and sustainability provide primary criteria for the assessment of performance.

A straightforward measure of growth is the change in real GDP per capita. As noted previously, recent performance on this account has not been very satisfactory.

As regards sustainability, a straightforward test is to determine whether current trends are consistent with the stabilization of the debt/exports ratio. While other criteria also need to be used, the stabilization of the debt ratio has a long-standing operational status and lends itself to easy quantification. Moreover, and most interestingly, this criterion intimately combines the two concepts of growth and stability into what is, therefore, genuinely an indicator of sustainability. 1/

1/ Abstracting from direct investment and reserves flows, which are usually small, the condition for stabilizing the debt ratio is that the primary current account balance after grants should meet or exceed a threshold which depends on the interest rate on foreign borrowing and on the export growth rate.

(1) $PC \geq -(g - i) D$

where: PC = primary current account balance after grants (+ = surplus)

g = export growth rate

i = average interest rate on new loans

D = foreign debt outstanding at end of previous period.

It follows from (1) that, when $i > g$, a country may stabilize its foreign debt if it runs a primary current account surplus (after grants) sufficient to offset the effect on the debt of the excess of the interest rate over the export growth rate (the "snowball effect"). Failure to do so results in a trend increase in the debt ratio. Other things being equal, an

(continued...)

On this basis, the fragility of sub-Saharan Africa's macroeconomic situation is demonstrated by the high level of the primary current account surpluses which must be achieved to stabilize the debt ratio (Table 5), a threshold which has steadily been raised in recent years, owing to a slowdown in the underlying rate of export growth. Such surpluses have been out of reach for an increasing number of countries (23 in 1989 and 26 in 1992), with the result that, on average, debt ratios have continued to rise over the period, at a very alarming pace indeed for some groups of countries. It should however be noted that these average results cover a variety of individual situations and that (notwithstanding the use of statistical smoothing techniques) individual situations are apt to turn around rather abruptly.

Combining the two criteria--positive per capita real growth in 1989-92 and external viability in 1992--provides the basis for identification of a group of "strong performers." Only 10 countries belonged to that group in 1992.

b. The policy stance

As with the assessment of performance, a dual criterion is required for the identification of the policy stance.

In the first place, the opening of the economy to the influence of world markets requires an exchange and trade system which is substantially free of restrictions. Such a requirement can be justified because the presence of restrictions is costly, both directly and as a hotbed of "directly unproductive activities;" and because a liberal exchange system is indicative of equilibrium in the exchange markets. Moving on to a liberal exchange and trade regime, therefore, represents a major step forward in setting the preconditions for efficient use of resources.

From that perspective, the policy performance of the sub-Saharan African countries has shown remarkable improvement over the past few years.

1/ (...continued)
increase in the rate of growth of exports would reduce the primary current account adjustment needed to stabilize the outstanding debt and secure external viability, while a rise in the interest rate on foreign borrowing would have the opposite effect.

The difference between the sustainable primary current balance thus defined and the actual primary current account can be defined as the current account gap. A positive gap corresponds to the extent of the improvement in the primary current account needed to ensure external viability in the foregoing sense.

Table 5. Indicators of External Viability, 1/ 1992

	Export growth rate 2/	Interest rate 3/	Debt ratio 4/	Sustainable current account balance after grants 5/	Number of countries with sustainable/un-sustainable balances	Change in the debt/export ratio, 1989-92
Total sub-Saharan Africa	0.5	4.5	341.1	13.4	14/26	24.7
CFA countries	0.5	6.0	314.9	21.4	3/10	63.7
Non-CFA countries	0.5	3.8	331.4	10.2	11/16	10.1
Liberal exchange systems	0.3	4.6	248.9	13.2	6/8	-18.8
Other exchange systems	0.7	4.4	467.9	13.7	8/18	91.5
Strong performers	3.1	3.6	158.8	-4.2	10/-	-1.1
Other performers	-0.2	4.6	393.5	18.6	4/26	36.9

Source: ETA Tables, August 1993.

1/ For a description of groups, see p. 5.
2/ Annual growth rate of merchandise exports in U.S. dollars, 1993-95 projected average relative to 1989-91 average.
3/ Apparent interest rate on debt outstanding (3-year centered average).
4/ Debt (end of period) in percent of merchandise exports.
5/ Level of threshold that must be exceeded to stabilize debt ratio; in percent of merchandise exports. These average values per group cover a wide diversity of individual situations. Averages are calculated from individual country data and results may therefore differ from calculations from group averages.

Of the 26 non-CFA countries, a survey of country desks 1/ indicates that 11 could be classified as having a liberal exchange regime at end-1987; that number had risen to 14 at end-1990, and to 21 by mid-1993 (although two countries reverted to a restrictive system). Therefore, as of today, all but five of the non-CFA countries can be classified as "liberal." It is worth noting, moreover, that the shift to liberal exchange markets has been compounded by a shift to liberal credit markets as an increasing number of countries has adopted indirect methods of credit controls.

Openness to world markets needs to be sustained by control over domestic demand. One ready indicator in this respect is the level of the budget deficit, after grants, relative to GDP. There are a number of ways to specify a test value on that indicator. One rough approach is to specify a uniform test for all countries; as indicated above, only 10 countries met a 3 percent threshold in 1992; even a 4 percent threshold "rejected" 26 of the 40 countries.

It is interesting to combine the two criteria in a single test of the policy stance. For this purpose, a 4 percent threshold was used to specify budgetary policy, in combination with the status of the exchange system. Only 4 countries met that combined test in 1987. Their number rose encouragingly to 11 in 1990, but improved only slightly, to 12 (including three borderline cases) in 1992.

c. Policy stance and economic performance

The expectation underlying the attempt to assess the policy stance is, of course, that good policies will generate strong performance. In the highly simplified model of the preceding paragraph, this would imply a very close concentration of countries on the appropriate diagonal of a policy/performance grid, as in Table 6. However, there are many reasons why the reality will differ from this model; among others (i) the criteria used to assess performance and the policy stance are very restrictive; (ii) measurements used are very crude and subject to a considerable margin of error (as would be induced, for example, by the incidence of the drought); and (iii) the analysis disregards lags and the need to sustain policies over time. Considering these limitations, Table 6 drops the budget deficit as a policy indicator and correlates the stance of the exchange system with the two indicators of performance. On this somewhat contrived basis, Table 6 below provides encouragement to further research: the "success rate" of the 14 countries that have maintained a liberal exchange system since 1990 or earlier (to allow for some lag effect) is 78 percent,

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1/ Polling the country desks has the advantage that an element of judgment can be introduced in the classification of countries (e.g., an existing restriction can be disregarded as being "not significant"). It also implies, however, that the classification is only to be used for statistical purposes and not as a formal assessment of any individual country's system.

well above the 46 percent recorded by the 26 countries that have not maintained such systems.

Table 6. Policy Stance and Economic Performance
(Number of Countries)

	Positive real per capita income growth 1/ and/or external viability 2/	Neither of these criteria	Total
Liberal exchange system 3/	11	3	14
Other exchange systems	12	14	26
Total	23	17	40

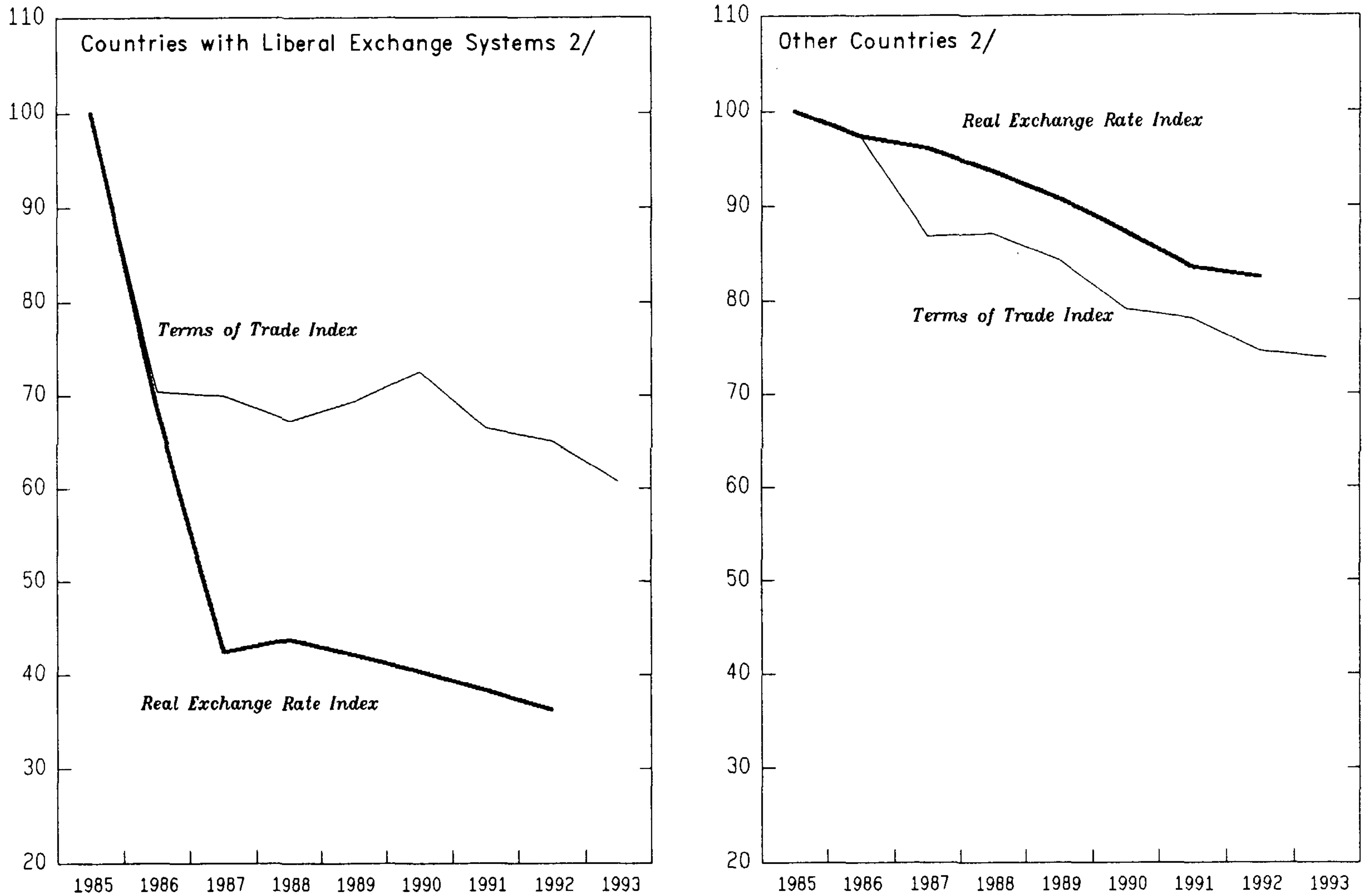
Source: Staff estimates.

1/ Positive real per capita GDP growth, 1989-92 average.
2/ Based on the test of sustainability of p. 10; 1992.
3/ Evaluation as of 1990.

To gain further insight into the characteristics of countries with liberal exchange regimes, Table 7 recapitulates elements of comparison with other countries. Firstly, losses of terms of trade were of comparable magnitude in both groups, though somewhat larger for the countries with liberal exchange systems (Chart 4). Secondly, the countries with liberal exchange systems have depreciated distinctly more, in real terms, than the other countries; there is, accordingly, an expectation that they will have made more progress in restoring their external balance and their growth potential. Thirdly, they have indeed achieved both better real GDP growth and better external viability.

All together, there is good reason to find merit in the assumption that a transition to liberal exchange systems contributes to an improvement in macroeconomic performance. Full benefits, however, cannot be expected unless and until there is commensurate progress in controlling the fiscal situation. Meanwhile, there is comfort to be found in the increasing number of countries that have made the transition, and in the implied view that Fund programs that supported their efforts have been of some help.

Chart 4
Terms of Trade and Real Exchange Rates, 1985-1993
(Index 1985 = 100) 1/



Source: ETA Tables, August 1993.

1/ GDP-weighted.
2/ For definitions see page 5.

Table 7. Selected Characteristics of Countries with Liberal Exchange Systems 1/

	Liberal systems	Other systems	Total
Terms of trade, 1992 (Index 100=1985)	65.1	74.5	70.6
Real effective exchange rate, 1992 (Index 100=1985) 2/	36.3	82.5	63.8
Real GDP growth, 1989-92 average (percent)	4.6	--	1.6
Debt/exports ratio, 1992 and change 1989 to 1992 (points)	248.9 (-18.9)	467.9 (91.5)	341.1 (24.7)
Share of domestic savings in GDP, 1992 (percent)	21.6	10.8	15.2
Share of investment in GDP (percent)	22.1	15.9	18.4
Nominal export growth (US$), 1989-92 average (percent)	4.0	0.3	2.4

Source: ETA Tables, August 1993, and INS.

1/ For a description of groups, see p. 5.
2/ Excluding Comoros, Equatorial Guinea, Guinea Bissau, Namibia, Sao Tomé and Principe.

Note on the Exchange Rate Regimes in Sub-Saharan Africa, 1980-93

This note reviews the changes in exchange rate regimes in sub-Saharan Africa during the period 1980-93 and investigates the relationship between these changes, the deterioration in the terms of trade, and the adjustment of real effective exchange rates.

1. Change in exchange rate regimes

During the period 1980-end-March 1993, there was a noticeable change in exchange rate regimes in sub-Saharan Africa. Countries moved away from pegging to a single currency toward more flexible arrangements under which the exchange rate is frequently adjusted. Overall, 19 countries have changed their exchange rate regime during the period at least once (Annex Tables A1 and A2).

The number of countries pegging their currency to a single foreign currency declined from 26 to 19, although the number of countries pegging to the French franc remained constant at 14. The number of countries pegging their currencies to a composite basket also declined from 17 to 10. Moreover, in this category, there was a move away from pegging to an SDR basket as the number of countries choosing this anchor decreased from 9 to 2.

In contrast, sub-Saharan countries have dramatically increased their reliance on more flexible arrangements 1/ under which the exchange rate is adjusted frequently. These arrangements are often officially described as "adjusting to indicators," "managed floating," or "independently floating." The number of countries relying on flexible arrangements has increased sharply from 2 in 1980 (Nigeria and South Africa) to 15 in 1993, of which 10 pursued a regime of "independent floating," 4 pursued a "managed float," and 1 adjusted its currency to a set of indicators. Thus, the proportion of countries in this category increased from 7 percent to 34 percent, and excluding the CFA zone, from 10 percent to 50 percent.

2. Changes in the terms of trade

Most of the changes in exchange rate regimes took place during the second half of the 1980s, coinciding with large deteriorations in the terms of trade. This coincidence was not fortuitous, as the optimal choice of exchange rate regime depends heavily on the nature of the shocks which the economy is likely to experience. 2/

1/ A number of countries classified under the pegged regime have undertaken frequent devaluations.

2/ For a comprehensive review of these issues, see "Exchange Rate Policy in Developing Countries: Some Analytical Issues," Occasional Paper 78, by Bijan Aghevli, Mohsin S. Khan, and Peter J. Montiel.

Among the 20 sub-Saharan countries with the most pronounced deterioration in their terms of trade during the 1980-85 period (Table A3), only 2 countries adopted a flexible regime. In contrast, during the 1985-92 period, 10 countries adopted a flexible exchange system.

Theory holds that a deterioration in the terms of trade results in a depreciation of the equilibrium real exchange rate. 1/ The evidence suggests that the adjustment occurs under fixed as well as flexible regimes. During 1980-85, out of 17 countries for which REER indices are available and which experienced a deterioration in their terms of trade, 12 countries depreciated their REER (Table A4), 7 of which depreciated by an amount more than proportional to the deterioration in their terms of trade (3 CFA countries, 2 countries which pegged to another foreign currency, and 2 which pegged to the SDR). During 1985-92, 16 of the 20 countries which experienced a deterioration in their terms of trade depreciated, 10 of which depreciated by an amount more than proportional to the deterioration in their terms of trade (including 2 CFA countries, 2/ 1 which pegged to another foreign currency, 4 countries with flexible rate regimes, and 2 which pegged to a basket of currencies).

One factor limiting the effectiveness of flexible regimes in adjusting real exchange rates is the impact of inflation. Over 1985-92, countries with a flexible exchange rate regime achieved a sharper depreciation than those pursuing a policy of a pegged nominal exchange rate. On the other hand, some countries, such as Niger, Mali, Togo, and Chad were also among the group of countries with the most depreciated REER, reflecting relatively low inflation rates. Out of 18 countries with the most depreciated REER in 1985-92, 11 countries had adopted a flexible regime, 6 had currencies pegged to the French franc, and 1 was pegged to a basket of currencies. However, as mentioned above, these results have to be weighted with the deterioration in the terms of trade.

A few conclusions can be drawn from the above. First, there is no simple linkage between the choice of exchange regime and the adaptability of national economies. While the adoption of a more flexible exchange rate regime has helped a number of countries regain competitiveness and balance the effect of adverse terms of trade shocks, this was not true for all countries with flexible regimes. Conversely, some of the countries with a fixed exchange rate regime have been able to adjust extensively to terms of trade shocks, either through low inflation as in the CFA countries, or through successive devaluations as in Burundi. Second, investigation of these linkages is subject to serious methodological difficulties, as results will tend to be sensitive to the choice of base year and observation periods; the evidence in Annex Tables A3 and A4 serves to nuance the conclusions of Chart 4 in the main text.

1/ See Aghevli et al., op cit, p. 9.

2/ The INS weighting scheme used in this note, however, does not allow for border trade with Nigeria.

Table A1: Exchange Arrangements (as of December 31, 1980)

09/17/93

Currency pegged to				Flexibility limited in terms of		More flexible			
U.S. Dollar	Pound Sterling	French Franc	Other Currencies	A composite of currencies	Single currency	Cooperative Arrangement	Adjusted according to a set of indicators	Other managed floating	Independently floating
Angola 1/	**The Gambia**	Benin	**Equat. Guinea**	Cape Verde				**Nigeria**	Ghana
Botswana		Burkina Faso 2/	Lesotho	**Guinea***					South Africa
Burundi		Cameroon	Swaziland	**Guinea–Bissau**					
Ethiopia		CAR	**Namibia 4/**	**Kenya***					
Liberia		Chad		**Malawi***					
Rwanda		Comores		**Mauritania**					
Somalia		Congo		**Mauritius***					
		Cote d'Ivoire		**Mozambique 2/**					
		Gabon		**Sao Tome and Principe***					
		Madagascar		Seychelles*					
		Mali		**Sierra Leone***					
		Niger		Tanzania					
		Senegal		**Uganda***					
		Togo		**Zaire***					
				Zambie*					
				Zimbabwe 3/					

* indicates the composite is the SDR.
o The countries indicated in boldface have changed their exchange arrangement between 1980 and 1991.
o South Africa is excluded since it was not yet a member of the Fund.
1/ Angola became a member of the Fund in 1989.
2/ Mozambique became a member of the Fund in 1984.
3/ Namibia became a member of the Fund in 1990.
4/ Zimbabwe became a member of the Fund in 1980.

Table A2: Exchange Arrangements (as of March 1993)

09/17/93

Currency pegged to				Flexibility limited in terms of			More flexible		
U.S. Dollar	Pound Sterling	French Franc	Other Currencies	A composite of currencies	Single currency	Cooperative Arrangement	Adjusted according to a set of indicators	Other managed floating	Independently floating
Angola		Benin	Lesotho	**Botswana**			**Madagascar**	**Guinea**	*Ethiopia 1/*
Liberia		Burkina Faso	Swaziland	**Burundi**				**Guinea-Bissau**	**The Gambia**
		Cameroon	*Namibia 1/*	Cape Verde				**Sao-Tome and Principe**	Ghana
		CAR		**Malawi**					*Kenya 1/*
		Chad		*Mauritania 1/*				**Somalia**	*Mozambique 1/*
		Comores		Mauritius					**Nigeria**
		Congo		**Rwanda***					**Sierra Leone**
		Cote d'Ivoire		Seychelles*					South Africa
		Equatorial Guinea		Tanzania					**Zaire**
		Gabon		**Uganda**					*Zambia 1/*
		Mali		Zimbabwe					
		Niger							
		Senegal							
		Togo							

Source: IFS.

1/ The countries indicated in boldface changed their exchange arrangement from 1980–91, whereas the countries which are printed in italics changed between 1991 and March 1993.

* indicates the composite is the SDR.

Table A3: Terms of Trade, 1980=100
(Period averages)

	1980–85 Average		1985–92 Average
Ghana	67.63	Nigeria	40.78
Swaziland	76.75	Cameroon	42.77
Tanzanie	77.33	Gabon	51.73
Uganda	78.40	Uganda	56.40
Cote d'Ivoire	79.09	Ghana	56.89
Zambia	83.02	Congo	58.98
Zaire	86.63	Tanzania	60.65
Equatorial Guinea	88.13	Cote d'Ivoire	62.85
Sao Tome & Principe	89.18	Sao Tome & Principe	64.21
Cameroon	89.96	Benin	65.52
Mali	90.38	Sierra Leone	72.86
Kenya	90.53	Swaziland	74.62
Ethiopia	90.93	Cape Verde	75.47
Sierra Leone	93.22	Central Afr. Rep.	76.47
Togo	95.24	Kenya	77.06
Nigeria	96.85	Ethiopia	79.36
Lesotho	97.71	Equatorial Guinea	79.39
Central Afr. Rep.	97.92	Mali	81.61
Chad	99.12	Zambia	87.72
Mauritius	99.21	Comoros	90.09
Cape Verde	103.92	Zaire	90.24
Comoros	105.09	Guinea Bissau	91.16
Gabon	105.63	Togo	94.13
Burundi	106.12	Malawi	95.65
Guinea Bissau	106.85	Burundi	98.91
Congo	108.09	Guinea	100.17
Burkina Faso	109.06	Chad	101.06
Malawi	109.22	Lesotho	102.62
Seychelles	111.36	Mozambique	106.68
Zimbabwe	111.50	Niger	109.60
Mozambique	112.33	Seychelles	113.19
Botswana	112.37	Burkina Faso	116.20
Senegal	115.10	Senegal	132.32
Benin	119.50	Rwanda	133.73
Guinea	121.29	Botswana	135.50
Niger	121.71	Gambia, The	141.41
Rwanda	152.30	Mauritius	141.76
Gambia, The	184.75	Zimbabwe	178.17
Madagascar	212.43	Madagascar	210.83

Source: World Economic Outlook, Spring 1993.

Table A4: Real Effective Exchange Rates, 1980–92
(1980=100)

	1980–85 Average		1985–92 Average
Uganda	41.5	Uganda	15.8
Côte d'Ivoire	81.0	Ghana	26.7
Zaire	82.4	Zaire	35.0
Chad	87.3	Nigeria	53.4
Burkina Faso	88.4	Madagascar	61.0
Gabon	90.7	Niger	66.6
Togo	92.9	Zambia	67.0
Mali	93.8	Zimbabwe	70.9
Niger	95.0	Chad	71.0
Senegal	95.2	South Africa	74.5
Cameroon	95.4	Gambia, The	77.5
Central African Rep.	95.6	Burkina Faso	77.9
Gambia, The	96.9	Tanzania	79.7
Sudan	97.4	Kenya	79.7
South Africa	97.5	Mali	80.5
Botswana	98.1	Togo	80.7
Lesotho	98.3	Mauritius	83.2
Mauritius	98.5	Gabon	86.9
Malawi	98.7	Swaziland	86.9
Swaziland	98.8	Botswana	87.5
Congo	99.2	Congo	88.3
Kenya	99.8	Malawi	90.7
Zambia	100.3	Lesotho	92.1
Zimbabwe	103.6	Côte d'Ivoire	92.1
Madagascar	104.1	Burundi	93.5
Cape Verde	110.6	Central African Rep.	94.6
Seychelles	118.7	Senegal	98.4
Ethiopia	125.8	Cameroon	112.2
Burundi	127.3	Cape Verde	113.0
Rwanda	130.7	Sierra Leone	115.5
Nigeria	136.4	Seychelles	116.6
Mozambique	145.9	Ethiopia	120.2
Ghana	154.1	Rwanda	123.6
Sierra Leone	157.5	Mozambique	129.0
Tanzania	158.1	Sudan	149.2

Source: IMF, Information Notice System.

Appendix Table I. Population

(In millions)

	1985	1986	1987	1988	1989	1990	1991	1992	1993
Total Sub-Saharan Africa, exc. South Africa	353.00	363.68	374.58	386.10	397.96	409.99	422.52	435.31	448.51
o.w.: Strong Performers	32.14	33.05	34.00	35.00	35.99	37.00	38.04	39.11	40.20
Others	320.87	330.62	340.58	351.10	361.97	372.98	384.48	396.21	408.31
Liberal Exchange Systems	143.99	148.69	153.41	158.34	163.26	168.38	173.68	178.98	184.58
Other Exchange Systems	209.01	214.99	221.17	227.76	234.70	241.60	248.83	256.33	263.93
CFA countries	66.37	68.37	70.38	72.49	74.73	76.91	79.22	81.57	83.97
Non-CFA countries	286.64	295.31	304.19	313.62	323.22	333.07	343.29	353.75	364.54

Source: ETA Tables, August 1993.

Appendix Table II. Real GDP

(In millions of US-dollars 1/, in 1990 prices)

	1985	1986	1987	1988	1989	1990	1991	1992	1993
Total Sub-Saharan Africa, exc. South Africa	120733.3	123894.1	124645.1	129335.9	134495.7	137811.7	140792.5	141203.9	144912.7
o.w.: Strong Performers	15987.7	16469.0	16398.6	17392.5	18270.4	19121.5	20131.5	20647.5	21195.0
Others	104745.6	107425.1	108246.5	111943.5	116225.2	118690.2	120661.0	120556.5	123717.6
Liberal Exchange Systems	43090.6	44522.5	45397.0	49150.0	52213.7	55567.2	57881.4	59674.6	61894.0
Other Exchange Systems	77642.7	79371.6	79248.2	80185.9	82282.0	82244.5	82911.1	81529.3	83018.7
CFA countries	47880.2	48320.9	46931.3	46312.0	47136.9	46442.6	46455.8	46124.7	46026.8
Non-CFA countries	72853.1	75573.2	77713.9	83024.0	87358.8	91369.1	94336.7	95079.3	98885.9

1/ Converted with 1989-91 average exchange rates.

Source: ETA Tables, August 1993.

Appendix Table III. Real Per Capita GDP

(In US-dollars)

	1985	1986	1987	1988	1989	1990	1991	1992	1993
Average, Sub-Sah. Africa, exc. South Africa	342.02	340.67	332.76	334.98	337.97	336.14	333.22	324.38	323.10
o.w.: Strong Performers	497.46	498.25	482.30	496.91	507.70	516.77	529.23	528.00	527.22
Others	326.45	324.92	317.83	318.83	321.09	318.22	313.83	304.28	303.00
Liberal Exch. Systems	299.26	299.43	295.91	310.40	319.82	330.01	333.26	333.42	335.32
Other Exch. Systems	371.47	369.19	358.32	352.06	350.59	340.41	333.20	318.06	314.55
CFA countries	721.43	706.79	666.79	638.89	630.74	603.84	586.39	565.49	548.11
Non-CFA countries	254.17	255.91	255.47	264.73	270.27	274.32	274.80	268.78	271.26

Source: ETA Tables, August 1993.

Appendix Table IV. Change in CPI

(In percent)

	1986	1987	1988	1989	1990	1991	1992	1993
Average, Sub-Sah. Africa, exc. South Africa 1/	5.28	6.80	10.04	12.34	12.87	16.63	25.37	32.34
o.w.: Strong Performers	6.32	7.79	6.67	11.04	10.21	9.91	9.13	8.87
Others	4.90	6.43	11.32	12.80	13.81	18.95	30.55	38.59
Liberal Exch. Systems	12.76	14.19	15.26	15.05	12.58	11.35	14.19	14.31
Other Exch. Systems	2.49	3.76	7.68	11.02	13.01	19.27	30.59	39.70
CFA countries	-0.51	-2.12	1.76	1.08	1.66	0.75	-0.00	1.67
Non-CFA countries	11.68	15.24	16.52	19.98	19.25	24.22	34.89	40.59

1/ Excluding Zaire.

Source: ETA Tables, August 1993.

Appendix Table V. Merchandise Imports and Exports

(In millions of US–Dollars)

	1985	1986	1987	1988	1989	1990	1991	1992	1993
Merchandise Imports (f.o.b.)									
Total Sub–Saharan Africa, exc. South Africa	26813.2	27106.0	28809.0	30875.4	31589.7	35106.9	35365.9	36223.8	36023.5
o.w.: Strong Performers	4491.7	5175.3	6128.1	7013.3	7191.5	8221.7	8654.7	8793.6	9326.5
Others	22321.5	21930.7	22680.9	23862.0	24398.2	26885.1	26711.2	27430.3	26696.9
Liberal Exchange Systems	13762.3	12699.1	13236.1	14445.1	14978.9	17390.8	18039.2	18676.5	18465.2
Other Exchange Systems	13050.9	14406.9	15573.0	16430.3	16610.9	17716.1	17326.7	17547.3	17558.3
CFA countries	6855.7	7890.2	8323.7	8480.2	8081.9	8913.0	8642.6	8696.8	8513.4
Non–CFA countries	19957.5	19215.8	20485.3	22395.2	23507.8	26193.9	26723.3	27527.0	27510.1
Merchandise Exports									
Total Sub–Saharan Africa, exc. South Africa	33721.6	28647.0	29867.7	30053.9	34278.2	40393.5	37721.2	36780.0	35472.7
o.w.: Strong Performers	5579.6	5662.6	6142.8	6128.6	7029.5	7933.2	8200.9	8207.7	8194.1
Others	28142.0	22984.4	23724.9	23925.2	27248.7	32460.3	29520.3	28572.3	27278.6
Liberal Exchange Systems	19103.7	14483.9	15438.1	15469.6	18913.2	23250.6	21536.3	21296.2	20075.1
Other Exchange Systems	14617.9	14163.1	14429.6	14584.3	15365.0	17142.8	16184.9	15483.8	15397.6
CFA countries	10144.2	9269.8	9619.1	9195.8	9751.9	11710.0	10934.7	10684.9	10428.3
Non–CFA countries	23577.4	19377.2	20248.6	20858.1	24526.3	28683.5	26786.6	26095.1	25044.4

Source: ETA Tables, August 1993.

Appendix Table VI. External Public Debt Outstanding

(In millions of US–Dollars)

	1985	1986	1987	1988	1989	1990	1991	1992	1993
Total Sub–Saharan Africa, exc. South Africa	63481.5	84198.3	100131.4	103574.6	108469.1	119928.4	126665.9	125462.5	132694.3
o.w.: Strong Performers	6614.4	8764.1	10439.3	11019.4	11243.4	12818.4	12625.9	13030.2	13388.5
Others	56867.1	75434.2	89692.1	92555.2	97225.7	107110.0	114040.0	112432.3	119305.7
Liberal Exchange Systems	30716.9	41331.3	46621.9	48136.5	50641.3	54940.7	56991.8	53006.8	55513.2
Other Exchange Systems	32764.7	42867.0	53509.4	55438.1	57827.8	64987.7	69674.1	72455.7	77181.1
CFA countries	16396.1	21693.8	27679.4	28387.0	29667.9	34162.2	38056.1	38988.2	42408.8
Non–CFA countries	47085.4	62504.5	72452.0	75187.6	78801.2	85766.2	88609.8	86474.3	90285.5

Source: ETA Tables, August 1993.

Appendix Table VII. Current Account Balances (incl. official transfers)

(In percent of GDP)

	1985	1986	1987	1988	1989	1990	1991	1992	1993
Total Sub-Saharan Africa, exc. South Africa	-1.31	-5.25	-5.14	-5.93	-3.43	-2.66	-4.22	-4.82	-5.56
o.w.: Strong Performers	2.12	1.21	1.04	-3.99	-0.52	-1.50	-0.21	-0.41	-2.37
Others	-1.68	-6.04	-5.99	-6.18	-3.84	-2.84	-4.88	-5.63	-6.19
Liberal Exchange Systems	-0.23	-4.72	-3.02	-4.87	-0.70	1.50	-1.97	-3.18	-4.31
Other Exchange Systems	-2.90	-5.69	-6.48	-6.65	-5.35	-5.67	-5.92	-5.93	-6.49
CFA countries	-1.69	-8.23	-7.50	-8.36	-5.55	-5.95	-6.38	-6.75	-7.52
Non-CFA countries	-1.22	-4.11	-3.92	-4.80	-2.50	-1.07	-3.18	-3.78	-4.48

Source: ETA Tables, August 1993.

Appendix Table VIII. Overall Government Balances

(In percent of GDP)

	1985	1986	1987	1988	1989	1990	1991	1992	1993
Total Sub-Saharan Africa, exc. South Africa	-2.98	-4.96	-6.68	-7.61	-5.17	-4.84	-5.86	-6.99	-5.43
o.w.: Strong Performers	-3.72	-4.10	-3.22	-1.18	0.02	2.10	2.50	-0.85	-0.11
Others	-2.90	-5.07	-7.16	-8.47	-5.89	-5.90	-7.23	-8.11	-6.49
Liberal Exchange Systems	-1.60	-3.91	-5.36	-9.39	-3.48	-2.40	-5.91	-8.52	-5.64
Other Exchange Systems	-5.00	-5.85	-7.51	-6.39	-6.36	-6.61	-5.83	-5.94	-5.27
CFA countries	-2.43	-4.03	-8.47	-7.75	-7.29	-6.25	-5.52	-6.22	-5.26
Non-CFA countries	-3.10	-5.31	-5.76	-7.55	-4.24	-4.16	-6.03	-7.40	-5.52

Source: ETA Tables, August 1993.

Appendix Table IX. Real Effective Exchange Rates

(Index, 1985 = 100)

	1985	1986	1987	1988	1989	1990	1991	1992
Average, Sub-Sah. Africa, exc. South Africa	100.00	85.70	74.42	73.52	71.15	68.34	65.26	63.82
o.w.: Strong Performers	100.00	96.48	88.74	81.30	81.28	84.59	82.40	78.51
Others	100.00	84.37	72.65	72.56	69.89	66.33	63.14	62.01
Liberal Exch. Systems	100.00	68.46	42.43	43.76	42.14	40.36	38.32	36.30
Other Exch. Systems	100.00	97.37	96.08	93.68	90.78	87.28	83.50	82.45
CFA countries	100.00	108.61	111.90	108.59	103.20	105.46	100.94	101.00
Non-CFA countries	100.00	74.44	55.99	56.27	55.39	50.08	47.71	45.54

Source: INS.

Appendix Table X. Terms of Trade

(Index, 1985 = 100)

	1985	1986	1987	1988	1989	1990	1991	1992	1993
Average, Sub-Sah. Africa, exc. South Africa	100.00	86.11	79.74	78.82	78.02	76.34	73.22	70.57	68.32
o.w.: Strong Performers	100.00	87.25	86.17	87.84	87.55	86.76	81.59	78.29	77.55
Others	100.00	85.94	78.76	77.45	76.58	74.76	71.95	69.40	66.92
Liberal Exch. Systems	100.00	70.43	69.92	67.29	69.35	72.55	66.54	65.12	60.72
Other Exch. Systems	100.00	97.43	86.82	87.14	84.28	79.08	78.04	74.51	73.81
CFA countries	100.00	88.90	80.20	75.55	72.14	70.31	69.75	65.84	64.60
Non-CFA countries	100.00	84.76	79.51	80.40	80.87	79.26	74.90	72.86	70.13

Source: World Economic Outlook, August 1993.

Appendix Table XI. Market Shares for Main Export Commodities (Annual Averages, 1985–87)
(Country shares of world exports of listed commodities, in percent)

	Cocoa	Coffee	Tea	Sugar	Fish	Cotton	Timber	Tobacco	Petroleum	Bauxite	Aluminum	Copper
Angola	..	0.4	..	..	..	..	..	..	0.9	..	..	..
Benin	0.7	..	..	..	..	0.6	..	..	..	..	..	..
Botswana	..	..	..	..	..	..	..	..	..	..	..	0.3
Burkina	..	..	..	..	..	0.7	..	..	..	..	..	..
Burundi	..	0.8	0.2	..	..	..	..	..	..	..	..	..
Cameroon	5.5	2.1	..	..	..	0.3	0.4	..	0.6	..	0.5	..
Central African Rep.	..	0.2	..	..	..	0.2	0.1	..	..	..	..	..
Chad	..	..	..	..	..	0.6	..	..	..	..	..	..
Congo	..	..	..	..	..	..	0.3	..	0.5	..	..	..
Cote d'Ivoire	30.7	4.6	..	..	0.3	1.3	1.2	..	..	..	..	..
Equatorial Guinea	0.5	..	..	..	..	..	..	..	..	..	..	..
Ethiopia	..	2.1	..	..	..	..	..	..	..	..	..	..
Gabon	0.1	0.0	..	..	..	..	0.6	..	0.7	..	..	..
Gambia, The	..	..	..	..	..	..	..	..	..	..	..	..
Ghana	14.3	..	..	..	0.1	..	0.3	..	..	0.5	0.9	..
Guinea	0.2	..	..	..	..	..	..	..	..	43.7	0.9	..
Guinea–Bisseau	..	..	..	..	..	..	..	..	..	..	..	..
Kenya	..	2.7	10.7	..	..	..	..	..	..	..	..	..
Lesotho	..	..	..	..	..	..	..	..	..	..	..	..
Liberia	0.3	0.1	..	..	..	..	0.2	..	..	..	..	..
Madagascar	0.1	0.9	..	..	..	..	..	..	..	..	..	..
Malawi	..	..	1.8	0.3	..	..	..	3.5	..	..	..	..
Mali	..	..	..	..	..	1.4	..	..	..	..	..	..
Mauritius	..	..	0.4	2.8	..	..	..	..	..	..	..	..
Mozambique	..	..	..	..	0.2	..	..	..	..	..	..	..
Namibia	..	..	..	..	..	..	..	..	..	..	..	0.6
Niger	..	..	..	..	..	..	..	..	..	..	..	..
Nigeria	7.2	..	..	..	..	..	..	..	5.4	..	..	..
Rwanda	..	0.8	0.6	..	..	..	..	..	..	..	..	..
Senegal	..	..	..	..	1.1	0.2	..	..	..	..	..	..
Sierra Leone	0.7	0.2	..	..	..	..	..	..	..	2.6	..	..
Swaziland	..	..	..	1.1	..	..	..	..	..	..	..	..
Tanzania	0.1	1.1	0.7	..	..	0.6	..	0.4	..	..	..	..
Togo	0.8	0.2	..	..	..	0.5	..	..	..	..	..	..
Uganda	..	3.0	0.1	..	..	0.1						
Zaire	0.3	1.8	0.1	..	..	..	..	..	0.1	..	..	7.2
Zambia	..	..	..	..	..	..	..	0.1	..	..	..	9.5
Zimbabwe	..	0.3	0.6	0.5	..	1.4	..	6.2	..	..	..	0.3
Total Sub–Saharan Africa 1/	61.5	21.3	15.2	4.7	1.7	7.9	3.1	10.2	8.2	46.8	2.3	17.9

Source: IBRD, Commodity Markets Division.
1/ Including Angola.