

Africa's External Debt

An Analysis of African Countries External Debt Crisis

AFRICAN FORUM AND NETWORK ON DEBT AND DEVELOPMENT

Africa's external debt



Key

- Highly / Severely indebted country
- Moderately indebted country
- Less indebted country



THE AFRICAN FORUM & NETWORK ON DEBT AND DEVELOPMENT

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

INSTITUTE
OF
DEVELOPMENT
STUDIES
LIBRARY

AFRICA'S EXTERNAL DEBT
An Analysis of African Countries External Debt Crisis

All rights reserved to AFRODAD

ISBN 0-7974-2806-2

Designed and Printed By Printset

IDS



047507

TABLE OF CONTENTS

INTRODUCTION	6
COUNTRY-BY-COUNTRY ANALYSIS	
SOUTHERN AFRICA DEVELOPMENT COMMUNITY (SADC)	10-31
Angola	10
Botswana	12
Democratic Republic of Congo	14
Madagascar	16
Malawi	28
Mozambique	20
South Africa	22
Tanzania	24
Zambia	26
Zimbabwe	39
WEST AFRICAN ECONOMIC COMMUNITY (ECOWAS)	32-63
Benin	32
Burkina Faso	34
Chad	36
Cote d' Ivoire	38
Gambia	40
Ghana	42
Guinea	44
Guinea- Bissau	46
Liberia	48
Mali	50
Mauritania	52
Niger	54
Nigeria	56
Senegal	58
Sierra Leone	60
Togo	62
EAST AFRICAN COUNTRIES	64-79
Burundi	64
Comoros	66
Ethiopia	68
Kenya	70
Rwanda	72
Somali	74
Sudan	76
Uganda	78
CENTRAL AFRICAN COUNTRIES	80-89
Cameroon	80
Central African Republic	82
Republic of Congo- Brazzaville	84
Equatorial Guinea	86
Sao Tome & Principe	88
NORTH AFRICAN COUNTRIES	90-97
Morocco	90
Algeria	92
Tunisia	94
Egypt	96
CONCLUSION	98
GLOSSARY OF TERMS	99-100
SOURCES	101

LIST OF ACRONYMS

GNP	Gross National Product
GDP	Gross Domestic Product
ESAF	Enhanced Structural Adjustment Facility
SAF	Structural Adjustment Facility
PRGF	Poverty Reduction Growth Facility
IDA	International Development Facility
NPV	Net Present Value
IBRD/WB	International Bank For Reconstruction And Development/World Bank
IMF	International Monetary Fund
ADB	African Development Bank
PRSP	Poverty Reduction Strategy Paper
IPRSP	Interim Poverty Reduction Paper
SSA	Sub – Sahara Africa
HIPC	Highly Indebted Poor Countries
HDI	Human Development Index
SADC	Southern African Development Community
ECOWAS	Economic Community Of West African States
OECD	Organization For Economic Cooperation And Development

AFRODAD

FOREWORD

AFRODAD Research department is proud to present its first edition of debt profiles of individual countries of Sub-Saharan Africa. The edition is meant to be a source of information on debt and other economic indices that reflect to a large extent Africa's economic progression. The profiles are meant to stimulate discussion and positive change.

Much attention in the profiles have been given to reflect on the various political, social and economic factors that are behind Africa's huge external debt and the factors that continue to militate against the attainment of a debt free-Africa. Economic governance especially the procurement and management of external loans remain Africa's greatest development challenge. The profiles through a comparative approach are an extraordinary effort to communicate about development in a statistical way that sharpens the scholar, economist and policymakers' understanding of the interface of various factors in determining the economic progress of a country and in particular its debt levels.

It is clear in the profiles that unless the HIPC countries such as Burkina Faso, Uganda and Tanzania receive substantial concessional aid in the near future, their public debt is likely to become unsustainable once again. Without concessional aid they will be forced to cut down on public expenditure in the name of economic reforms for the strengthening of the productive sector. This would mean reduction in social expenditures that are guarantees for poverty reduction.

The debt profiles grows specifically out of AFRODAD's particular concerns, research and experience with developments related to Africa's external debt which is no longer just an economic concern but its transcending almost very spheres of the Africa society with restlessness and agitation. On the basis of this work one needs be convinced that the debt question needs redress. It is intended as a guide and a living tool to which others may add and contribute based on their own knowledge and experience.

Charles Mutasa
Research Coordinator

ACKNOWLEDGEMENTS

This publication benefited immensely from the tireless work of Tirivangani Mutazu, who was charged with updating most of the statistical indices under the general direction of the Research Coordinator. The comments and contributions from colleagues in the AFRODAD offices, particularly the Coordinator, Barbara Kalima and Dakarayi Matanga, the Communications Officer are noted with appreciation. Special thanks to the chairperson, Opa Kapijimpanga for initial comments and encouragements.

Although the profiles were compiled by AFRODAD they draw from various global publications. These include but were not limited to the African Development Indicators 2002, World Bank Development Indicators 2000; The African Debt Report: 'Through the Eye of the Needle' produced by Jubilee 2000 Coalition; the World Human Development Report 2002; and the Global Development Finance 2002. Needless to mention the fact that of all the sources used in putting up figures for each indicator and year the World Bank Development indicators seemed consistent and readily available. Nevertheless, whatever source of information is used, Africa's external debt is too large and growing at a time when the continent is facing deteriorating terms of trade that limit their capacity to service large amounts of debt compelling them to frequently reschedule the debt. The need to reduce Africa's debt levels to sustainable levels will be with the international community for quite some time.

Introduction

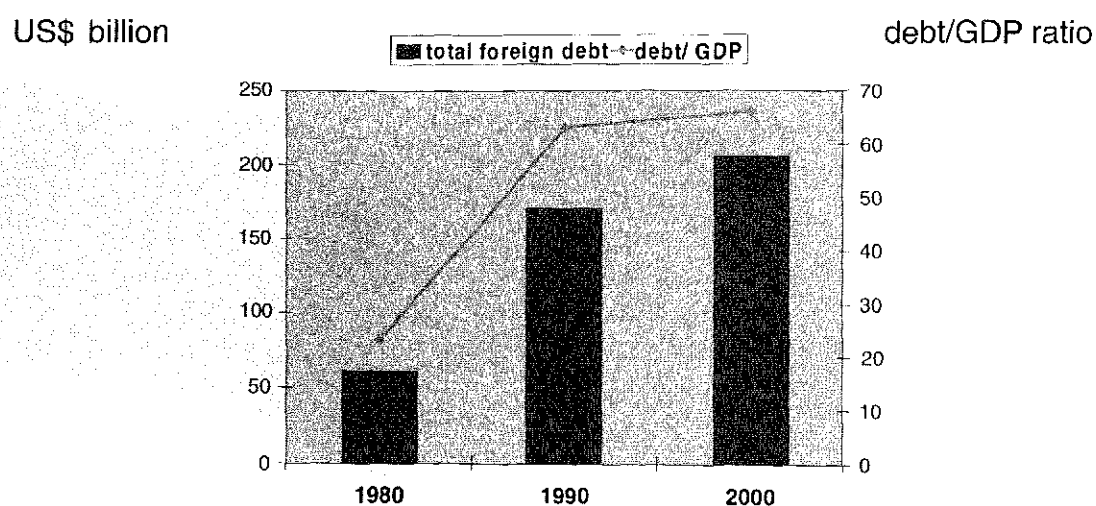
Africa is burdened with an unmanageable debt, which is hampering the continent's economic growth. The continent's debt has been attributed to several factors. These include the oil crisis of the 1970s, the deteriorating terms of trade, low export growth, misuse of borrowed funds, including corruption and poor governance. The answer probably lies in a combination of all these. But whatever the reason, it cannot be denied that Africa's debt crisis is one of the major causes for the economic crisis facing the continent today.

Concern on Africa's debt stems from the extremely high ratios, debt service-to-exports, debt to exports and debt to GNP (see table below). Even though, Africa paid back the total amount of its foreign debt twice over between 1980 and 1996, today it is still three times more in debt than it was 16 years ago. According to the Drop the Debt Campaigners Africa's current external debt is \$333 billion. Africa's inability to serve its debt is vividly reflected not only in massive build-up of arrears but most importantly by the number of frequency of rescheduling. It has become increasingly onerous and unmanageable.

Africa's debt is graver than that of other regions of the world in three aspects. The first aspect is that the ratio of Africa's total debt to total export earnings has been rising more rapidly than those of other regions and it became the highest in 1987. Secondly, the ratio of Africa's total debt to GNP has grown rapidly to become the highest since 1986. Indeed, Sub-Saharan Africa's debt is the highest among all the regions of the world. Third is the fact that despite incurring the highest growth rates of borrowing, African economies have grown slower than those in other developing countries.

Compared to Latin American, Africa depends more on official borrowing and less on commercial borrowing from the international banks. Largely creditor government institutions such as USAID, CIDA, DANIDA extend them, or Ministry of Foreign Affairs or Development Cooperation of some Donor country usually signed during or after Annual Consultations. The other source of bilateral debt is in form of loans that are extended and guaranteed by the Creditor government, on behalf of their Export Credit Institutions, to the Debtor Government for largely commercial purposes. International financial institutions such as the World Bank, International Monetary Fund (IMF) and other multilateral institutions, to recipient countries, normally extend African countries multilateral loans usually for developmental projects and programmes.

Figure 1: Africa's debt crisis during globalization, 1980-2000



Source: World Bank

The West's response to the debt problem has been to hatch up plan after plan, initiative after initiative, but none of those have adequately addressed the whole problem and the bulk of the crisis remains unresolved. Calls have been made for the total cancellation of the debts without success. The African leaders need to provide effective leadership to end this slavery because so far there has not been an effective response to the continent's predicament, in the face of the escalating health, and social crisis in many countries.

Different sources have given different figures regarding what the depth of the African debt really is. Thus, figures should always be treated with caution. Whilst the facts and figures given in this Guide may be known to sections

of the international, regional, and sub-regional organisations, to some policy makers within African countries and to sections of civil society, they are not known to the majority of people who suffer most from their negative implications. Even among those that are aware there is no general agreement on the causes of the crisis and on the ways out of the problem. This Guide provides Debt profiles of African countries and tries to show the negative impact the debt crisis has had on Africa's social and economic development.

The profiles give individual countries' internal political, economic and social analysis in respect to the Debt problem and suggest solutions for a sustainable exist. It is widely understood that the underlying causes of the African debt problem are the structural problems the continent continues to face and seems unable to tackle with the depth and commitment required

The individual country profiles contain, a nation's political analysis that gives a brief outline of a country's history; it's former colonizers, governance setup and political tensions. Many African countries are politically volatile and unstable; this has contributed to the negative economic performance. A politically stable environment and effective governance is crucial to economic growth and therefore governance crisis experienced by most African countries in the profiles contribute to poor economic growth and consequently the failure to service their debts.

The economic and social analysis gives the performance of the production sector and points to the major foreign currency earners. Most countries have the mining, agriculture, manufacturing sectors as backbones of their economies. The debt tables gives the ratios of the debt problem in relation to the major economic indicators e.g. Debt stock, GNP, GNP per capita, GDP, GDP per capita, debt service, debt per capita, debt as % of exports and GNP, scheduled debt.

On the social sector side the profiles highlight a country's spending on health, education, debt service as percentage of GNP or GDP. It also shows the Human Development Index ranking of a country for 1999.

For Sub-Saharan Africa Debt cancellation is critical not only to spur economic growth, but for people's very survival. Poverty reduction strategies will only be effective if countries in the region have the resources to channel to human development. Africa is paying a high price for its earlier attempts to achieve rapid development. This resulted in it incurring huge foreign debts to sustain its expanded social services - health and education - and for physical infrastructure - roads railways, dams and industries. Today, most of the infrastructure is collapsing because there is no money to maintain it as the continent struggles to pay its debt. The result is the deterioration of services and more indebtedness. Debt cancellation, if properly worked

AFRODAD

out, would be an effective way to break the chain of poverty and put the region on the path to sustainable development.

Table 1

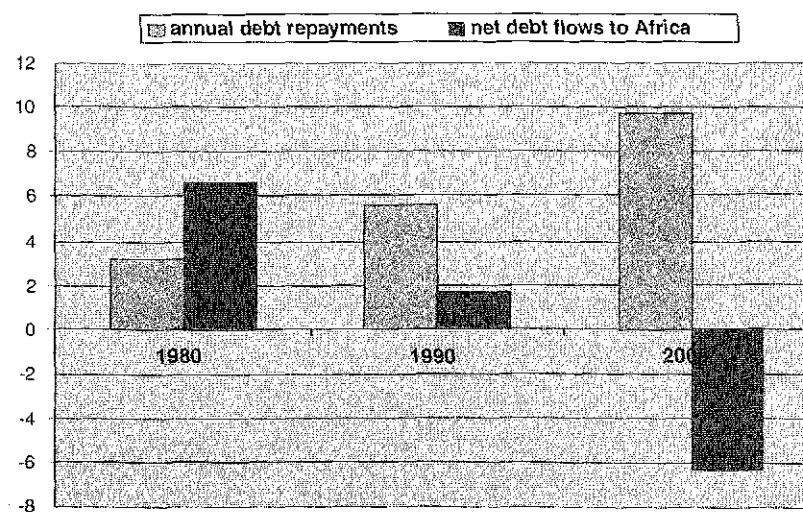
Sub-Sahara Africa Region	1980	1990	1995	1999	2000	2001
External Debt Stock (US \$ millions)	61	177	235.3	216.3	215.8	333
Debt service payments (US\$ Billions)	6.7	10.9	14.8	13.6	12.3	14.5
Population (millions)	381	508	579	643	-	600
GDP Growth %	5.7	1.0	4.0	2.2	3	2.7
Total Debt Stocks/Exports of goods and services (%)	65.7	208.3	-	-	-	178.8
Total Debt Stocks/Gross national income (%)	23.5	63.0	-	-	-	7.09
Total debt services paid/Exports of goods and goods (%)	7.2	12.8	-	-	12.4	-
Interest payments/Gross national income (%)	1.4	1.9	-	-	1.6	-
AID Flows (Net ODA from all Donors, Real, US\$ millions)	9.7	19	18	15	18	-

Sources

African Development Indicators 2002
Global Development Finance 2002 – Country tables

Africa's net debt inflows and outflows, 1980-2000

US\$ billion



Source: World Bank

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

Table 2

Table below shows the Debt Stock of African Countries, by the amount of external debt stock owed to foreign governments and international lending agencies as of year 2001. Sudan is the most highly indebted African country and the least is Sao Tome & Principe. The table also shows whether the country is considered as a severely (S), moderately (M) or less indebted (L).

Country	US\$ billions: 2001	Severity of Debt
Sudan	21	S
Cote d'Ivoire	13	S
Angola	8.5	S
Cameroon	7.0	S
Tanzania	6.6	S
Ghana	6.2	S
Mozambique	3.3	S
Kenya	5.5	M
Zambia	6.0	S
Ethiopia	5.5	S
Congo	13	S
DRC	13	S
Madagascar	4.0	S
Uganda	4.0	S
Senegal	3.1	M
Guinea	3.4	S
Mali	3.7	S
Malawi	2.7	M
Somalia	3.3	S
Mauritania	1.7	S
Liberia	2.0	S
Benin	1.4	M
Niger	1.6	S
Burkina Faso	1.1	M
Togo	1.0	M
Rwanda	1.3	S
Sierra Leone	2.0	S
Burundi	1.1	S
Chad	0.96	M
Central African Rep.	0.7	S
Guinea-Bissau	0.8	S
The Gambia	0.5	M
Sao Tome & Principe	0.3	S
Botswana	1.2	L
Lesotho	0.5	M
Namibia	0.08	L
Swaziland	0.4	L
S. Africa	36.9	M
Zimbabwe	5.4	M
Equatorial Guinea	0.1	L
Gabon	3.1	M
Cape Verde	0.3	L
Mauritania	2.1	M
Nigeria	31.3	M
Comoros	0.2	L
Djibouti	0.4	L
Eritrea	-	-
Mauritius	1.1	L
Seychelles	0.4	L
Algeria	22.5	M
Egypt	27.10	M
Libya	-	-
Morocco	16	M
Tunisia	9.7	M

Sources:

International Monetary Fund (IMF): Drop the Debt
 World Human Development Report 2001
 African Development Indicators 2001
 African Development Report 2002
 Global Development Finance 2002

SOUTHERN AFRICA COUNTRIES

ANGOLA

Political Background

Angola gained independence in 1975. Most Portuguese settlers fled the country during the war for independence. The Popular Movement for the Liberation of Angola (MPLA) formed a government under leader Agostino Neto, but despite a succession of peace agreements, civil war with the rebel movement UNITA then led by Jonas Savimbi dominated Angola for more than 25 years. In 1992 elections were held and supervised by the United Nations and were won by President Eduardo dos Santos of MPLA. Savimbi alleged fraud and returned to war. Although the rebel movement signed the Lusaka treaty in 1994, this did not result in a lasting peace and the political situation remained unstable. Trade sanctions imposed on the UNITA leadership by the United Nations have consistently been violated with illegal diamond trafficking, providing funds for the rebels. The death of Jonas Savimbi in 2002 gave hope for peace. Current President Jose Eduardo dos Santos (MPLA) signed a peace agreement with UNITA.

Economic and Social indicators

Civil war retarded the economic development of Angola, a rich country in natural resources. Oil, diamonds and coffee dominate the economy and form the major exports, and offshore oil discoveries promise further increases in production. Oil production contributes 60% of the GDP, agriculture 8% and manufacturing 4%. Despite Angola's tremendous natural resources, continuing conflict and a non-supportive policy environment continue to result in poor economy. The Angolan economy achieved an estimated 3.2 % in 2001, down from an average rate of 4.7% during 1997 - 2000. In 2000 the government agreed to an IMF Staff Monitored Programme to implement fiscal, monetary and structural reforms that considered essential to higher growth and poverty reduction. Most of its 12 million citizens live in poverty with GNP per capita for 1998 at US\$380, which declined to US\$220 in 1999. Despite a 16.3% increase in average incomes between 1997 and 1998, economic development is restricted by continuing high military expenditures, which forced the country to borrow to finance the war, and the upheaval caused by the civil war. Life expectancy was 47 years in 1998 and Angola is ranked 146 out of 161 countries on the Human Development Report Index 2002. Angola spends 1.4% of GDP on health as compared to 33.3 % on debt service, which is unacceptable.

· Population	13.6 million
· Life expectancy	47 yrs
· Spending on Health	1.4% GDP
· Spending on Education	4.9% GDP
· Spending on Debt service	33.0%GNP
· People without access to safe water	68%

Debt analysis

Angola's total external debt as 1999 was US\$12 billion, which dropped to US\$9.37 billion in

the year 2000, and US\$8.52 in 2001, is one of the highest figures in Sub-Saharan Africa. More than two thirds of the debt is owed to private creditors. The top five bilateral creditors are Spain, Portugal, Italy, United Kingdom and Netherlands. The burden of debt on the country is illustrated by a debt per capita figure of more than US\$1000 since 1999. The debt to export ratio in 1998 was 236% which is unsustainable. The GDP annual growth has been declining from 10.3 % in 1994 to 2.7% in 1999. Thus the economy was not able to service the debt. Debt servicing consumes more than five times the combined total spent publicly on health and education, with US\$1.1 billion having been paid in 1999. The effects of the civil war have heavily influenced Angola's debt position. The impact of hostilities on the economy and the unpredictable political situation have led to a massive build up of unsustainable debt, and debt payments account for a third of GNP. Relations with the IMF and World Bank have been strained, but in April 2000 the government signed a nine-month economic monitoring programme with the IMF. As a result, a Poverty Reduction and Growth Facility with the IMF was expected to be finalized by June 2001. Around the same time Angola was also expected to have an Interim PRSP ready. These developments could then pave the way for entry into the HIPC process. However, although on the HIPC list, Angola is unlikely to secure debt relief beyond Naples terms, as it is not considered indebted enough for HIPC debt relief.

Angola's Selected External Debt Indicators

	Unit	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total External Debt	US\$ Billion	2 497	8 594	11 297	11.380	10425	9 839	11 071	11.029	10.146
Debt per capita	US\$	-	931	1 063	1 00	957	1 046	935	1.000	1.001
Bilateral Debt	US\$ Billion	-	1 782	1.806	1.912	2.528	2.525	3.383	3.351	3.322
Multilateral Debt	US\$ Billion	-	57	164	192	218	234	279	312	294
Private Debt	US\$ Billion	-	5 767	7 031	7 318	6 511	5 813	5 699	5 734	5 142
Total External Debt / exports	%	-	214.7	351.4	295.4	192.9	187.1	299.2	206.7	127.4
Total External Debt /GNP	%	-	104.6	575.0	468.6	261.5	216.5	342.8	399.7	213.6
Annual Debt service paid	US\$ million	156	326	259	464	986	992	1 128	1 000	1 205
Total Debt service/Exports	%	-	8.1	8.2	12.0	18.2	18.9	30.5	18.7	15.1
Grants	US\$ million	45	192	301	328	275	242	216	261	206
Rescheduled Debt	US\$ million	-	252	151	437	1.580	95	528	0	0
Debt Amount Forgiven	US\$	-	0	0	0	3 746	0	0	0	0

- Not Available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2002
 Global Development Finance 2002

BOTSWANA**Political Background**

Botswana one of Africa's longest continuous multiparty democracy gained independence in 1966 from Britain. Sir Seretse Khama became Botswana's first democratically elected president under the banner of the Botswana Democratic Party (BDP) and remained in power until his death in 1980. BPD vice president, Quett Ketemile Masire succeeded Khama and led the country for the next 18 years before retiring in March 1998. In November 1999, President Festus Mogae was elected as president after the BDP won the country's general election, taking 33 out of the 40 available electable parliamentary seats.

Economic and Social Indicators.

Botswana one of the world's biggest producer of diamond had an economic growth rate, of 7.5 in 2001 being the highest in the SADC region over the period. The mining industry, particularly diamonds, contributes about 35% of Botswana's GDP, 80% of exports, and 50% of government revenue. Manufacturing, construction and agriculture each contribute about 3-6% of GDP and there has been a growth in financial, and government services in recent years. With a per capita income of US\$3 420, Botswana is one of only a handful of Sub-Saharan African states that is classified as a lower middle-income country. Nevertheless, life expectancy in Botswana is only 46 years, a quarter of adults remain illiterate, and 20-25% of all adults have HIV/AIDS infected -all factors, which contribute to Botswana's relatively low Human Development Index of 114 out of 174 countries, as of 2001.

· Population:	1.8 million
· Spending on health:	2.7% GDP
· Public spending on education:	8.6% GNP
· Spending on debt service:	1.7% GNP
· People without access to safe water:	30%
· Percentage of children under 5 malnourished:	17%
· Percentage of population living on less than \$1(\$2):	13%(61%)

Debt Analysis

Botswana is not classified as a Highly Indebted Poor Country and is not eligible for HIPC debt relief. Botswana's total external debt in 2001 was US\$1.21 billion with a debt per capita of US\$756. Ninety-three percent (93%) of Botswana's debt is long-term, with almost three-quarters of this owed to multilateral creditors. 22% of the long-term debt is owed to bilateral creditors and just 5% to private creditors. Over recent years, Botswana has made debt repayments over those due and, as a result, its total debt stock has fallen. In 1998, Botswana's debt to export ratio was 19%, which is considered sustainable by the WB and IMF. Nevertheless, for a country whose people only have a life expectancy of 46 with a quarter of adults illiterate, it is also clear that the money used to service Botswana's debts could be more beneficially spent on health and education. In 1999 the country paid more than US\$79 million. It is the only country in the SADC region with sustainable debt stock levels and a growing economy. Botswana currently has no IMF programme.

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

Botswana's Selected External Debt Indicators (US \$ millions)

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Million	17.4	147	563	689	703	614	562	548	649	0.9
Debt per capita	US\$	-	162	440	482	400	409	367	351	408	563
Multilateral Debt	US\$ Million	5.2	84.3	389.9	497.2	486.1	432.5	382.5	371.5	322.7	285.0
Bilateral Debt	US\$ Million	9.0	50.6	138.2	130.2	160.2	139.2	111.8	112.5	100.0	84.7
Private Debt Millions	US\$	3.2	7.8	27.4	50.0	47.0	35.9	27.6	24.2	32.0	27.9
Total External Debt as / exports	%	-	19.6	23	30	24.2	21	15	19	39.2	31.1
Total External Debt / GNP	%	17.2	13.4	15.3	16.5	14.5	12.6	11.7	10.6	10.2	7.8
Annual Debt service Paid	US\$ million	0.6	15.5	106	93	92.3	152	104	79	82.3	68
Total Debt Service Exports	%	-	2.1	4.4	4.1	3.2	5.3	2.8	2.6	2.4	1.8 /
Grants	US\$ Million	9.3	51	78	33	28.6	30	41	45	32.8	18.1
Rescheduled Debt US\$ million	US\$ million	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt Amount Forgiven	US\$ million	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

- Not Available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2002
 Global Development Finance 2002

DEMOCRATIC REPUBLIC OF CONGO (DRC)

Political Background

The Belgian Congo gained independence from Belgium in 1960 and was renamed the Federal Republic of Congo. Mobutu Sese Seko came to power in 1965 and changed the country's name to Zaire in 1971. His 32-year rule brought corruption on an unprecedented scale, and the economy collapsed, with average incomes in the 1980s a third of what they were at the beginning of the 1960s, and falling further in the 1990s. In 1996 rebel leader Laurent Kabila's anti-Mobutu party joined Zairian Tutsis and other groups to form the Alliance of Democratic Forces for the Liberation of Congo-Zaire (AFDL), which deposed Mobutu and brought Mr Kabila to power in May 1997. In 1998 Congo returned to a state of civil war as a series of rebellions, backed by Uganda and Rwanda, fought against the government. Angola, Zimbabwe and Namibia came to the support of Mr Kabila. Mr Kabila was assassinated in 2001 and his son Joseph took over. Attempts to establish a lasting ceasefire are on track. The UN introduced a peace-keeping force.

Economic and Social indicators

The Democratic Republic of Congo has the largest population close to 51.39 million citizens and has the second largest land area in Sub-Saharan Africa. The country is rich in natural and human resources. The country's formal economy has virtually collapsed due to mismanagement and political instability. The country is rich in copper, cobalt, diamonds, gold and zinc. Mining accounts for three quarters of export revenues and a quarter of the country's GDP. Some stability returned to the economy in 1997-8 with inflation reduced to 14-15%. Its per capita income is US\$110, one of the lowest on the continent. A new currency, the Franc Congolais, was introduced in June 1998. However, the outbreak of renewed fighting erased any gains that had been made. The government has large arrears in the payment of salaries, pensions and government suppliers. Congo is ranked 142 out of 174 countries on the Human Development Index 2001 and life expectancy in 1998 was 51 years.

· Population:	48.2 million
· Spending on health:	2.5% GDP
· Spending on education:	1% GNP
· Spending on debt service:	0.3% GNP
· People without access to safe water:	73%
· Percentage of children under 5 malnourished:	45%
· Percentage of population living on less than \$1 (\$2):	n/a

Debt Analysis

Congo's total external debt was US\$13 billion in 2001. Two thirds of the long-term debt is owed to bilateral creditors, mainly the US and France. A quarter of the long-term debt is multilateral, the largest proportion owing to the World Bank's IDA. There have been no payments to official creditors on long-term debt since 1994, and total arrears are US\$8.2m. In 1998 the debt to export ratio was 774%, which is very unsustainable. This is against a background economic growth decline, which in 1998 recorded a 3%. The debt per capita in the same year

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

was US\$241. There is no prospect of debt relief until a lasting ceasefire is in place, and steps are taken to bring back economic stability. Despite all this DRC continues to service its debt with US\$19 million having been paid in 1998.

When debt relief comes under HIPC 2, it remains to be seen whether it will be substantial. The issue of "odious" debt (see glossary) is relevant in the case of Congo. When Mobutu died in 1998, his personal fortune was estimated in the region of US\$5 billion. None of this was used for economic development in Zaire (now DRC), and his stolen wealth (together with capitalized interest on the loans) accounts for a substantial part of Congo's current external debt burden.

DRC's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt stock	US\$ Billion	342	4 770	10 270	12 322	13239	12826	12330	12929	13358	11.929
Debt per capita	US\$	-	177	275	290	-	283	264	268	241	235
Multilateral Debt	US\$ Billion	6	322	1 929	2 326	2 382	2 319	2 179	2 281	2 230	2 126
Bilateral Debt	US\$ Billion	216	2 287	6 193	6 108	6 376	6 095	5 616	6 034	5 487	5 220
Private Debt	US\$ Billion	0.86	1. 462	0.889	0.860	0.878	0.861	0.834	0.899	0.504	0.496
Total External Debt as / exports	%	42.6	198.6	397.6	932.1	747.9	715.5	846.0	793.7	-	-
Total External Debt as/GNP	%	7.2	34.4	119.8	240.2	271.5	249.6	244.8	265.2	-	-
Annual Debt service Paid	US\$ million	34	543	348	16	25	48	13	19	21	25
Total Debt service As / exports	%	4.3	22.6	13.5	1.2	1.4	2.7	0.9	1.2	-	-
Grants	US\$ million	38	96	374	221	161	123	113	97	94	137
Rescheduled Debt	US\$ million	-	-	446	0	0	0	0	0	0	0
Debt Amount Forgiven	US\$ million	-	-	9	0	0	0	0	0	1	0

- Not Available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2002
 Global Development Finance 2002

MADAGASCAR**Political Background**

Madagascar gained independence from France in 1960. Following two decades under a military government, opposition parties were legalized in 1990 and the island became a multi-party republic. Two years later a national referendum led to the adoption of a new constitution and the country remained relatively stable throughout the 1990s. However, although presidential elections now occur every five years, the last election in 1996 resulted in a return of military ruler Didier Ratsiraka who ruled in the 1970s and 1980s. After disputed elections in 2002, Ratsiraka was removed by Marc Ravalomanana.

Economic and social indicators

Agriculture dominates the economy accounting for a third of GDP and 80% of employment. The major cash crops are coffee and vanilla. Mr Ratsiraka has tried to apply IMF-style reform to Madagascar's economy and his government has faced allegations of corruption. As Madagascar still struggled to recover from two decades of military rule two powerful cyclones hit the country in February and March 2000 severely disrupting the economy. Per capita incomes have risen gradually in the last ten years to a figure of US\$260 in 1998, though this is still far short of the US\$450 per capita income in 1980. Cyclone Eline and tropical storm Gloria severely damaged crops and created conditions, which sharply increased the impact of a long-running cholera epidemic. According to the UN, the storms left more than 500,000 in dire hardship including 10,000 homeless. Life expectancy for 1998 was 58 years and Madagascar is ranked 135 on the Human Development Index 2001.

· Population:	14.6 million
· Spending on health:	1.1% GDP
· Spending on education:	1.9% GNP
· Spending on debt service:	3.4% GNP
· People without access to safe water:	71%
· Percentage of children under 5 malnourished:	48%
· Percentage of population living on less than \$1(\$2):	60.2%

Debt analysis

Madagascar's total external Debt in 1998 was US\$4.39 billion, which dropped to US\$4.35 billion in 1999, which represents a threefold increase since 1980. Debt per capita in 1998 was US\$301. Long-term debt is split between multilateral creditors, chiefly the World Bank's IDA, and bilateral creditors. Debt to exports ratio was 396% in 1998, far above the level considered sustainable by the IMF and World Bank. The proportion of GNP expenditure on debt service is greater than spending on health and education combined. In June 2000 the IMF completed a mid-term review of Madagascar's economic performance. The PRGF arrangement was extended to November 2000 and additional credit approved to finance the gap following damage to the country's infrastructure caused by recent natural disasters. The total amount loaned under the programme now stands at around US\$135 million. The IMF continues to press Madagascar to implement structural reforms, including the short-term priority of completing privatization of air transport and telecommunications sectors.

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

Madagascar's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Billion	0.485	1 250	3 701	4 097	4 146	4 146	4 109	4 394	4 354	4.461
Debt per capita	US\$	-	141	318	317	-	302	290	301	289	243
Multilateral Debt	US\$ Billion	0.42	0.182	1231	1596	1 690	1 604	1661	1782	1801	1828
Bilateral Debt	US\$ Billion	0.443	0.390	1 964	1 855	1 931	1 871	2 169	2 284	2 527	2 429
Private Debt	US\$ Billion	0.1	0.346	0.140	0.86	0.84	0.77	0.45	0.41	0.40	0.39
Total External Debt / exports	%	-	240.6	756.0	612.3	564.9	508.8	508.5	514.6	510.9	388.4
Total External Debt as /GNP	%	43.8	31.0	126.2	144.9	144.0	108.1	119.0	119.9	129.3	123.6
Annual Debt service paid	US\$ million	61	100	223	65	58	83	212	125	159	93
Total Debt Service/ exports	%	-	19.3	45.5	9.8	7.6	10.2	26.2	14.7	17.1	7.7
Grants	US\$ million	20	30	348	168	164	202	566	354	181	115
Rescheduled Debt	US\$ million	-	-	88	0	0	0	972	46	41	0
Debt Amount Forgiven	US\$ million	-	-	185	0	0	0	48	6	3	0

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Global Development Finance 2002

MALAWI**Political Background**

Malawi gained independence in 1964 after 73 years of British rule. Dr Hastings Kamuzu Banda was named prime minister and elected president for life in 1971. Banda's government was accused of widespread human rights abuse. One-party rule ended in 1994 when Bakili Muluzi's United Democratic Front won control of the country following multi-party elections. President Muluzi was re-elected for a second term in 1999.

Economy and Social indicators

Malawi's economy is largely based on agriculture, which accounts for more than 90% of its export earnings and contribute 45% of GDP. Malawi is one of the world's poorest countries with per capita income estimated at \$210. The country is landlocked and entirely dependent on agricultural exports, tobacco, tea, sugar and coffee. It is therefore highly vulnerable to both the climate and changes in commodity prices. From 1995 to 1997 the economic prospects were bright but recently the pace of economic reforms slowed, as expenditure controls weakened and agricultural prospects dwindled due to slumping prices. In 2001 the economy managed to grow by 2.5%, though heavily depended on aid from international financial institutions and during the same year the country joined the queue for debt relief under the HIPC initiative.

Spending on health and education compares favorably with other African countries but social indicators are worse than the regional average. Spending on debt service is significantly more than the amount spent on health and education. Malawi's Human Development Index Rank is 151 in 2001.

· Population:	10.5 million
· Spending on health:	2.8% GDP
· Spending on education:	5.4% GNP
· Spending on debt service:	4.7% GNP
· People without access to safe water:	55%
· Percentage of children under 5 malnourished:	48%
· Percentage of population living on less than \$1(\$2):	42.1%

Debt Analysis

The total debt of Malawi as shown on the table below has steadily increased through the 1990s to a figure of US\$2.7 billion by 2001, a 74% rise since 1989. In the same year the debt per capita was US\$245, which was too high. By far the largest proportion of long-term debt is owed to multilateral creditors. Actual debt service has remained relatively stable over the last decade. In 1999 Malawi paid US\$102 million. However, as a percentage of economic output, spending on debt service is significantly more than the amount spent on health and education. In 1998 debt as percentage of exports was 226%, was too high against an economic growth rate of 2%. Malawi's share of the developing world's debt is three times its share of the developing world's income. Malawi was originally not among the 41 countries eligible for HIPC in 1996, but only included in 1999. Despite pressure from the Japanese government not to apply for debt cancellation under the HIPC Initiative, Malawi decided to go ahead and

join the scheme.

In September 2000 Malawi's Interim PRSP paper was approved by the IMF and World Bank boards and a decision point was reached in 2000, which saw the country beginning to receive around US\$1 100 in nominal debt stock reduction (US\$629 million NPV). The full PRSP paper was expected to be ready by July 2001, and the completion point about a year later. A new PRGF programme is also expected in the fourth quarter of 2000.

Malawi's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total External Debt	US\$ Billions	0.135	0.830	1.558	2.025	2.243	2.315	2.229	2.444	2.379	2.5
Debt per capita	US\$	195	296	183	213	220	231	217	232	220	244
Multilateral Debt	US\$ Billions	0.17	0.219	1.088	1.601	1.712	1.773	1.800	1.990	2.057	2.048
Bilateral Debt	US\$ Millions	99	223	217	250	343	299	279	300	520	490
Private Debt	US\$ Millions	20	192	78	49	28	24	21	20	19	18
Total External Debt / export	%	-	263.7	344.4	523.7	484.8	405.4	342.3	383.0	506.7	543.3
Total External Debt /GNP	%	47.7	72.9	84.8	177.8	162.	96.7	89.4	144.2	155.0	163.6
Annual Debt service paid	US\$ Millions	6	87	133	80	118	89	85	84	69	59
Total debt service/ exports	%	-	27.8	29.3	20.6	25.6	15.5	13.1	13.1	12.7	11.7
Grants	US\$ Millions	7	49	227	231	262	200	117	213	-	-
Rescheduled Debt	US\$ Million	-	-	0	0	0	0	0	0	0	0
Debt amount forgiven	US\$ Million	-	-	51	0	0	0	0	0	0	0

- Not Available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Global Development Finance 2002

MOZAMBIQUE**Political Background**

Mozambique gained independence from Portugal in 1975 after a liberation struggle led by FRELIMO (the Front for the Liberation of Mozambique). Samora Machel became the first president, however, a civil war broke out almost immediately between FRELIMO and South African-backed Renamo (Mozambique National Resistance), led by Alfonso Dhlakama, lasting until the early 1990s. Samora Machel was killed in a plane crash in 1986 and was succeeded by Joaquim Chissano. A peace agreement was signed in 1992 and 1994 and in multi-party elections, FRELIMO was elected as the ruling party and has remained in government ever since. The most recent elections were in December 1999, when FRELIMO's Joaquim Chissano was returned as president.

Economic & Social Indicators.

Through out the 1980s and early 1990s, Mozambique's economy continued to fall due to mismanagement of resources, civil war, drought and floods. Agriculture is the largest sector in the economy and agricultural products account for four fifths of exports. Shrimp and Cashew nuts are the major export products. The civil war left a legacy of widespread poverty, a destroyed infrastructure and an unplayable foreign debt, all of which presented major economic challenges. It is, therefore, still dependent on western donor support. Since 1987, the government has pursued structural adjustment programmes, carrying out widespread privatization of the banking and manufacturing sectors. To add to the country's difficulties, the worst storms and flooding in 30 years struck the west of the country in February 2000. Economic activity rebounded in 2001, recording a growth rate of 8.7%. Mozambique's per capita income is US\$210. Life expectancy in 1998 was 45 years. The country spends 2.9% of GNP more than it spends on health and education. In 2001, Mozambique was ranked 157 out of 174 countries on the Human Development Index as compared to 166 in 1995.

· Population:	16.9 million
· Spending on health:	2.1% GDP
· Spending on education:	4.1% GNP
· Spending on debt service:	2.9% GNP
· People without access to safe water:	68%
· Percentage of children under 5 malnourished;	36%
· Percentage of population living on less than \$1 (\$2):	37.9% (78.4%)

Debt analysis

Mozambique's total debt was US\$3.26 billion at the end of 2001. Mozambique was included in the HIPC Initiative in 1998, reaching completion point in 1999. Mozambique will receive 3.7 billion in debt relief over time. The country is again receiving additional relief under EHIPC terms for which it reached completion point in September 2001. According to the World Bank Actual debt service payments averaged US\$114 million per year in 1995-1998. About 70% of the debt is bilateral, 30% multilateral. With an economic growth of 11.9% Mozambique managed in 1998 to pay US\$105 million in debt service. In the 1980s Mozambique's export receipts shrunk by 44% while the external debt rose. During this time the country was using the export earnings just to import oil. Grants and loans financed the rest of imports and huge

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

outstanding arrears were building, to an extent that by 1986 they have reached US\$1,2 billion. These negative trends were due to a number of factors including mismanagement of internal resources, the civil war, droughts and floods.

As a result of the recent floods, the Paris Club of bilateral creditors, Portugal, France, Italy, Japan and Britain agreed to a moratorium on debt repayments until Mozambique reaches completion point in HIPC 2. Debt service payments will probably fall from US\$105 million in 1998 to US\$23 million, to US\$25 million in 2000-01 before rising again to about US\$45 million in 2002. Mozambique owes substantial amounts to countries outside the negotiations, including former oil suppliers like Iraq and Algeria and eastern European countries like Bulgaria and Romania.

Mozambique's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total External Debt	US\$ Billions	-	-	4 653	7 272	7 458	7 566	7 639	8 202	7 682	4.8
Debt per capita	US\$	-	-	329	472	460	466	459	491	445	267
Multilateral Debt	US\$ Billions	-	-	0.464	1.050	1.277	1.483	1.618	1.900	1.079	1.130
Bilateral Debt	US\$ Billions	-	-	3.097	4.078	3.886	3.848	3.575	4.060	3.554	3.458
Private Debt	US\$ Millions	-	-	651	91	46	27	18	13	12	11
Total External Debt / exports	%	-	-	1550.9	1839.1	1585.5	1400.3	1333.6	1438.5	1092.1	927.8
Total External Debt /GNP	%	-	-	200.4	366.5	349.7	283.1	237.2	226.7	184.3	198.1
Annual Debt service paid	US\$ million	-	-	79	123	162	141	104	105	68	88
Total debt service/exports	%	-	-	26.2	31.2	34.5	26.0	19.2	18.0	18.5	11.4
Grants	US\$ million	-	-	750	638	770	441	516	674	1311	728
Rescheduled Debt	US\$ million	-	-	386	200	66	191	132	596	669	0
Debt amount forgiven	US\$ million	-	-	210	57	311	64	215	20	41	1

- Not available

Sources

- World Bank Development Indicators 2000
- African Development Indicators 2001
- The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
- World Human Development Report 2001
- Global Development Finance 2002

SOUTH AFRICA

Political Background

Following the British victory in the Anglo-Boer wars of 1899-1902, the Union of South Africa was declared in 1910. The Afrikaner-led National Party came to power in 1948 and introduced a system of minority white rule known as "apartheid". Opposition by the African National Congress and Pan African Congress led to a 25-year liberation struggle. The United Nations in 1966 declared apartheid a "crime against humanity" and there was the largest ever international sanctions campaign against the apartheid regime. African National Congress leader Nelson Mandela was released from prison in 1990 and became president in the first free elections in 1994. In 1999, the new head of the ANC, Thabo Mbeki, succeeded him. The country is a republic with a bicameral parliament elected every five years, and nine provinces each with an elected provincial assembly.

Economic and social indicators

South Africa has the largest economy in sub-Saharan Africa, with mineral and energy resources forming the core of the country's economic activity. Much of manufacturing is based on mining, gold and diamonds are the main exports. The economy slowed in 2001 with GDP growth of 2.2 % compared with an average of 2.8% during 1997 – 2000. With a per capita income of about US\$3 170, South Africa is ranked as a middle-income country. However, its income disparities are amongst the most extreme in the world with 13% of the population enjoying a very high standard of living and 53% in relative poverty. Amongst this latter group, only around one quarter of households have access to electricity and running water whilst over a third of the children suffer from chronic malnutrition. As a result, South Africa is ranked 94 out of 174 countries in the Human Development Index, one of the lowest ranked middle-income countries in the world. To add to the difficulties facing the government is the HIV/AIDS virus, which is spreading rapidly throughout the country.

· Population:	41 million
· Public spending on health:	7.1% GNP
· Public spending on education:	7.9% GNP
· Spending on debt service:	4% GNP
· People without access to safe water:	30%
· Percentage of children under 5 malnourished:	n/a
· Percentage of population living on less than \$1(\$2):	12% (36%)

Debt analysis

South Africa's foreign debt as of 2001 was \$37 billion with just under 50% of this debt made up from interest on arrears. Most of the debt is inherited from the apartheid era; governments and multilateral agencies were unwilling to lend to the apartheid state, but private banks and companies did and the apartheid state built up \$18.7 billion in debts. Faced with intensifying sanctions, the apartheid government defaulted in 1985, and the new majority rule government is expected to repay those overdue debts. It has been argued that loans to a government whose policy has been declared a "crime against humanity" are "**odious debts**" under international law and need not be repaid by the new government. It is estimated that of the current debt \$11.7 billion is interest on arrears of this odious debt. South Africa does not

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

qualify for HIPC, but in light of the odious nature of the debt and the widespread poverty and need for redressing the heritage of apartheid, that US\$4 billion to US\$6 billion in servicing the apartheid debt each year cannot be justified. South Africa's foreign debt burden is said to have eased since 1994 with limited fresh commitments and rapid export growth while, because of its strong external payments.

South Africa's Selected External Debt Indicators

	Unit	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total External Debt Stock	US\$ Millions	-	-	21 671	25 358	26 050	25 221	24 712	24 901	31.0
Debt per capita	US\$	-	-	566	612	653	620	597	591	660
Multilateral Debt	US\$ Millions	-	-	0	0	0	0	0	1	3
Bilateral Debt	US\$ Millions	-	-	0	0	0	0	0	0	0
Private Debt	US\$ Millions	-	-	7 789	9 837	10 348	11 517	10 668	8 172	9 085
Total External Debt export	%	-	-	69.8	70.8	71.6	66.9	69.0	67.8	64.2 /
Total External Debt GNP	%	-	-	16.3	17.1	18.5	17.4	19.1	18.8	20.3 /
Annual Debt service paid	US\$ Millions	-	-	2 902	3 391	4 236	6 542	4 378	4 208	3 860
Total debt service/ exports	%	-	-	9.3	9.5	11.7	17.3	12.2	12.2	10.0 ex
Grants (US\$ million)	US\$ Millions	-	-	146	156	143	200	248	246	219
Rescheduled Debt US\$ million	US\$ Millions	-	-	0	0	0	0	0	0	0
Debt Amount forgiven	US\$ Millions	-	-	0	0	0	0	0	0	0

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Global Development Finance 2002

TANZANIA**Political Background**

Mainland Tanganyika and its island neighbor Zanzibar, became independent from Britain in 1961 and 1963 respectively. In 1964 the two formed a union known as the United Republic of Tanzania. Mwalimu Julius Nyerere, became the first president of the Union, under Chama cha Mapinduzi Party (CCM). The country enjoyed political stability over three decades of one-party rule and has assumed a leadership role in Southern and Eastern African regional integration. In 1986 Hasin Mwinyi took over from Nyerere as President and ruled up to 1995. Benjamin Mkapa succeeded Mwinyi as president in 1995 under the Chama cha Mapinduzi Party and was reelected again in 2000 presidential elections.

Economic and Social Indicators

Tanzania is one of the poorest countries in the world. Per capita income is estimated at about US\$250 per year. The economy is heavily dependent on agriculture, which accounts for about 50% of GDP and provides 85% of exports and by far the largest employer. The main export commodities are coffee, cotton, minerals, tea and petroleum products. Industry accounts for some 15% of GDP and is mainly limited to processing agricultural products and light consumer goods. The mining sector, tourism sector and informal sector are still to be developed.

Following the Arusha Declaration in 1967, Tanzania launched a socialist development agenda with broad state controls. These policies provoked a long-term economic downsizing and macroeconomic imbalances. In 1986 the Mwinyi government embarked on a broad – based Economic Recovery Program supported by the IMF and WB. This was reinforced by an Economic and Social Action Program in 1989. Under these two programs, government worked to dismantle the system of state controls and promote private sector expansion. During 1986 to 1994 the economy recovered and recorded an annual growth rate of 4%. However in 1995 the economy declined due to poor macroeconomic management which led to deferment of World Bank and IMF programs. But Mwinyi's successor in 1995, President Benjamin Mkapa reached an agreement with the IMF which focused on instituting structural reforms. The combination of government-led reforms and development assistance has resulted in a real GDP growth rate averaging about 4% since 1996. Tanzania is ranked 140 out of 174 countries in the Human Development Index 2001. Life expectancy in 1998 was 48 years.

· Population	32 million
· Spending on Health	1.5 % GDP
· Spending on education	3.1% GNP
· Spending on debt service	3.1% GNP
· Percentage of people without safe water	51%
· Percentage of children under 5 malnourished	31%
· Percentage of population living on less than a \$1 (2)	n/a

Debt Analysis

Tanzania's total external debt was US\$7,2 billion in 2000 and dropped to US\$6.6 Billion in

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

2001. It is classified as a severely indebted poor country, HIPC country. The debt is split evenly between that owed to bilateral and multilateral creditors, with a small amount owed to private lenders. The top five bilateral creditors are Japan, United Kingdom, Italy, Belgium and France. Tanzania's debt to export ratio is 484% and three times higher than the level defined by the World Bank and IMF as sustainable. The actual debt service rose by 48% in 1998 and the government spends 3.1 % of economic output on debt service, the equivalent of education spending and more than twice the amount spent on health.

The debt crisis has meant massive retrenchments, a growing income gap, and galloping inflation, skyrocketing of basic commodities, illiteracy and outbreak of diseases in an era of HIV/AIDS pandemic.

Tanzania's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total External Debt	US \$ Billion	0.212	5 322	6 451	7 235	7. 415	7 362	7 129	7 633	6 385	7. 2
Debt per capita	US\$	-	286	253	251	245	241	232	238	194	212
Multilateral Debt	US \$ Billion	0.38	0.566	1.980	2.659	2.796	2.881	2.924	3.140	3.274	3.278
Bilateral Debt	US \$ Billion	0.129	2.476	3.335	3.084	3.010	2.828	2.855	3.059	3.191	2.851
Private Debt	US \$ Million	6	256	469	392	405	380	243	233	221	197
Total External Debt / Export	%	-	689.6	1185.7	747.9	571.7	518.2	568.2	646.6	658.1	555.7
Total External Debt / GNP	%	-	-	158.5	166.3	144.5	115.6	94.0	89.4	95.9	82.9
Annual Debt service paid	US \$ Million	7	53.5	179	184	232	232.3	161	246	193.8	217
Total Debt service Exports	%	-	21.2	32.9	19.0	17.9	19.1	13.2	21.0	16.2	16.2 /
Grants received	US \$ Million	6	485	677	565	451	431	431	650	574	730
Rescheduled Debt	US \$ Million	-	-	183	9	0	33	761	153	68	523
Debt Amount forgiven	US \$ Million	-	-	102	85	140	30	246	70	26	361

- Not Available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Global Development Finance 2002

The debt overhang reduced the amount of foreign exchange available to purchase imports leading to severe import strangulation. In turn, import strangulation did hold back export growth thus perpetuating import shortages

ZAMBIA**Political Background**

Zambia gained independence from Britain in 1964, led by President Kenneth Kaunda. In 1990 multi-party democracy was introduced following constitutional changes and the next year Fredrick Chiluba, leader of the Movement for Multi-party Democracy (MMD), defeated Mr Kaunda and his United National Independence Party (UNIP) in presidential and general elections. Mr Chiluba was re-elected in 1996. Mr Levy Mwanawasa replaced Mr Chiluba in 2002. Former president Kaunda led the main opposition party until his retirement in early 2000 when he handed over to Francis Nkhoma and became an international statesman for Africa. Zambia's stability is threatened by conflicts in neighbouring Angola and the Democratic Republic of Congo. The next presidential elections are due in October 2001.

Economic and Social indicators

Upon independence from Britain in 1964, Zambia embarked upon a policy of controlling and nationalizing the economy. The economy is heavily dependent on the mining of copper, cobalt, and zinc and very little agricultural production. The economy's mainstay, copper mining was nationalized. During the 1970s copper prices on the international market declined whilst the prices of oil increased, and this has devastating effects on the economy. This meant that Export earnings for the country began to decline and this was the turning point in the Zambian economy. The country's GNP per capita began to fall through the last ten years to a figure of \$320 in 1999, about half the 1980 level. Heavy dependence on copper mining helps to explain the economic collapse. Copper and other metals comprise around three quarters of the country's export earnings. The economic reforms introduced in 1992 saw the GDP growing by 2.4% in 1999 and 4% for 2000 and 4.5% in 2001. The country's economic reforms hinges on the privatization of the copper mines and continued growth in the agricultural sector.

Social indicators are poor with 20% of the population affected by HIV / Aids, yet Zambia spends \$14 per capita on health compared to an average of \$2,500 for high income countries. Spending on Debt service is 6.4% of GNP more than on health and education combined. Life expectancy is only 43 years and Zambia is ranked 143 out of 174 countries on the Human Development Index 2001.

• Population:	9.9 million
• Spending on health:	2.3% GDP
• Spending on education:	2.2% GNP
• Spending on debt service:	6.4% GNP
• People without access to safe water:	57%
• Percentage of children under 5 malnourished:	42%
• Percentage of population living on less than \$1 (\$2):	72.6% (91.7%)

Debt analysis

Zambia's debt stock has more than doubled since 1980, and in 1998 stood at US\$6.8 billion, and US\$6,2 as of 2000.. Half the debt is owed to multilateral creditors, chiefly the World Bank's IDA and the IMF, African Development Bank and another 40% owed to bilateral creditors of

which Germany and Japan are the largest. Upon independence from Britain in 1964, Zambia embarked upon a policy of controlling and nationalizing the economy. The economy's mainstay, copper mining was nationalized. During the 1970s copper prices on the international market declined whilst the prices of oil increased. This meant that Export earnings for the country began to decline whilst the external debt position began to worsen. The debt overhang emerged in the 1980s when the Country's economic performance started deteriorating rapidly and the balance of payment position deepened from bad to worse.

The debt situation was exacerbated by the government's cancellation of the IMF Stabilization Programme in 1987, which resulted in the suspension of external financing by donors. During this period the country accumulated external payments arrears of over US\$3 Billion. Consequently, debt to Gross Domestic Product ratio rose to over 200% while debt service ratio rose to over 50% in the 1990s. Zambia scheduled debt service ratio currently is over 31%. The total debt stock represent a per capita debt stock of almost US\$700 against a per capita income of US\$358.

Part of the total debt includes Zambia's current US\$300 million PRGF arrangement with the IMF which includes policies to privatize the country's copper mines, delays in the implementation of which have resulted in the PRGF being extended over four years to 2003. Zambia's debt to export ratio is 438%, far in excess of the 150% considered sustainable by the World Bank/IMF. Zambia's last meeting with official Paris Club creditors in April 1999 resulted in the rescheduling of US\$1.1 billion of debt. Decision point for relief under the HIPC initiative is scheduled for December 2000. Estimates from the preliminary HIPC document project that Zambia will receive US\$4 500 million in debt relief (US\$2,468 million NPV). Zambia faces increased payments after decision point because of very high repayments to the Creditors and donors are looking for ways to mitigate this, but it is another clear example of the inadequacy of HIPC relief.

The Zambian government between 1990 and 1993 invested US\$37 million in primary education whilst paying US\$1.3 Billion in debt servicing. In 1995 the government spent six times less per inhabitant on primary education than 10 years earlier and 30% less on the health budget.

Zambia's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total External Debt	US \$ Billion	0.814	3 244	6 916	6 804	6.953	7 054	6 654	6 865	6 717	6.2
Debt per capita		263	565	889	778	788	766	705	710	680	700
Multilateral Debt	US \$ Billion	0.61	0.393	1.400	1.940	2.127	2.169	2.167	2.242	2.331	2.409
Bilateral Debt	US \$ Billion	0.59	1.091	2.708	2.989	2.948	3.018	2.908	2.965	2.135	2.008
Private Debt	US \$ Million	503	639	444	245	210	177	170	113	33	32
Total External Debt / Exports	%	-	199.7	507.8	529.4	481.3	575.2	457.6	662.4	611.8	578.1
Total External Debt /GNP	%	46.7	90.3	229.9	218.7	215.4	230.2	179.6	227.1	198.6	205.3
Annual Debt service paid	US \$ Million	76	410	202	376	2.623	251	245	202	43.9	186
Total Debt Service/Exports	%	-	25.2	14.9	29.2	181.6	20.4	16.9	19.5	45.8	18.7
Grants	US \$ Million	2	72	663	355	362	273	250	257	347	415
Rescheduled Debt	US \$ Million	-	-	690	146	20	203	127	78	274	169
Debt Amount Forgiven	US \$ Million	-	-	114	96	1	23	1	2	53	39

- Not available

Sources

World Bank Development Indicators 2000
African Development Indicators 2001
The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
World Human Development Report 2001
Global Development Finance 2002

ZIMBABWE**Political Background**

Zimbabwe gained independence from Britain in 1980, with the Zimbabwe African National Union-Patriotic Front (ZANU-PF) winning the elections and Robert Mugabe becoming the first Prime Minister. This followed over a decade of armed liberation struggle against the unilaterally imposed white minority rule of Ian Smith. In 1987, Mr Mugabe became president and ZANU merged with the Zimbabwe African People's Union (ZAPU), increasing the grip on power of the ruling party. Zimbabwe has had troops committed in the war in Democratic Republic of Congo (Kinshasa), fighting on the side of the DRC Congo government since 1998, a war that is costing Zimbabwe \$millions of dollars each year. Elections held in June 2000 were won by the ruling ZANU-PF party, 62 seats, with the major opposition Movement for Democratic Change (MDC) winning 57 of the 120 contested seats, and one won by ZANU Ndonga. The MDC is led by former Labour Union Secretary General Morgan Tsvangirai. The land distribution issue dominated the political agenda during the year 2000.

Economy and Social indicators

When it gained independence in 1980, Zimbabwe experimented with socialist transformation theories until 1990 when it adopted IMF funded economic structural reform programme. Zimbabwe is currently facing its worst economic crisis, characterized by flight of investors and donors, run-away inflation, fuel and foreign currency shortage that has disrupted the normal functioning of the economic activities.

The economy depends significantly on agriculture and mining. The manufacturing sector is relatively well developed and contributes about a third of GNP. Zimbabwe's per capita income is \$620. Land ownership is very unequal with the 70,000 whites in Zimbabwe owning 70% of the land. The main crops are cotton, tobacco and sugar cane, and gold is the main mineral export. Tourism has expanded rapidly since 1980.

In the late 1997 one year after the economy recorded a 6% growth, the economic fundamentals went askew following a Z\$5 Billion unbudgeted payout of gratuities to former fighters of the second liberation war, poor export performance and increased speculation on foreign currency markets. However, the economy is suffering from a dramatic fall in confidence due to the cost of the war in the DRC, the unresolved land issue and increasing social and political uncertainty. Zimbabwe is "off track" with its IMF programme, signed in August 1999, because of the high levels of the budget deficit and concerns over the land issues. The IMF withheld balance of payment support in 1999 and funding of the economic reform programme because of missed financial targets.

ESAP and the deepening indebtedness have exacted a heavy taken toll on human development in Zimbabwe. Many in the rural and urban areas live in abject poverty with lives degraded by disease, illiteracy, malnutrition and squalor. AIDS is sweeping the country with an estimated 25% of the adult population HIV positive. Per capita health spending of 1998 was below Z\$35, spending on Health is 3.1% of GDP as compared to 16.6% spending on debt service. About 36.6% of the population is living on less than one US\$1. Life expectancy in 1998 was 55 years and Zimbabwe is ranked 117 out of 174 countries on the Human Development Index 2001.

AFRODAD

· Population:	11.7 million
· Spending on health:	3.1% GDP
· Spending on education:	7.1% GNP
· Spending on debt service:	16.6% GNP
· People without access to safe water:	23%
· Percentage of children under 5 malnourished:	21%
· Percentage of population living on less than. \$1 (\$2):	36% (64.2%)

Debt analysis

Zimbabwe's debt stood at \$4.5 billion as of year 2001, six times the 1980 level and is running into arrears of US\$70 million. The country is not classified as a HIPC. The country has defaulted on its debt repayment to the WB, IMF, ADB and various other multilateral lenders. About half of long-term debt is owed to multilateral creditors and a third to bilateral creditors. The top five bilateral creditors are Germany, France, Finland, Japan and Italy. Germany is the largest G7 creditor and is owed \$258 million. The government paid just under a \$1 billion in debt service in 1998 compared to US\$2.6 Billion in export receipts and \$153 million received in grants. The debt service ratio was for the year was 38%, a proportion too high by any standard. It was the last year Zimbabwe paid its foreign debt.

In 1999 Zimbabwe defaulted in foreign debt payments to the extent that clearing the external debt was in direct competition for local resources with the demand for savings for productive investment, in health and social sectors. However, the steady deterioration in the economy since 1998 has led to widening budget deficits and de facto default with significant build up of arrears. In October 2000 the World Bank announced a halt in lending to Zimbabwe due to the failure to meet its debt service obligations, an indication of the increasingly troubled economic and political environment. In mid-September 2001 the IMF after its annual Article IV consultation called on Zimbabwe to clear its US\$70 million arrears to various creditors before financial assistance resumed.

The increase in debt stock could have been lower had there been no suspension of Balance of Payment Support. The increase in debt over the years was without any commensurate increase in the economic growth to sustain its servicing in future. The debt per capita currently, 2001 is US\$670. The export proceeds as % of debt in 2000 was 0.5. During the 1990s, Zimbabwe was less indebted relative to its economy and exports than many other African states, and it was not included in the HIPC programme. The country has also never received a rescheduling at the Paris Club of bilateral creditors.

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

Zimbabwe's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total External Debt	US\$ Billion	0.232	786	3 247	4 537	5 007	4 994	4 924	4 716	4 491	4 372
Debt per capita	US\$	97	112	333	421	443	438	429	403	377	364
Multilateral Debt	US\$ Billion	0.41	0.3	0.637	1 520	1 632	1 575	1 612	1 715	1 622	1 484
Bilateral Debt	US\$ Billion	0.44	0.98	0.871	1 193	1 174	1 151	1 037	1 198	1 235	1 141
Private Debt	US\$ Million	145	595	957	695	673	583	455	419	364	322
Total External Debt / Exports	%	-	45.6	159.6	190.7	182.9	159.6	158.9	183.5	192.5	187.7
Total External debt GNP	%	12.5	11.9	38.2	68.6	73.7	59.7	60.2	79.6	88.9	56.0 /
Annual Debt service paid	US\$ Million	9	65	471	603	645	661	686	981	648	471
Total debt service/ exports	%	-	3.8	23.2	25.4	23.6	21.2	22.2	38.2	27.3	22.1 ex
Grants	US\$ Million	0	127	199	264	308	209	126	154	140	114
Rescheduled Debt	US\$ Million	-	-	0	0	0	0	0	0	0	0
Debt Amount forgiven	US\$ Million	-	-	0	0	0	0	0	0	0	0

- Not available

Sources

World Bank Development Indicators 2000
 World Human Development Report 2001
 African Development Indicators 2001
 Global Development Finance 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000

The existing initiatives do not adequately address Africa's debt crisis. In particular, the debt-negotiating framework within the Paris Club is undemocratic. The creditors make all the rules and decisions on how to resolve the Debt crises. The creditor-proposed Debt Sustainability Analysis (DSA) is not appropriate to deal with the debt crises as the required thresholds of debt-export ratios are far to high for the debtor countries to achieve.

WEST AFRICA COUNTRIES

BENIN

Political Background

Benin gained independence from France in 1960 as the Republic of Dahomey and was re-named Benin in 1975. From 1972 there was a military government under Mathiet Kerekon, which adopted Marxist Leninist policies until the end of the 1980s, when a multi-party democracy was established. Elections led to over 20 parties represented in the assembly and resulted in coalition governments. Former prime minister Nicephore Soglo was president from 1991-1996, but lost out to former military leader Mr Kerekou in the 1996 elections. The development of multi-party democracy in Benin has been peaceful, benefiting from an active press and civil society.

Economic and Social Indicators

The economy is mainly dependent on agriculture, with subsistence production of cotton, maize, cassava, rice, beans and fruits. Chief exports are palm oil products, cotton, coffee and cocoa. Since 1996 the economy has been growing at an average of 5% per annum. Benin is a member of the CFA franc zone. The industrial sector contributes around 5% of GNP and is based on the processing of primary products. Production of oil and gas from offshore fields is enough to meet domestic demand. The economy benefits from foreign remittances, transit trade and aid flows, but these are not enough to offset the persistent trade deficit. Benin's population is just under six million, and per capita income is estimated at US\$380. The country has close relations with the IMF and World Bank and has carried out structural adjustment policies since 1989. Benin was ranked 147 out of 174 countries on the Human Development Index in 2001 and life expectancy for the same year was 53 years.

· Population:	5.9 million
· Spending on health:	2% GDP
· Spending on education:	3.2% GNP
· Spending on debt service:	2.7% GNP
· People without access to safe water:	50%
· Percentage of children under 5 malnourished:	25%
· Percentage of population living on less than \$1(\$2):	n/a

Debt analysis

Benin's total external debt at the end of 2001 was US\$1.4 billion or 70% of GNP. The country is classified as a moderately indebted low - income country, rather than a severely indebted one as most of the other HIPC's. Nevertheless, debt is a serious impediment to development

for Benin, consuming 15% of export revenues and a quarter of government revenue. In 1999 its debt per capita was US\$232, which is too high considering the capacity of the country to repay. The debt to export ratio since 1985 up to 1998 has been above 150%, which is considered sustainable by IFIs. Multilateral institutions are the largest group of creditors and are

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

owed over half of the debt (in net present value terms), followed by non-Paris Club creditors (36%) and Paris club creditors (13%). Most of Benin's debt arrears are to Nigeria and Russia. Benin went to the Paris Club in 1996 and received a reduction in its (Paris Club) debt stock of two thirds. It was assessed under HIPC 1 and reached decision point in 1997. However, under the sustainability targets used, Benin was declared sustainable and therefore not eligible for extra relief under HIPC. The G8 summit in Cologne and the decision to lower the targets for sustainability changed the outlook for

debt relief for Benin. As a consequence Benin reached the enhanced HIPC decision point in July 2000, which is set to result in a reduction of the country's total debt by US\$460 million in nominal terms (US\$265 million NPV), about 25% of its total debt. Benin started a new US\$38 million 3 year PRGF arrangement with the IMF in July 2000.

Benin's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total External debt	US\$ Billions	0.041	0.424	1 292	1 589	1.614	1 594	1 624	1 647	1 419	1.4
Debt per capita	US\$	67	123	273	298	289	283	280	277	232	232
Multilateral Debt	US\$ Millions	0	104	537	779	871	902	871	933	957	947
Bilateral Debt	US\$ Millions	29	113	665	704	608	541	521	535	512	493
Private Debt	US\$ Millions	11	118	17	4	4	4	3	4	3	3
Total External Debt /Exports	%	-	133.1	277.9	247.9	221.0	206.4	257.3	244.8	242.0	263.4
Total External Debt / GNP	%	12.6	30.2	71.5	108.7	82.1	73.7	80.4	73.2	72.9	74.4
Annual Debt service paid	US\$ Millions	2	20	38	41	50	46	55	61	70	77
Total Debt service Exports	%	-	6.4	8.2	6.4	6.8	5.9	8.7	9.0	10.0	12.6 /
Rescheduled Debt	US\$ Millions	-	-	12	6	6	129	0	0	0	53
Grants	US\$ Millions	9	41	110	108	149	123	126	120	98	145
Debt Amount forgiven	US\$ Millions	-	-	122	5	137	0	1	0	0	0

- Not available

Sources

- World Bank Development Indicators 2000
- The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
- World Human Development Report 2001
- African Development Indicators 2002
- Global Development Finance 2002

BURKINA FASO**Political Background**

Formerly the French colony Upper Volta, Burkina Faso gained independence in 1960. In 1983 Captain Thomas Sankara seized power and ruled as president until his assassination in a palace coup in 1987. Captain Blaise Compaore' took over as president and in 1991 adopted a new constitution which allowed for multi-party democracy. During the 1990s the country has steadily shifted towards becoming a representative democracy with several multi-party elections on a presidential, parliamentary and municipal level. The political scene is dominated by President Compaore', who won the latest presidential elections in 1998. The ruling party Congres pour la dtmocratie et lc progres (CDP) faces legislative elections in 2002 with the next presidential vote in 2005.

Economy and Social indicators

Burkina Faso is a landlocked country and poorly endowed with natural resources, has no coal, oil or gas and the rural population uses wood as its main fuel. In the agricultural sector, subsistence farming and the nomadic raising of livestock are the main activities with cotton as the major cash crop. The country receives little rainfall. The industrial sector provides less than 20% of economic output. Burkina Faso is a member of the CFA franc zone. The country has close relations with the IMF and World Bank and has followed structural adjustment policies since 1991. Burkina Faso has a population of just under 11 million and an average per capita income of only US\$240. Human development is amongst the lowest in the world, with the country ranked 159 out of 174 countries on the Human Development Index 2001. Life expectancy in 1998 was 44 years and the infant mortality rate is 104 per 1000 live births.

· Population:	10.7 million
· Spending on health:	3.9% GDP
· Spending on education:	1.5% GNP
· Spending on debt service:	2.1% GNP
· People without access to safe water:	58%
· Percentage of children under 5 malnourished:	33%
· Percentage of population living on less than \$1(\$2):	61.2% (85.8%)

Debt Analysis

Burkina Faso's total external debt was US\$1.4 billion in 2000, with over 80% owed to multi-lateral creditors. The debt to export ratio at 274% is well above the sustainable level in IMF/World Bank terms. In 2000 the debt per capita was US\$132. Since 1980, the amount going debt service has been increasing from US\$22 million in 1980 to US\$55 million in 2000. There is virtually no foreign direct investment, and although the government receives substantial aid (15.5% of GNP in 1998), the equivalent of one quarter of US\$214 million grants received were spent on servicing the debt in 1998. Burkina Faso is classified as a Heavily Indebted Poor Country by the World Bank/IMF and reached its first decision point under HIPC in September 1997, a package reducing external debt by US\$400 million (US\$229 million in NPV). In September 1999 the IMF approved a new three-year ESAF programme and provided a loan of US\$53 million to support the government's economic programme. In July 2000 Burkina Faso reached the enhanced decision point under HIPC and as a result is set to gain an

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

additional US\$300 million (\$169 NPV) in debt relief, bringing the total relief from HIPC 1 and HIPC 2 to US\$700 million (US\$398 NPV). This is equivalent to a 47% reduction in the country's total debt stock. Burkina Faso became only the second country to complete a full PRSP with approval by the IMF and World Bank boards in July 2000.

Burkina Faso's Selected External Debt Indicators.

	UNIT	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total External Debt	US\$ Billions	0.021	0.330	0.834	1 129	1,267	1 294	1 297	1 399	1 452	1. 432
Debt per capita	US\$	19	47	94	116	119	126	124	130	132	130
Multilateral Debt	US\$ Millions	0	142	565	881	984	1,021	1,003	1,100	1,144	969
Bilateral Debt	US\$		21	119	147	154	147	134	132	130	151163
Private Debt	US\$ Millions	0	20	38	4	5	4	4	4	4	3
Total External Debt / Exports	%	-	88.0	164.6	312.6	292.1	308.4	341.0	288.5	387.8	421.8
Total External Debt / GNP	%	4.9	19.5	30.2	64.9	58.3	52.4	57.1	56.8	62.2	61.3
Annual Debt service paid	US\$ Millions	2	22	34	44	49	49	52	53	63	55
Total Debt Service Exports	%	-	5.9	6.8	12.1	11.2	11.6	13.5	10.9	15.5	17.3 /
Rescheduled Debt	US\$ Millions	-	-	0	0	0	44	1	0	14	13
Grants	US\$ Millions	13	88	158	212	242	234	210	214	226	375
Debt amount forgiven	US\$ Millions	-	-	5	123	15	3	1	1	0	0

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Global Development Finance 2002
 Selected Statistics of Selected African Countries- ADB

CHAD**Political Background**

After achieving independence from France in 1960, Chad has suffered long periods of civil war and foreign intervention. Hissene Habre' seized power in 1982 and remained president up to 1990. Initially supported by the US and France during the last years of the Cold War, his regime was accused of widespread human rights violations. Mr Habre was overthrown in December 1990 after a French-supported invasion from Sudan and was replaced by current president Idriss Deby. Multiparty elections were held for the presidency in 1996 and Mr Deby won with 67% of the vote. The Patriotic Salvation Movement (MPS), the president's party obtained a majority of seats in the National Assembly after elections in 1997. Democratic progress was disrupted by violent clashes between the army and rebel groups in southern Chad in late 1997. Although a peace agreement was signed in May 1998, fighting continues in both northern and southern regions of the country.

Economy and Social indicators

The mainstay of the economy is subsistence farming and rearing livestock, with cotton being the main cash crop accounting for half of the exports. Agriculture generates 40% of GDP. Chad is one of the poorest countries in the world with a per capita income of US\$230 in 1998. The country is highly dependent on foreign aid which represent 60% of government development expenditures. Political instability has severely affected the economy in the past, especially in the late 1980's. The country adopted a 3 year economic reform programme but implementation of these reforms has been hampered by weak institutional capacity. The development of the oil reserves in southern Chad and their export via a pipeline to Cameroon could bring major changes in GNP and government revenue by 2005. The project is part-financed by the World Bank. The president has pledged to invest oil revenues in education, health and rural development. Poor social indicators include a life expectancy of 48 years in 1998 and the country is ranked 155 on the Human Development Index Rank 2001.

• Population:	7.3 million
• Spending on health:	3.1% GDP
• Spending on education:	1.7% GNP
• Spending on debt service:	2.2% GNP
• People without access to safe water:	76%
• Percentage of children under 5 malnourished:	40%
• Percentage of population living on less than \$1(\$2):	n/a
• Per capita income	US \$230

Debt analysis

Chad's total debt stock for 2000 amounted to US\$1.1 billion, which dropped to US\$960 million in 2001. About 80% of the debt is owed to multilateral creditors, mainly the World Bank's IDA and the African Development Bank. Former colonial rulers France are owed the highest proportion of bilateral debt. The key indebtedness ratio of present value of debt to exports stands at 211% for 1998, which is above the sustainable level as defined by the World Bank. In 2001 the debt per capita was US\$122, which is too high, against a decline in economic growth which in 2000 recorded 3.1%. For every dollar received in aid grants in 1998, Chad paid out US\$0.43 in debt service. In 1999, Chad paid US\$32 million in debt service, at the

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

same time it is experiencing decline in aid flows since 1985. Chad has been to the Paris Club three times, the latest visit in June 1996. An economic reform programme was adopted by Chad in 1995 and after several disruptions the programme was completed in 1999. A further three-year US\$50 million IMF PRGF arrangement was started in July 2000 and the IMF/World Bank have accepted an Interim PRSP. Chad's decision point for relief under the HIPC initiative was forecast for May 2001 when the country will begin to receive US\$250 million in nominal debt relief (US\$157 million NPV), an amount equivalent to only a 25% reduction of the total debt.

Chad's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total External Debt	US\$ Million	35	284	524	828	902	997	1 026	1 091	944	1. 1
Debt per capita	US\$	12	63	265	123	134	145	145	150	126	139
Multilateral Debt	US\$ Million	2	75	332	603	675	733	751	814	866	840
Bilateral Debt	US\$ Million	23	131	123	150	156	164	171	174	163	154
Private Debt	US\$	8	54	9	6	2	17	17	17	16	15
Total External Debt / Exports	%	-	398.2	191.1	195	235.0	181	190	211	319.3	482.1
Total External Debt / GNP	%	7.5	27.4	30.3	71.9	64.0	62.5	68.8	66	73.7	79.9
Annual Debt service paid	US\$ Million	3	6	12	18	16	30	35	36	32.4	26
Total Debt Service / Exports	%	-	8.4	4.4	9.2	4.1	8.6	10.2	9.2	11.0	9.3
Grants	US\$ Million	11	22	147	115	121	124	107	83	61	61
Rescheduled Debt	US\$ Million	-	-	8	0	56	33	10	3	0	0
Debt Amount forgiven	US\$ Million	-	-	-	12	0	55	11	2	2	0 0

-Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

COTE D'IVOIRE**Political Background.**

Cote d'Ivoire gained independence from France in August 1960. For the following 33 years the country's first president Houphouet-Boigny served as head of state. After his death in 1993, the presidency passed to Henri Konan Bedie', who was the leader of the Parti Democratique de la Cote d'Ivoire (PDCI). The movement towards multi-party democracy began in 1990 with the country's first multi-party elections. A relatively peaceful political climate was shattered by the Cote d'Ivoire's first military coup in December 1999. Sparked by a dispute over military pay and allegations of corruption the coup d'etat deposed President Bedie' and replaced him with General Robert Guei. A transitional government was appointed by the military rulers, and General Guei claimed victory in flawed elections in October 2000. However, a popular uprising rejected the outcome claimed by General Guei and brought to power instead, the main contender in the elections, Laurent Gbagbo.

Economy and Social indicators

The economy is largely dependent on agriculture; cocoa and coffee are two main export crops providing over 40% of the GDP for the country. The country is the world's largest producer of cocoa and the agricultural sector employs over half of the workforce. The industrial sector accounts for about a fifth of economic output. Since 1999, the country has not received budgetary support from donors due to poor economic management performance and governance problems. The decline in the prices of cocoa on the international market led to a slump in the economic growth in 1999. Real GDP growth for 1999 was 2.8% and for 2000 was estimated to be 2%. France is the largest trading partner but exports to other African nations have been increasing during the 1990s. Cote d'Ivoire is a member of the Economic and Monetary Union of West Africa (UFMOA). Cote d'Ivoire's population is 14.5 million, and per capita income is US\$700. Life expectancy was 46 years in 1998 and the country is ranked 144 on the Human Development Index 2001. Spending on health is 1.4% of the GDP, and on education is 5% of GNP as compared to 13.5% of GNP on debt service, which is really unacceptable.

· Population	14.5m
· Spending on health	1.4% GDP
· Spending on education	5% GNP
· Spending on debt service	13.5% GNP
· People without access to safe water	28%
· % of children under 5 malnourished	24%
· % of population living on less than \$1:	12.3% (49.4%)

Debt Analysis

Cote d'Ivoire's total external debt was US\$13.01 billion in 2001. It is one of the highly indebted African countries, with one of the highest debt per capita of over US\$1000 since 1990. In 1999 the debt per capita was US\$1 072. The debt to export ratio of 246% in 1998 was too high and unsustainable. In debt service, Cote d'Ivoire has been paying too much to its creditors. Since 1980, it has been paying over a billion US\$. In 1999, it paid US\$1.4 billion. This is estimated to be 13.5% of GNP. Despite its widespread poverty Cote d'Ivoire paid out over two and a half times as much in debt service as it received in aid grants. It spent more than twice as much on debt service as on health and education combined in 1998. Since 1996, the

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

economic growth has been declining to a record of 2% in 1999. Decline in economic growth means that the country won't be able to service its debt, hence the debt crisis. The country was responsible for the introduction of the fiscal indicator in the HIPC initiative. Former colonial power France, lobbied hard for its inclusion, but given the large exports of the country another method of assessing debt sustainability had to be introduced. This served to underline the political nature of the HIPC programme, despite claims to the contrary by the IMF and World Bank. The profile of the debt has shifted, as in many HIPC, from being owed predominantly to private creditors in 1980 to bilateral and multilateral creditors today. France is by far the largest creditor and is owed US\$2.6 billion. Cote d'Ivoire passed its first decision point under HIPC I in March 1998 and is due to receive US\$800 million (US\$345 million NPV) in debt relief in March 2001. This figure will be increased under HIPC 2 with the second decision point also expected in the first half of 2001. However despite additional assistance the country is still likely to face hefty debt repayments after passing through HIPC.

Cote d'Ivoire's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total External Debt	US\$ Billion	0.374	7 462	17 251	17 395	18.899	19 524	15 609	14 852	14.9	11.2
Debt per capita	US\$	911	1 482	1 325	1 387	1 406	1 098	1 025	1 072	700	
Multilateral Debt	US\$ Billion	0.014	0.523	3.585	3.715	3.900	3.665	3.301	3.491	3.148	2.958
Bilateral Debt	US\$ Billion	0.129	0.724	4.101	4.927	5.317	5.122	4.605	4.812	4.108	3.711
Private Debt	US\$ Billion	0.112	3.080	2.980	2.599	2.685	2.580	2.521	2.497	2.443	2.394
Total External Debt / Exports	%	-	205	484.5	486	417.5	299	305	246	383	261
Total External Debt /GNP	%	26.4	77.1	187.3	252.4	209.9	196.6	158.1	138.9	128.0	140.9
Annual Debt service paid	US\$ Billion	0.043	1 407	1 262	1 244	1,046	1 375	1 360	1 384	1 394	1,020
Total Debt Service / Exports	%	-	38.7	35.4	35.2	23.1	26.5	26.2	25.7	26.8	22.4
Grants	US\$ Million	12	27	287	683	454	497	303	513	367	238
Rescheduled Debt	US\$ Million	-	-	930	645	381	315	2 612	319	67	72
Debt Amount forgiven	US\$ Million	-	-	50	1.352	292	8	0	103	16	22

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

GAMBIA**Political Background.**

The Republic of Gambia gained independence from the United Kingdom in 1965. Sir Dawda Jawara of the People's Progressive Party (PPP) was president of the country for 29 years. He was eventually deposed by a military take-over in July 1994, and Lieutenant Yahya Jammeh became chairman of an Armed Forces Provisional Ruling Council (AFPRC). Economic decline and international pressure forced the military leaders to shorten the initial four-year period for transition back to democracy and constitutional rule was reestablished following presidential elections in September 1996 and legislative elections in early 1997. The ruling Alliance for Patriotic Reorientation and Construction party (APRC) has faced internal political unrest, with an attempted military coup in January 2000, and violent student demonstrations in April 2000. The country also remains vulnerable to tensions in the Casamance region of neighboring Senegal and social tensions in Guinea - Bissau. The country has large inflows of refugees.

Economy and Social Indicators

Gambia has a very narrow economic base comprised mainly of manufacturing and tourism. Groundnuts and tourism are the major sources of foreign exchange. In 1999 the economic growth was poor although it was estimated to grow by 5.6 %. The Gambia has a population of 1.2 million, with per capita income US\$340 in 1998, lower than the 1980 level. Latest figures indicate that over half the population live on less than US\$1 per day. Life expectancy was 53 years in 1998 and the country has a ranking of 149 on the Human Development Index 2001.

· Population:	1.2 million
· Spending on health:	3.1% GDP
· Spending on education:	4.9% GNP
· Spending on debt service:	6.4% GNP
· People without access to safe water:	24%
· Percentage of children under 5 malnourished:	30%
· Percentage of population living on less than \$1 (\$2):	53.7% (84%)

Debt Analysis

Total external debt stock for The Gambia has steadily increased over the last ten years from US\$369 million in 1990 to US\$500 in 2001, with a debt per capita of US\$385. Three quarters of long-term debt is owed to multilateral creditors, mostly to the World Bank's IDA and African Development Bank. France is the largest bilateral creditor. The debt to export ratio of US\$111 in 1998 is within the World Bank sustainable range of US\$150, when measured on a debt to exports basis, but because exports are large relative to the economy the country is likely to have its debt sustainability measured under the fiscal criterion of the HIPC initiative. Most of the scheduled debt has been paid for the last few years according to latest data. However external debt still poses a significant problem for the economy with US\$1.09 spent on servicing the country's debt for every dollar received in aid grants. As a proportion of GNP, the amount paid for debt servicing is twice that spent on health.

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

Gambia signed an agreement with Paris Club creditors in September 1986, which rescheduled US\$19 million of debt. The country was not even classified by the World Bank as a HIPC at the beginning of the year but has now been included in the initiative. It reached decision point in December 2000 and received US\$0.1 million. The amount committed under HIPC is US\$1.8 million. The Gambia has therefore been a beneficiary of the pressure now being excited within the IMF and World Bank to get countries through the HIPC process more quickly

Gambia's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total External Debt	US\$ Million	5	137	369	425	427	460	434	477	432	470
Debt per capita	US\$	214	401	394	394	400	368	378	446	380	
Multilateral Debt	US\$ Million	0.0	40.9	203.1	303.5	326.2	327.5	326.0	347.4	345.6	340.7
Bilateral Debt	US\$ Million	5.1	32.5	87.0	64.0	60.0	85.3	76.0	86.0	84.3	83.7
Private Debt	US\$ Million	0.0	23.9	18.3	0.5	0.2	0.0	0.0	0.0	0.8	0.7
Total External Debt /Exports	%	-	206.5	217.5	111	235.9	113	106	111	193	271
Total External Debt / GNP	%	9.8	57.7	126.7	118.2	113.3	117.5	106.0	112.3	109.4	113.4
Annual Debt service paid	US\$ Million	0.1	4.1	37.7	31.1	26.6	28	26.7	26.1	21.2	19
Grants	US\$ Million	0.1	27.2	44.7	37.6	17.6	12.9	16.8	24.0	13.9	21.7
Rescheduled Debt	US\$ Million	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt Amount Forgiven	US\$ Million	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2001
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

In terms of economic justice, equity and rights the responsibility of both the Creditor and Debtor governments is crucial to resolving the persistent debt crisis. Equally, the issues of power imbalance which underlie the debt crisis and for which the debt crisis is a symptom of, must be resolved on the basis of economic justice, equity and rights.

GHANA**Political Background**

Ghana was the first African country to gain independence in 1957. Kwame Nkrumah became the first president. He was overthrown in a coup in 1966. A succession of military and civilian governments followed. In 1979 Jerry Rawlings seized control of the country in a coup and shortly afterwards handed authority back to President Limann's civilian government. Rawlings again seized power in 1981 and since then has continued to lead Ghana. In the year 2000, presidential and parliamentary elections were held and were won by Mr John A. Koufor, of the New Patriotic Party (NPP). He took over from President Jerry Rawlings, who governed Ghana for two decades. The political transition has proceeded peacefully and is regarded as a major achievement for Ghana and Africa in general.

Economic and Social indicators

The country's economy is mainly rural, with agriculture accounting for about 60% of the labor force. For its export income Ghana relies heavily on cocoa, with timber and pineapples the other main export crops. More recently gold mining has become a large source of foreign exchange. The country has been implementing a programme of economic structural reforms with the support of the IMF and World Bank. The country is seen as one of the IMF and World Bank's model countries, having undertaken and satisfactorily according to WB/IMF completed structural adjustment programmes stretching back to 1983. However the country's macroeconomic conditions are not favorable for growth, with decline of terms of trade, high inflation, shortfalls in external assistance and privatization receipts.

Ghana has a population of 18.5 million and a per capita GNP of \$390, which is low. Ghana has a Human Development Index 2001 ranking of 119 out of 174 countries. Average life expectancy at birth is 60 years whilst adult literacy stands at 66%. Over one third of Ghanaians have no access to safe drinking water

· Population:	18.5 million
· Spending on health:	1.8% GDP
· Spending on education:	4.2% GNP
· Spending on debt service:	7.7% GNP
· People without access to safe water:	44%
· Percentage of children under 5 malnourished:	26%
· Percentage of population living on less than \$1(\$2):	78.4%

Debt Analysis

Ghana is classified as a severely indebted poor country. Over the last 20 years Ghana's debt stock has steadily risen as shown on the table below, reaching a new high of US\$6.88 billion in 1998, which slightly dropped to US\$6.297 in 1999, with a debt per capita of US\$332. Since 1994, its debt to export ratio has been above 150%, which is considered sustainable by the WB/IMF. In 1998 it was 172%. Two thirds of the long-term debt is owed to multilateral creditors, mainly the World Bank's IDA. A quarter is owed to bilateral creditors, which are Canada, Denmark, France, Germany, Japan, Netherlands, UK and USA, the largest being Japan.

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

Multilateral donors include the African Development Bank, European Union, WB and IMF. Coinciding with the debt stock rise, Ghana's annual debt service payments have also increased and in 1998 totaled US\$580 million. Since 1987, Ghana has paid most of its debt service due, a figure totaling around US\$3.5 billion. Over, the country is seen as one of the IMF and World Bank's model countries, having undertaken and completed structural adjustment programmes stretching back to 1983. On top of this, new World Bank and IMF programmes have also recently been agreed. However, late last year Ghana decided not to pursue HIPC debt relief as Japan, a major donor to Ghana, stated they would not give loans to any country which chooses to go through the HIPC initiative. Sustained pressure from Japan has led the government to opt out of HIPC relief.

Ghana's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total External Debt	US\$ Billions	0.571	1 402	3 881	5 472	5 936	6 442	6 352	6 884	6 297	6.5
Debt per capita	US\$	76	130	260	329	346	368	353	373	332	337
Multilateral Debt	US\$ Billions	0.053	0.279	1.846	2 710	2 982	3 138	3 198	3 563	3 682	3 667
Bilateral Debt	US\$ Billions	0.279	0.756	0.713	1.060	1.159	1.311	1.275	1.432	1.467	1.362
Private Debt	US\$ Millions	178	121	224	387	498	528	584	656	580	500
Total External Debt / Exports	%	-	115.5	389.7	242	368.1	208	230	172	327	270.8
Total External Debt /GNP	%	26.3	31.7	67.2	102.6	93.9	95	94	95.1	92.1	132.2
Annual Debt service paid	US\$ Millions	51	159	368	369	406	484	552	580	524	472
Total Debt Service / Exports	%	-	13.1	37.0	26.1	25.2	27.2	32.7	22.5	20.8	19.3
Grants	US\$ Millions	5	23	449	218	238	216	163	239	257	226
Rescheduled Debt	US\$ Billions	-	-	0	0	0	99	0	0	0	0
Debt Amount forgiven	US\$ Billions	-	-	102	12	1	7	7	0	0	0

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

GUINEA**Political Background**

Guinea gained independence from France in 1958, after the Democratic Party of Guinea had organized support to vote against Charles de Gaulle's proposed French community. Leader of the party Se'kou Toure, governed the country as a one-party state until his death in 1984. A period of military rule followed which established the Second Guinean Republic under General Lansana Conte'. The national referendum in 1990 approved a new constitution and Guinea began a transition towards democracy. General Conte' of the Party for Unity and Progress (PUP) was re-elected president in 1993 and again in the country's second multi-party elections in 1998. Guinea is subject to the conflicts and political crises of neighboring countries, Sierra Leone, Liberia and Guinea-Bissau, and suffered a huge influx of refugees in the late 1990s.

Economy and Social indicators

Significant natural resources have contributed to a GNP per capita figure of US\$530 in 1998, this compares favorably with that of neighboring countries. Mining is one of the most dynamic sectors of the economy with Guinea the world's leading producer of bauxite, although agriculture still employs the bulk of the labor force. However, social indicators are poor. Life expectancy was 47 years in 1998 and Guinea is ranked only 162 out of 174 countries on the Human Development Index.

· Population:	7.1 million
· Spending on health:	1.2 % GDP
· Spending on education:	1.9% GNP
· Spending on debt service:	4.6% GNP
· People without access to safe water:	38%
· Percentage of children under 5 malnourished:	n/a
· Percentage of population living on less than \$1(\$2):	26.3%

Debt Analysis

Guinea's total external debt stock has more than tripled since 1980, rising from US\$1.1 billion to US\$3.4 billion in 2001. In 1999 the debt stock dropped to US\$3 billion as can be seen on the table. Its debt to exports ratio in 1998 was 306%, twice the level considered sustainable by the IMF/World Bank. And its debt per capita, since 1990 has been over US\$400. The debt is split fairly evenly between bilateral creditors, the largest proportion owed to France, and multilateral creditors, where the largest amounts are owed to the World Bank's IDA and the African Development Bank. At the end of 1998, the largest percentage of arrears that amounted to US\$475 million was owed to Russia. In the same year Guinea spent 4.6% of GNP on debt service, one and a half times the combined amount spent on health and education. In 1999, it paid US\$159 million in debt service. Guinea last met with Paris Club creditors in February 1997 when only US\$123 million of debt was rescheduled. The country is classified as an HIPC and in the early part of 2000 was expected to reach decision point by June. However, economic reforms did not satisfy the international financial institutions and there have been slippages in the programme. In 1999, the economic recorded a growth of 3.3%. As a result, the three-year IMF structural adjustment programme set up in January 1997 is unlikely to be completed until January 2001. This resulted in the postponement of the decision point to November 2000. Debt relief under HIPC will be US\$1 150 million in nominal terms (US\$638 million NPV).

Guinea's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Billions	0.328	1 134	2 476	3 110	3 242	3 240	3 519	3 546	3 017	2.9
Debt per capita	US\$	254	430	484	479	-	-	509	501	416	354
Multilateral Debt	US\$ Billions	0.020	0.130	0.678	1 304	1 460	1 486	1 555	1 689	1 679	1 615
Bilateral Debt	US\$ Billions	0.259	0.731	1 467	1 485	1 444	1 397	1 378	1 408	1 352	1 296
Private Debt	US\$ Millions	40	159	108	98	82	98	76	30	29	29
Total External Debt / Exports	%	-	-	294.3	460.3	454.3	418.4	469.6	434.0	428.6	389.4
Total External debt /GNP	%	-	-	92.9	92.5	89.9	85.9	96.2	102.5	105.2	115.6
Annual Debt service paid	US\$ Millions	15	109	169	97	178	114	155	159	128	133
Total Debt service / Exports	%	-	-	20.0	14.3	25.0	14.7	20.7	19.5	15.6	15.3
Grants	US\$ Millions	2	25	94	162	235	149	125	172	158	112
Rescheduled Debt	US\$ Millions	-	-	110	0	131	0	84	22	39	0
Forgiven Debt	US\$ Millions	-	-	0	0	0	0	0	0	0	0

- Not available

Sources

World Bank Development Indicators 2000
African Development Indicators 2002
The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
World Human Development Report 2001
Selected Statistics of Selected African Countries- ADB
Global Development Finance 2002

GUINEA-BISSAU**Political Background**

Formerly an overseas province of Portugal, Guinea-Bissau gained independence in 1974 after a protracted liberation struggle led by Amilcar Cabral. In 1984 a new constitution was adopted which permitted for elections of a president and a National Assembly. Democratic multi-party elections were first held in 1994, when an estimated 80% turnout voted for the Partido Africano da Independencia da Guine e Cabo Verde (PAIGC). However, the country was severely affected by political unrest, which erupted in June 1998. A civil war between President Joao Bernado Vieira's government forces and the rebel army led by Brigadier Ansumane Mane displaced up to half the country's population. After an attempted ceasefire in early 1999, President Vieira was ousted in May following renewed fighting. Former military leader Ansumane Mane took control of the government until opposition leader Kumba Yala became the new president after elections in January 2000.

Economic and Social Indicators

Guinea-Bissau is a desperately poor country with a GNP per capita of US\$160 in 1999. Economic performance has been disrupted by the political turmoil and export values and terms of trade figures were at a ten-year low in 1998. Agriculture and fishing are the principal economic activities and cashew nuts the major export. The country faces an unpayable foreign debt, spending on debt service 4.1 % of GNP, is almost equal to that of health and education combined. Life expectancy is only 44 years and infant mortality of 128 per 1000 live births is one of the highest rates in the world. Guinea-Bissau is ranked 156 out of 174 on the Human Development Index 2001.

· Population	1.2million
· Spending on health:	1.1%GDP
· Spending on education:	3.2%GNP
· Spending on debt service:	4.1%GNP
· People without access to safe water:	47%
· Percentage of children under 5 malnourished:	87%
· Percentage of population living on less than US\$1(\$2):	n/a

Debt Analysis

Guinea-Bissau's total debt stock has raised steadily through to a figure of US\$964 million in 2000, almost seven times the 1980 level. In 2001 the debt stock dropped to US\$844 million. Since 1990, the debt per capita has been over US\$700, which is very high considering the poor economic performance of the country. The debt is divided evenly between multilateral creditors with the largest proportion owed to the World Bank's IDA, and bilateral creditors. The key indebtedness ratio of debt to exports was 1733% in 1998 with only Sudan having a higher figure in Africa. The ratio is highly unsustainable. The country was only able to meet about one quarter of its scheduled debt requirements in 1997 and 1998. Guinea-Bissau has met with the Paris Club creditors three times; the last meeting in February 1995 rescheduled US\$150 million of debt. There have been delays in securing HIPC debt relief. Political up

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

heaval, the election of a new government in January 2000 and the significant arrears with multilateral development banks, are given as reasons for holding up the process. Heavy reliance on a single commodity with cashew nuts accounting for about 80% of exports in 1997, means that the country's economy is highly vulnerable and structural reforms harder to implement. In June 2000 the government was working on a PRSP and asked for a World Bank/IMF mission to be delayed until early July 2000. Decision point under the HIPC initiative was expected late in 2000, together with the completion of Guinea-Bissau interim PRSP and the start of a new three-year IMF- PRGF arrangement. The country will then begin to benefit from an estimated \$600 million of nominal debt relief (\$300 million NPV).

Guinea -Bissau's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Million	0.0	139.6	692.1	852.2	898.3	936.8	921.3	965.6	933.7	941.5
Debt per capita	US\$	0	175	714	804	813	844	808	830	712	835
Multilateral Debt	US\$ Million	0.0	34.2	273.3	351.2	369.6	382.7	386.9	410.1	398.3	390.5
Bilateral Debt	US\$ Million	0.0	62.7	324.1	382.3	396.7	472.7	450.6	463.4	435.1	427.0
Private Debt	US\$ Million	0.0	36.2	32.9	28.2	31.5	0.8	0.8	0.8	0.8	0.8
Total External Debt / Exports	%	-	-	2553.9	1280	3035.8	2312	1769	1733	3231.0	941.3
Total External Debt /GNP	%	0.0	133.3	296.6	384.8	380.7	371.9	362.3	504.3	444.5	463.5
Annual Debt service paid	US\$ Million	0.0	4.6	8.4	7.4	15.3	11.2	9.7	12.2	9.1	6.2
Total Debt service /Exports	%	-	-	31.0	19.1	51.7	36.6	16.5	38.3	15.7	8.6
Grants	US\$ million	0.0	36.7	60.2	49.4	54.1	54	52.2	48.3	41.2	50.4
Rescheduled Debt	US\$ million	-	-	16.1	23.4	13.7	228.0	3.0	1.1	0.0	0.0
Debt Amount forgiven	US\$ Million	-	-	4.5	1.7	11.0	3.4	0.0	0.0	0.0	0.0

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2002
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

LIBERIA**Political Background**

In the 19th century Liberia became a settlement for freed US slaves. Independence was declared in 1847 as the Free and Independent Republic of Liberia. In its recent history, President William Tolbert led the country for eight years until social unrest led to a military takeover in 1980. Samuel Doe gained control of the country up to 1990 and, under his government; a multi-party constitution was approved by referendum in July 1984. However, Liberian leadership in the 1980s was also accused of mismanaging the economy and of widespread corruption in 1990 a rebellion against Samuel Doe began a seven-year civil war. Democratic elections in 1997 resulted in a landslide victory for Charles Taylor who became president of a civilian government. The country now faces the major challenges of rebuilding the economy, resolving the refugee and displacement problems, and consolidating peace and security. President Taylor has also been criticized for human rights abuses and for his role in supporting rebels in Sierra Leone.

Economy and Social Indicators

Agriculture is an important sector of the economy, with rubber being the principal cash crop. Before the war agriculture accounted for about 40% of GDP. Many foreign business left the country during the civil war. Iron ore was formerly the main export earner and Liberia one of the world's major producers, but the depletion of deposits and damage to mining sites has severely affected output. Civil war in Liberia has led to an almost total lack of data on general economic indicators. GNP per capita was US\$620 in 1980 and fell to an estimated US\$200 in 1993, but more recent figures are not available. Life expectancy at birth is 47 years and, due to insufficient data, Liberia has not been ranked on the Human Development Index.

· Population:	3 million
· Spending on health:	1% GDP
· Spending on education:	1.7% GNP
· Spending on debt service:	0.1% GNP
· People without access to safe water:	54%
· Percentage of children under 5 malnourished:	n/a
· Percentage of population living on less than \$1 (\$2)	n/a

Debt analysis

The total debt stock of Liberia for 2000 was US\$2.1 billion, however accumulated interest payments have increased the total to an estimated over US\$2.0 billion for 2001 with debt per capita of US\$680. In 1996, the debt export ratio of 388%, was double the level considered sustainable by the WB/IMF. 30% of long-term debt is owed to the USA and a similar proportion due to the IMF. Short-term debt forms one third of the total debt stock. Political turmoil in the 1990s and a severely damaged economy have meant that Liberia has not been servicing its debt for several years. In 1998, the country paid US\$1 billion in debt services. Recent GNP and export figures are not available, so corresponding indebtedness ratios cannot be calculated, but the country is among those considered to have an unsustainable debt burden by the IMF.

There has been no lending from the World Bank or IMF for some years and in June 2000 the

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

European Union cut off all aid due to allegations of Liberian support for the rebels in neighboring Sierra Leone. The country is classified as an HIPC and the IMF and World Bank are involved in attempts to restructure the economy. However, a decision point in the HIPC initiative will not be reached until 2001 or later.

Liberia's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Billion	0.162	0.686	1 849	2 056	2 154	2 107	2 012	2 103	2 077	2. 032
Debt per capita	US\$	123	365	758	773	754	750	699	710	683	700
Multilateral Debt	US\$ Million	8	131	433	439	453	424	405	418	398	395
Bilateral Debt	US\$ Million	116	229	491	490	501	486	465	476	460	448
Private Debt	US\$ Million	34	156	192	208	208	199	192	199	205	197
Total External Debt /Exports	%	-	111.8	-	339	-	388	-	-	-	-
Total External Debt / GNP	%	40	62.7	-	-	-	-	-	-	-	64.0
Annual Debt service paid	US\$ Million	23	54	3	15	2	1	0	1	3	1
Total Debt service / Exports	%	-	8.8	-	-	-	-	-	-	-	-
Grants	US\$ Million	1	23	60	53	108	93	68	60	82	47
Rescheduled Debt	US\$ Million	0	0	0	0	0	0	0	0	0	0
Debt Amount forgiven	US\$ Billion	0	0	0	0	0	0	0	0	0	0

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2002
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

The "piling up" of different sets of conditionalities on African countries slows down the process of Conditionalities such as the much-criticized Poverty Reduction Strategy Papers (PRSPs) from the IMF and World Bank "do not succeed in aligning macro-economic issues and poverty issues more closely than in the past and macro-economic frameworks haven't changed significantly as a result of PRSPs.

MALI**Political Background**

After independence from France in 1960, Mali became a one-party state under the leadership of Modibo Keita. The government withdrew from the franc zone in 1962, but rejoined again in 1967 as the economic situation deteriorated. A coup d'état in 1968 led to the military dictatorship of Moussa Traore', which lasted until his overthrow in 1991 following pro-democracy demonstrations. The first free democratic elections since independence followed in April 1992 and were won by a coalition of parties known as the Alliance pour la Democratie au Mali (ADEMA). Alpha Oumar Konare was elected president and won re-election in 1997.

Economy and Social indicators

The economy is mainly dependent on agriculture, which employs almost three quarters of the work force. The main exports are cotton, livestock, gold and groundnuts. There is also mining of gold and phosphate, but the industrial sector is undeveloped. The country has a strong reliance on remittances sent from Malian workers abroad and foreign aid, particularly from France. Since mid-1992 Mali has pursued the structural adjustment policies of the World Bank and IMF. Mali has a population of 10.9 million and a per capita income of US\$250. Mali is one of the poorest countries in the world with widespread poverty. Only 37% of the population having access to safe water and 73% living on less than US\$1 a day. Life expectancy in 1998 was 50 years and Mali is ranked 153 on the Human Development Index 2001.

· Population:	10.9 million
· Spending on health:	2.0% GDP
· Spending on education:	2.2% GNP
· Spending on debt service:	3.1% GNP
· People without access to safe water:	63%
· Percentage of children under 5 malnourished:	49%
· Percentage of population living on less than \$1(\$2):	72.8% (90.6%)

Debt analysis

Mali owed foreign creditors a total of US\$2.7 billion in 2001; over four times the level in 1980. In the same year its debt per capita was US\$237, which was too high. Its debt export ratio of 322% in 1998, is sustainable. In 2000, the country paid US\$97 million, in debt service. The World Bank's IDA is the largest multilateral creditor and is owed US\$1 billion, with US\$345 million due to the African Development Bank. Japan is the largest OECD creditor and is owed US\$79 million. In 1998 Mali reached bilateral agreements with Cote d'Ivoire and Russia on reduction of bilateral debt. The country has been to the Paris Club four times, the latest being in May 1996 when US\$33 million was restructured. Mali originally reached the decision point under HIPC 1 in September 1998 with debt relief set at US\$220 million (US\$121 million NPV). However, its original completion point, which was set for December 1999, was delayed. In particular, the IMF refused to sanction debt relief unless Mali carried out more fundamental reforms of the cotton sector. In August 1999 Mali embarked on a new three-year US\$60 million PRGF arrangement. In September 2000 decision point under the enhanced HIPC was reached and this will provide an additional US\$650 million (US\$401 million NPV)

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

in debt relief. At the same time, Mali reached the completion point under the original HIPC framework. The Malian government was successful in having returned a few hundred million dollars that had been illegally invested in Swiss banks by the former military dictatorship.

Mali's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Billion	0.249	0.727	2 467	2 694	2 958	3 006	3 142	3 202	3 018	3 0
Debt per capita	US\$	87	110	292	285	297	301	305	302	277	263
Multilateral Debt	US\$ Billion	0.006	0.172	0.896	1.250	1.396	1.459	1.453	1.573	1.605	1.497
Bilateral Debt	US\$ Billion	0.226	0.457	1.424	1.293	1.340	1.303	1.239	1.254	1.194	1.148
Private Debt	US\$ Million	6	36	16	2	2	0	0	0	0	0
Total External Debt /Exports	%	-	225.8	449.1	288	455.2	261	220	322	495.2	417
Total External Debt /GNP	%	70.7	41.1	102.6	154.9	122.3	117.0	129.7	125.7	126.0	130.1
Annual Debt service paid	US\$ Million	5	16	67	88	87	116	85	82	106	97
Total Debt service /Exports	%	-	5.1	12.3	17.1	13.3	18.2	11.4	11.0	13.7	12.1
Grants	US\$ Million	12	104	201	221	208	209	211	202	190	308
Rescheduled Debt	US\$ Million	-	-	11	0	0	14	0	1	0	0
Debt Amount forgiven	US\$ Million	-	-	2	413	0	16	0	5	0	0

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2002
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

¹ Oxfam International (1997) Poor Country Debt Relief: false dawn or hope for poverty reduction? Oxfam Position Paper, April 1997.

MAURITANIA**Political Background**

Mauritania gained independence from France in 1960, although Morocco claimed Mauritania's entire territory until 1969. A devastating drought lasted for a decade throughout the 1970s leading to urbanization of large parts of the nomadic population. President Colonel Ould Taya has governed the country since 1984. After seizing power in a bloodless coup, he first ruled the country as head of a military junta, but since 1992 has headed a civilian government ruled by the Parti Republicain Democratique et Social (PRDS). In 1991 a new constitution was approved, legalizing political parties and registering voters, although opposition parties have boycotted elections amid allegations of fraud. Colonel Taya was re-elected for a further six-year term in December 1997 with 90% of the votes cast. Domestic slavery was officially outlawed in 1981, however, the social and economic position of the former slaves, the Haratine, has barely improved.

Economic and Social indicators

Traditional subsistence farming dominates with only a relatively small modern sector of the economy. Mining and fishing employ almost two thirds of the work force and account for all export earnings, leaving the country vulnerable to swings in world prices. Mauritania's per capita income in 2000 was US\$410. The country's GNP per capita in 1999 was US\$380. The country's ethnic mix comprises 50% Moors and 50% black Africans. Half of the population lives below the poverty line of one dollar a day. The adult literacy rate is 38% and one in three children do not go to school. The life expectancy in 1998 was 54 years and Mauritania was ranked 139 on the Human Development Index 2001.

· Population:	2.6 million
· Spending on health:	1.8% GDP
· Spending on education:	5.1% GNP
· Spending on debt service:	11.6% GNP
· People without access to safe water:	36%
· Percentage of children under 5 malnourished:	44%
· Percentage of population living on less than \$1(\$2):	3.8% (22.1%)

Debt Analysis

Mauritania's debt stock rose from US\$840 million in 1980 to US\$2.1 billion in 2001. In 2000 it was US\$2.0 billion, with a debt per capita of US\$783. The debt export ratio of 318% in 1998, is considered unsustainable. The debt is split evenly between multilateral creditors, with US\$398 million owed to the World Bank's IDA, and bilateral creditors, of which France, Austria and Japan are the largest. In 1998, the country paid close to what it received in aid/grants (US\$130 million) to debt services (US\$110 million)

Since the mid-1980s, Mauritania has implemented several IMF/World Bank structural adjustment programmes, which have failed to led into economic growth, which in 1998 recorded a growth rate of 4.3%. The latest ESAF loan of US\$56 million was approved in July 1999 as part of the government's 1999-2002 economic programme. Decision point under the HIPC initiative was originally scheduled for July 1999 but finally reached in February 2000. Delays were

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

caused by funding failures for the African Development Bank and the Islamic Development Bank together with indecision from the Paris Club. Completion point will not be until 2002. HIPC will provide a reduction of US\$1.1 billion (US\$622 million in NPV). This will mean, in practice, that debt service payments will fall from an average of US\$116 million before HIPC to US\$80 million after HIPC. This is a reduction of only 31% and leaves the government spending significantly more on debt service than on health and education combined. Mauritania completed a full PRSP by the end of 2000 and is in the second year of a three-year PRGF arrangement.

Mauritania's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Billion	0.026	0.840	2 096	2 223	2350	2 412	2 456	2 589	2 035	2.0
Debt per capita	US\$	46	542	1 033	984	992	1 009	998	1 024	783	778
Multilateral Debt	US\$ Million	6	125	654	854	925	950	940	995	973	995
Bilateral Debt	US\$ Billion	0.013	0.458	1038	1127	1148	1150	1076	993	1.146	1.136
Private Debt	US\$ Million	8	131	97	9	8	25	24	22	20	19
Total External Debt /Exports	%	-	304.9	429.4	327	459.8	318	358	318	564.8	542.6
Total External Debt / GNP	%	13.4	125	194.8	228.3	231.4	227.6	235.1	244.9	273	275.1
Annual Debt service paid	US\$ million	4	48	146	106	117	116	114	110	106	100
Total Debt service /Exports	%	-	17.3	29.9	24.4	22.9	22.5	24.5	27.7	28.4	25.9
Grants	US\$ million	3	61	78	127	135	174	152	131	165	125
Rescheduled Debt	US\$ million	-	-	11	67	60	68	12	0	157	184
Debt Amount forgiven	US\$ Billion	-	-	70	6	13	1	9	0	0	22

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2002
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

NIGER**Political Background**

Niger gained independence from France in 1960. After the National Conference in 1991, a long period of political instability ensued. A military coup took place in January 1996, followed by presidential elections six months later. General Bare won the presidential election amidst charges of electoral irregularities, which caused a boycott by opposition parties of elections held later that year. In July 1998 the government signed an agreement with opposition parties, which resulted in them contesting February 1999's local and municipal elections. However, on 7 April, Niger's Supreme Court ordered a re-run of many of these elections, triggering opposition demonstrations and the assassination of President Bare on 9 April. A military junta led by Major Wanke assumed power and oversaw a transition to democracy with presidential and legislative elections in October and November 1999. Mamadou Tandja was elected as president and Hama Amadou as prime minister.

Economy and Social indicators

Niger has a population of ten million and a per capita income of US\$200. The economy is dominated by the rural subsistence sector by the uranium-mining sector, which is the principal foreign currency earner. About 90% of the population relies on agriculture for their income, with subsistence farming predominant. Export revenue, accounting for 16% of GDP, consists of uranium ore mining with the main market of France. Live animals, cotton and vegetables are of lesser importance. In 1998 Niger ran a US\$171 million trade deficit. The country is ranked 173 out of 174 countries on the Human Development Index, with a life expectancy at birth of 46 years and an adult literacy rate of 14%.

· Population:	10.3 million
· Spending on health:	1.3% GDP
· Spending on education:	2.3% GNP
· Spending on debt service:	3.1% GNP
· People without access to safe water:	47%
· Percentage of children under 5 malnourished:	41%
· Percentage of population living on less than \$1(\$2):	61% (85.3%)

Debt Analysis

Niger is a HIPC and its total external debt stock in 2000 was US\$1.6 billion and debt per capita in the same year was US\$157. Around two thirds of long-term debt is owed to the multilateral institutions, mostly to the World Bank's IDA, with the remaining third owed to bilateral creditors. The key debt to export ratio is 340%, as of 1998 which is more than twice the level considered sustainable by the World Bank and IMF. In 1998 Niger paid US\$62 million in debt service, just over half of the US\$110 million due, and paid out US\$0.72 in debt service for every dollar received in grants. The country started to implement its first IMF structural adjustment programme in June 1996 with a loan of US\$70 million. To date this remains Niger's only IMF funded arrangement.

Niger's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Billion	0.032	0.863	1 726	1525	1.587	1 536	1 576	1 659	1 643	1.6
Debt per capita	US\$	76	154	223	173	187	162	161	164	157	148
Multilateral Debt	US\$ Million	4	143	701	834	874	875	880	957	957	966
Bilateral Debt	US\$ million	27	112	414	435	456	455	443	486	467	447
Private Debt	US\$ million	1	128	111	0	0	0	0	0	0	0
Total External Debt / Exports	%	-	132.8	304	322	475.9	284	309	340	458	540
Total External Debt /GNP	%	4.9	34.9	71.2	99.5	86.7	78.4	86.3	80.7	82.4	89.0
Annual Debt service paid	US\$ million	2	141	99	66	56	56	61	62	34	28
Total Debt Service / Exports	%	-	21.7	17.4	23.8	16.7	16.3	20.7	17.8	11.2	9.2
Grants	US\$ million	15	51	226	255	170	155	190	158	122	112
Rescheduled Debt	US\$ million	-	-	29	120	5	63	27	26	6	6
Debt Amount forgiven	US\$ million	-	-	0	107	4	26	4	8	1	0

- Not available

Sources

World Bank Development Indicators 2000
African Development Indicators 2002
The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
World Human Development Report 2002
Selected Statistics of Selected African Countries- ADB
Global Development Finance 2002

NIGERIA**Political Background**

Nigeria became independent from Britain in 1960. Military governments ruled for 29 of the 39 years before the current president, Olusegun Obasanjo came to power in democratic elections in May 1999. This followed the sudden death of General Abacha and the hand-over of power from the military. Under the last military dictator, General Abacha, the country became a pariah state due to its record on human rights and corruption. Billions of dollars left the country illegally as General Abacha and his associates placed personal enrichment ahead of economic development, intensifying a political culture of state corruption. The 28 years since 1980 saw average per capita incomes fall from US\$1 000 to US\$300. Nigeria has recently been a force for stability in the region, contributing to the West African States Monitoring Group, UCOMOG, which has been active in Liberia and Sierra Leone conflicts.

Economic and social indicators

The oil sector accounts for 50% of GDP and about 95% of exports, but despite the potential from oil and gas, the country remains very poor. The country's economy accounts for over 40% of the region's GDP but its per capita income is only US\$300. Nigeria has had no IMF programme for years, but the new government of President Obasanjo signed a one-year standby agreement with the IMF in August 2000. At the end of this, a longer, medium-term arrangement may result. Nigeria's population is 121 million, almost half the total for the whole of West Africa. Life expectancy in 1998 was 53 years and Nigeria was ranked 136 on the Human Development Index 2001.

· Population:	124 million
· Spending on health:	0.2% GDP
· Spending on education:	0.7% GNP
· Spending on debt service:	3.4% GNP
· People without access to safe water:	61%
· Percentage of children under 5 malnourished:	38%
· Percentage of population living on less than \$1 m	70.2% (90.8%)

Debt Analysis

Nigeria's total external debt as of 2001 was US\$31.34 billion and is classified as a severely indebted low-income country. Its debt per capita in the same year was US\$259, which is considerably too high. However, due to poor records, the debt may well be nearer to US\$35 billion, almost 100% of GNP. Two thirds of the debt is owed to the Paris Club, with Britain, Germany, Japan and France the largest creditors. These creditors lend money to former Nigeria Army Rulers and Dictators, who ended up misusing the monies. Over US\$15 billion of the debt to the Paris Club is in arrears, although arrears to the multi-laterals have now been cleared. Nigeria has paid creditors a total of US\$1.5 billion on average each year in the financial years 1999 and 2000. Nigeria is not in the HIPC initiative, despite being a severely indebted low-income country. It was one of the original HIPC countries, but was dropped from the list in 1998, on the spurious grounds that its past borrowing from IBRD made it ineligible. However, strong lobbying by President Obasanjo and Jubilee 2000 led to the US pledging

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

support for an eventual Paris Club debt reduction. In June 2000 the UK's *Financial Times* argued for Nigeria's inclusion in HIPC. The country visited the Paris Club in October 2000 although no agreement was reached.

Nigeria's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Billion	0.837	8 921	33 440	33 092	34 093	31 407	28 455	30 315	31 617	34.13
Debt per capita	US\$	76	125	348	306	323	274	242	251	255	282
Multilateral Debt	US\$ Billion	0.182	0.571	3 732	4 807	4 944	4 493	4 083	4 083	3768	3 302
Bilateral Debt	US\$ Billion	0.175	0.422	13.275	15.004	15.548	14.151	12.998	13.596	12.901	25.942
Private Debt	US\$ Billion	0.094	3.279	14.537	8.144	7.648	6.786	5.620	5.776	5.753	3.491
Total External Debt / Exports	%	-	32.1	226.4	317.3	257.4	175.4	156.6	257.7	189.9	1146.8
Total External Debt / GNP	%	6.9	14.6	130.7	155.3	131.7	95.0	83.7	103.4	93.4	92.9
Annual Debt service paid	US\$ Billion	0.096	1 151	3 336	1 872	1.833	2 509	1 416	1 320	1 052	1 009
Total Debt Service / Exports	%	-	4.1	22.6	18.0	13.8	14.0	7.8	11.2	6.8	4.3
Grants	US\$ Billion	-	3	125	43	-	24	27	33	48	49
Rescheduled Debt	US\$ Billion	-	-	1480	0	-	0	0	0	0	20 920
Debt Amount forgiven	US\$ Billion	-	-	0	0	0	0	0	0	0	0

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

SENEGAL**Political Background**

Senegal gained independence from France in 1960 and was among the countries that pioneered democracy in Sub-Saharan Africa. However, although the multi-party system in Senegal is one of the oldest on the continent, the Socialist Party was able to monopolize power for 40 years. The party was finally defeated in presidential elections in March 2000. President Abdou Diouf was replaced by veteran opposition leader Abdoulaye Wade in what was seen as a significant triumph for the constitutional process in Africa. Mr Wade formed a coalition government. Progress has been made towards a solution to the political problem in the southern Casamance region of the country where there has been conflict between the government and rebel forces.

Economy and Social indicators

The principal export commodity is fish, and the agricultural sector employs the bulk of the workforce. The main trading partner is France, also the country's largest bilateral creditor. Senegal recently joined the West African Economic and Monetary Union. Aid-funded projects are combating the problem of land degradation. Social indicators are generally below average for the region. Since 1990 the economy was growing at an average growth rate of 5%. Senegal's per capita income in 1998 was US\$520, marginally above the Sub-Saharan average. Public expenditure on education was 3.7% of GNP in 1997, compared to a regional average of 5.4%, health was 2.6% and spending on debt service 7.0% of GNP. Life expectancy was 52 years in 1998 and Senegal is ranked 145 on the human Development Index 2001.

· Population:	9 million
· Spending on health:	2.6% GDP
· Spending on education:	3.7% GNP
· Spending on debt service:	7.0% GNP
· People without access to safe water:	50%
· Percentage of children under 5 malnourished:	23%
· Percentage of population living on less than \$1 (\$2):	26.3% (67.8%)

Debt Analysis

Senegal is classified as a HIPC with a total debt stock in 2001 of US\$3.1 billion, almost three times higher than the 1980 level. Its debt per capita in the same year was US\$330. The debt is almost entirely held by official creditors, predominantly multilateral institutions, with the largest share due to the World Bank's IDA. Actual debt service of US\$323 million for 1998 has increased 31% on the 1997 figure and is the highest since 1990. Key indebtedness ratios also indicate a worrying trend. The present value of debt-to-export ratio, which has increased steadily to a level of 187%, is unsustainable even when measured against IMF/World Bank figures. Debt service-to-exports is running at the highest level since 1989. Senegal paid out US\$1.28 in debt service for every dollar received in grants for 1998, a typical example of a sub-Saharan African country caught in the cycle of constantly spending aid money to repay debts. Approximately one quarter of government revenue is spent on servicing the debt.

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

Senegal reached decision point under the HIPC 1 initiative and was declared by the World Bank as having a sustainable level of debt. The country reached decision point under HIPC 2 in June 2000, but will only see a reduction in debt of US\$850million (US\$488 million NPV). Senegal is in the third year of its current US\$140 million PRGF programme.

Senegal's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt	US\$ Billion	0.145	1 473	3 732	3 658	3.841	3 663	3 654	3 861	3 138	3.5
Debt per capita	US\$		266	509	451	465	428	416	427	338	372
Multilateral Debt	US\$ Billion	0.013	0.263	1.366	1.762	1.849	1.852	1.815	1.967	1.903	1.846
Bilateral Debt	US\$ Billion	0.087	0.390	1.393	1.181	1.258	1.249	1.277	1.292	1.203	1.104
Private Debt	US\$ Million	14	452	181	106	83	14	11	11	9	8
Total External Debt /Exports	%	-	162.8	229.5	166	228.7	150	147	187	245.8	228.9
Total External Debt /GNP	%	17.0	51	62.9	104.5	88.9	80.2	84.9	79.6	78.7	-
Annual Debt service paid	US\$ Million	12	259	325	234	281	289	247	323	237	228
Total Debt Service / Exports	%	-	28.7	20.0	17.1	16.7	18.9	17.2	20.6	14.3	14.4
Grants	US\$ Million	16	77	553	476	373	334	238	252	376	246
Rescheduled Debt	US\$ Million	-	-	111	172	233	58	12	306	15	0
Debt Amount Forgiven	US\$ Million	-	-	18	219	14	3	4	0	0	4

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2002
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

The devastating effect of debt on Africa was best summed by Prof Adebayo, Adedeji, the former Secretary General of the United Nations Economic Commission of Africa, when he said; "Debt is tearing down schools, clinics, hospitals and the effects are no less devastating than war."

SIERRA LEONE**Political Background**

Sierra Leone gained independence from Britain in 1961 and became a republic in 1971. After a referendum, a new constitution was adopted in 1991. However, this was suspended in 1992 when a military coup brought Captain Valentine Strasser to power. Democratic multi-party elections were held in 1996 and Sheikh Ahmad Tejan Kabbah became president but in 1997 he was overthrown by junior military officers. Although President Kabbah was restored to power in 1998 after the intervention of ECOMOG, a West African peace-keeping force, the rebel movement, Revolutionary United Front (RUF) still threatens the future stability of the country. Rebel leader Foday Sankoh was arrested in May 2000 and other RUF officials were being held under emergency presidential powers. UN troops and British marines have been involved in Sierra Leone. Preventing rebel funding through the illegal trade of diamonds for weapons has been one of the main priorities, and in July 2000 the UN Security Council imposed an 18-month global embargo on diamond exports from Sierra Leone.

Economy and Social indicators

Sierra Leone has a substantial mineral, agricultural and fishery resources. Its GNP illustrates the desperate state of Sierra Leone's economy per capita, which has fallen through the 1990s to US\$140 for 1998. This is less than half that of 1989 and only the Democratic Republic of Congo and Ethiopia have lower figures in sub-Saharan Africa. Life expectancy at birth is 37 years and the lowest in the world according to World Bank statistics. The country spends 1.7% of GDP on health and 1.9% of GNP on education, which far below what it spends on debt service. 66% of its population has no access to safe water. Sierra Leone is also ranked last of the 162 countries on the Human Development Index 2001.

· Population:	4.9 million
· Spending on health:	1.7% GDP
· Spending on education:	1.9% GNP
· Spending on debt service:	3.2% GNP
· People without access to safe water:	66%
· Percentage of children wider 5 malnourished:	n/a
· Percentage of population living on less than \$1 (\$2):	57% (74.5%)

Debt analysis

Sierra Leone's total external debt was US\$1.3 billion in 1999 and about half of this amount was due to the IMF the World Bank IDA and the African Development Bank. Roughly one third of the debt is owed to bilateral creditors, with arrears accumulating, and only a small proportion to private sources. The debt per capita of US\$255 is too high considering the declining economy since the 1996 growth rate of 28.7%. The key indebtedness ratio of debt to exports stood at 745% in 1998, which is about five times the level suggested as sustainable by the World Bank/IMF. The country was only able to meet less than half of its scheduled debt service payments in 1998. Sierra Leone is classified as a HIPC and has begun the long process of securing debt relief but the civil war has delayed progress.

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

In April 1996 the government met with Paris Club creditors and secured the rescheduling of US\$39 million of debt. Emergency post-conflict assistance was approved in December 1999 and an IMF programme is in place which coordinates funding from donors. A medium-term IMF programme is due to start in early 2001. **The British government confirmed in June 2000 that it would be paying the multilateral debt owed to the IMF and World Bank on behalf of Sierra Leone.** However, until stability returns to the country, debt relief under the HIPC initiative is very uncertain and there is no fixed date for the decision point.

Sierra Leone's Selected External Debt Indicators.

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Billion	0.061	0.469	1 151	1 493	1.178	1 179	1 144	1 256	1 263	1 273
Debt per capita	US\$	71	145	288	339	307	255	241	259	255	254
Multilateral Debt	US\$ Million	6	62	182	348	434	480	489	536	531	575
Bilateral Debt	US\$ Million	28	184	323	475	464	416	395	416	403	388
Private Debt	US\$ Million	27	111	99	26	8	8	6	7	6	6
Total External Debt / Export	%	-	169.9	547.2	637	912.8	515	619	745	1686.4	1434.7
Total External Debt /GNP	%	15.3	41.3	149	184	41.3	129.3	137.9	197	193.0	206.6
Annual Debt service paid	US\$ Million	19	66	21	160	79	59	16	20	22	43
Total Debt service /Exports	%	-	23.8	10.1	73.4	61.5	44.8	14.4	26.8	29.5	48.0
Grants	US\$ Million	1	25	30	72	87	65	61	70	65	116
Rescheduled Debt	US\$ Billion	-	-	0	107	31	24	55	1	0	0
Debt Amount forgiven	US\$ Billion	-	-	0	28	18	5	0	0	0	0

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

TOGO**Political Background**

Togo gained independence from France in 1960. In 1963 the first president, Sylvanus Olympio was assassinated and a provisional government ruled the country for the next four years. In 1967 General Gnassingbe Eyadema seized power following a military coup, and his term of more than three decades as president has given him the status of sub-Saharan Africa's longest-running head of state. A new multi-party constitution was adopted in the early 1990s and presidential power was diluted. However, the opposition boycotted the 1993 presidential elections, and in 1998 President Eyadema was again re-elected in controversial circumstances following the resignation of the head of Togo's national election commission. Mr Eyadema's party, Assembly of the Togolese People, won victory in the March 1999 legislative elections and three months later the president formed a new government. Amnesty International has accused the Togo government of political repression.

Economy and Social indicators

In 1997 Togo was the largest phosphate exporter in sub-Saharan Africa, and cotton is the other major export. Former colonial rulers France and other EU countries are the main trading partners. Social indicators are generally slightly better than regional averages. Togo's GNP per capita was US\$330 in 1998, which is only 75% of the 1980 level. The country spends 1.1% of GDP on health and 4.5% of GNP on education. On debt servicing the country spends 2.7% of GNP, which is lower than it spends on education. Life expectancy was only 49 years in 1998. Togo is ranked 145 out of 174 countries on the Human Development Index.

· Population:	4.5 million
· Spending on health:	1.1% GDP
· Spending on education:	4.5% GNP
· Spending on debt service:	2.7% GNP
· People without access to safe water:	37%
· Percentage of children under 5 malnourished:	22%
· Percentage of population living on less than \$1(\$2):	n/a

Debt Analysis

Togo's total debt stock for 2000 was US\$1.3 billion and which dropped to US\$1.0. Its debt per capita in 2000 was US\$289 and debt to export ratio was 143% as of 1998. The debt-to-export ratio is within the range of 150%, which is considered sustainable by the WB/IMF. Approximately two-thirds of the debt is owed to multilateral creditors; the largest proportion is due to the World Bank's IDA, and smaller amounts owed to the African Development Bank and the IMF. The remaining third is mainly due to bilateral creditors. Measured by the indebtedness ratio of debt to exports, Togo's figure of 113% falls just below the range considered to be sustainable by the World Bank/IMF. Debt service payments have been falling short of the amounts scheduled for the last few years and two thirds of every dollar received in aid grants is spent on debt service. Togo last met with official Paris Club creditors in 1995 when US\$246 million of debt was rescheduled. However, further measures of debt relief are very uncertain. Although the country established contact with the international financial institutions in the

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

1990s, political upheaval and a deteriorating financial situation have harmed prospects for debt relief. An IMF staff-monitored programme has been in place from January to June 2000 but, as the requirement of privatizing the phosphate industry has not occurred, it is unlikely to lead to a fully-fledged programme. Togo is eligible for relief under the enhanced HIPC initiative.

Togo's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Billion	0.040	1 122	1 281	1 456	1.476	1 488	1 347	1 476	1 526	1. 435
Debt per capita	US\$	23	400	363	362	365	348	305	325	302	289
Multilateral Debt	US\$ Million	2	116	560	677	713	740	718	801	793	767
Bilateral Debt	US\$ Million	30	439	469	501	522	520	497	529	497	465
Private Debt	US\$ Million	8	415	52	51	52	50	0	0	0	0
Total external Debt / Exports	%	-	193.4	177.2	226	302.1	191	125	143	302.0	239.9
Total External Debt /GNP	%	16.0	102.4	80.1	156.3	116.7	103.4	91.6	105.9	110.4	120.1
Annual Debt service paid	US\$ Million	2	52	86	23	29	58	56	40	45	30
Total Debt service / Exports	%	-	9.0	11.9	5.4	6.0	9.5	10.1	7.5	8.9	6.1
Grants	US\$ Million	7	15	120	73	123	70	58	63	43	49
Rescheduled Debt	US\$ Million	-	-	79	0	133	31	30	19	9	0
Debt Amount forgiven	US\$ Million	-	-	18	0	85	5	4	11	0	0

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2002
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

The debt crisis in Africa is part of a large crisis of poverty and underdevelopment. Scholars have pointed out to problems of drought and famine always contributing to the debt crisis. Apart from this, the issue of stolen wealth has added to the bulk of Africa's mounting debt stock. Most African leaders are believed to have Swiss banks in which money plundered from abuse of their offices has been stored.

EAST AFRICA COUNTRIES

BURUNDI

Political Background

Burundi gained independence from Belgium in 1962, and has been governed since then by a succession of minority Tutsi governments. Civil war has dominated the country's recent history and 200,000 Burundians have died since the country's first freely elected president, Melchior Ndadaye, a Hutu, was assassinated in 1993. His successor Cyprien Ntaryamira died after two months in office when the plane carrying him and the Rwandese president was shot down over Kigali. In 1996 Pierre Buyoya seized power through a coup d'etat and forcibly resettled 300,000 mostly ethnic Hutus. He then abolished the constitution and prohibited political parties, triggering the imposition of economic sanctions by neighbouring countries. Peace-brokering efforts by former Tanzanian president Julius Nyerere led to a cease-fire and a new government in June 1998. The relative success of negotiations between the government and other parties to the conflict resulted in the suspension of sanctions in January 1999. Former South African, President Nelson Mandela took over the role of mediator following Julius Nyerere's death and by September 2000 most Tutsi parties had agreed to sign a power-sharing deal with Burundi's Hutu majority.

Economy and Social Indicators

The agricultural sector provides over 50% of GNP with land mainly used for subsistence farming of cassava, maize, bananas and sweet potatoes. Coffee is the major commercial export, accounting for 90% of the country's foreign exchange earnings, followed by tea and cotton. The average per capita income in Burundi is US\$140, one of the lowest rates in Africa. Economic output fell to a lower level in 1998 than it was in 1980. The five-year conflict and two years of economic sanctions have contributed to widespread poverty, which is 80% in rural areas. Average life expectancy in 1998 was 42 years and Burundi is ranked 170 out of 174 countries on the Human Development Index.

· Population:	6.7 million
· Spending on health:	3.6% GDP
· Spending on education:	4% GNP
· Spending on debt service:	3.4% GNP
· People without access to safe water:	48%
· % of children under 5 malnourished:	n/a
· % of population having on less than \$1(\$2):	n/a

Debt Analysis

Burundi's external debt stock including arrears was US\$1.08 billion at the end of 2001, a figure higher than the country's GNP. Most of the debt is owed to multilateral creditors, mainly the World Bank's IDA and the African Development Bank. Although total debt figures have been relatively stable throughout the 1990s, the collapse in the value of exports has caused a rapid worsening in Burundi's indebtedness ratios. The debt is eight times the level of exports. Despite only servicing half of all scheduled debt repayments in 1998, debt service was

53% of exports. Burundi is a Heavily Indebted Poor Country and an IMF mission visited in April 2000 to begin work on a Poverty Reduction Strategy Paper. The World Bank, with pressure from France, is trying to ensure that Burundi qualifies for the HIPC 2 initiative with special exemption as a post-conflict country. However; if the usual IMF three year programme is implemented, Burundi is unlikely to see any reduction in debt repayments until after 2001. The country is currently in arrears to all bilateral creditors and also to the African Development Bank. Considerable domestic debt compounds the problems of the Burundi government.

Burundi's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Billion	0.015	0.166	0.907	1 123	1 158	1 127	1 066	1 199	1.131	1.14
Debt per capita	US\$	25	40	166	187	191	179	166	171	179	178
Multilateral Debt	US\$ Million	5	59	660	881	926	921	872	921	899	885
Bilateral Debt	US\$ Million	1	51	182	179	167	159	149	157	150	142
Private Debt	US\$ Million	2	8	9	2	2	1	1	1	1	1
Total External Debt /Exports	%	-	-	928.6	1083.4	828.5	538	1964.7	1060.6	1 791.9	1 910.9
Total External debt /GNP	%	6.4	18.0	81.2	122.9	117.2	127.1	112.8	128.7	161.0	163.3
Annual Debt service paid	US\$ Million	1	9	42	41	39	31	29	30	29	21
Total Debt service / Exports	%	-	-	43.4	39.5	27.6	53.4	29.0	40.1	45.6	37.2
Grants	US\$ Million	7	39	135	243	229	72	46	51	60	59
Rescheduled Debt	US\$ Million	-	-	0	0	0	0	0	0	0	0
Debt Amount forgiven	US\$ Million	-	-	105	0	16	0	0	0	0	0

- Not available

Sources

- World Bank Development Indicators 2000
- African Development Indicators 2001
- The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
- Selected Statistics of Selected African Countries- ADB
- Global Development Finance 2002

COMOROS**Political Background**

The Comoros, an archipelago of four small islands attained internal autonomy in 1961 and independence from France in 1975. However, the transition to independence was not smooth. One of the islands retained links with France, whilst the government of the other three was overthrown in a coup led by European mercenaries in 1978. Links with France were subsequently re-established. In 1979 the Comoros' Federal Assembly voted to change the constitution and a one party state was established led by President Abdullah. His assassination in 1989 led to a military take-over but in 1992 a new constitution was approved and multi-party elections took place in 1993 and again in 1996. In 1997 two islands seceded independently. A year later the incumbent President Aki died, and a military government led by Colonel Azali Assoumani, assumed power in April 1999. In December 1999 he named a civilian prime minister, and in August 2000 the government signed a declaration with the seceded islands to end the crisis and bring about national reconciliation. However, this declaration has yet to receive the support of opposition parties.

Economy and Social indicators

Agriculture including fishing, hunting and forestry is the predominant sector of Comoros' economy. It contributes about 40% of the total GDP and employs about 80% of the labor force. The country is not self-sufficient in food, and rice, the country's main staple, accounts for about 90% of imports. Tourism has started to develop but the unstable political environment has hampered its growth. Throughout the 1990's Comoros' economy has not advanced and per capita income has fallen from US\$620 in 1992 to just US\$370 in 1998. Life expectancy is 60 years whilst 45% of the adult population is illiterate. The country is ranked 137 out of 174 on the Human Development Index.

· Population:	0.54 million
· Spending on health:	3.1% GDP
· Spending on education:	3.7% GDP
· Spending on debt service:	3.1% GNP
· People without access to safe water:	48%
· Percentage of children under 5 malnourished:	26%
· Percentage of population living on less than \$1 (\$2):	n/a

Debt Analysis

In 2001 Comoros' debt totaled US\$210 million, over 100% of its GNP, whilst its debt-to-exports ratio stood at over 400%. The vast majority of Comoros debt, about 85%, is owed to multilateral institutions, with the remainder owed to bilateral creditors. There is no private debt. Comoros has carried out an IMF structural adjustment programme, supported by loans

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

of US\$1.2m in 1991 and US\$1.8m in 1994. Up until 1998 Comoros did not meet the full debt service due which largely accounts for the increase in debt from 1990 onwards. The country is now classified as a severely indebted low income country by the World Bank and it is one of only two (the other is Indonesia) that is in this category but is not included on the HIPC list of countries. With so much of its debt multilateral, it clearly needs HIPC relief. Talks with the IMF could lead to a structural adjustment programme as early as 2001, which would certainly lead to the country being included in HIPC.

Comoros' Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Million	1.2	44	185	192	213.5	206	200	203	210	200
Debt per capita	US\$	129	430	400	423	412	385	383	389	286	
Multilateral Debt	US\$ Million	0.0	21.2	113.9	143.9	155.4	160.7	159.3	168.6	164.9	160.8
Bilateral Debt	US\$ Million	1.2	21.4	60.8	44.5	44.7	44.4	43.5	43.0	41.4	41.1
Private Debt	US\$ Million	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total External Debt / Exports	%	-	281	279	335	347.5	342	456	438	445.6	433.9
Total External Debt / GNP	%	4.9	35.4	75.0	108.3	91.7	94.3	103.3	105.6	102.5	114.6
Annual Debt service paid	US\$ Million	0.1	0.4	1.1	2.8	1.0	1.4	2.3	2.0	3.1	3
Total Debt Service / Exports	%	-	2.6	2.3	4.9	1.6	2.5	5.6	3.9	5.7	5.0
Grants	US\$ Million	3.1	18	28	16	17.8	16	12	24	15.3	10.7
Rescheduled Debt	US\$ Million	-	-	0.0	8.6	2.0	2.1	3.5	0.0	0.0	0.0
Debt Amount forgiven	US\$ Million	-	-	0.1	4.6	0.4	0.2	0.0	0.0	0.0	0.0

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

ETHIOPIA**Political Background**

Ethiopia is one of the few African countries never to be colonized, and one of the oldest countries in the world. In 1974 Haile Selassie, the last Ethiopian emperor, was ousted and replaced by a Marxist military government which ruled the country for 17 years. Between 1991 and 1995, a new transitional government led by the current Prime Minister Meles Zenawi, developed a new constitution and organized democratic elections which were held in May 1995. Later that year in August, the country was officially renamed the Federal Democratic Republic of Ethiopia. Since May 1998, fighting has occurred between Ethiopia and Eritrea, which had been allowed to secede from Ethiopia in a referendum in 1993. The border dispute has cost an estimated 120,000 lives and caused a huge refugee crisis. However in June 2000 following gains on the battlefield, Ethiopia agreed to an African Union, former Organisation of African Unity peace plan which accepts international demarcation of the border with neighboring Eritrea and the presence of UN peace-keepers. This seemed to offer real hope for an end to the conflict.

Economy and Social indicators

Ethiopia has a population of 61 million and a per capita income of US\$100. Agriculture is the most important sector of the economy employing over four fifths of the workforce, with coffee production accounting for around two thirds of the country's export earnings. In the mid-1980s Ethiopia suffered a major famine, and it has never fully managed to escape the threat of this recurring. In the year 2000, a widespread drought in the Horn of Africa caused severe malnutrition and problems were exacerbated by the conflict with Eritrea. Ethiopia is ranked 171 out of 174 countries on the Human Development Index, with life expectancy at 43 years and literacy rates at 35%.

· Population	61.3 million
· Spending on education:	4% GNP
· Spending on health	1.7% GDP
· Spending on debt service:	1.8% GNP
· People without access to safe water:	73%
· Percentage of children under 5 malnourished:	64%
· Percentage of population living on less than \$1 (\$2):	31.3%(76.4%)

Debt analysis

Ethiopia's total external debt stock in 2000 was US\$8.0 billion, one of the highest total among the HIPC countries. More than two thirds of the long-term debt is owed to bilateral creditors, with the largest proportion of US\$5.5 billion owed to Russia. Just over one quarter of long-term debt is owed to multilateral institutions, mainly the World Bank's IDA and African Development Bank, with a relatively small amount due to private creditors. In 1998 Ethiopia paid US\$119 million in debt service, less than 20% of the full US\$612 million debt service due. Initially Ethiopia was to be one of the first countries to gain HIPC Initiative assistance, but the IMF has blocked the country's progress by declaring its last two ESAF structural adjustment programmes off-track twice, largely due to the conflict with Eritrea. Consequently as Ethiopia is not expected to have a new IMF programme or an interim PRSP in place, the earliest the country can expect HIPC assistance is at the end of 2001. Preliminary estimates indicate that

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

Ethiopia can expect about US\$1.3 billion (nominal) in debt relief under HIPC 1. HIPC 2 will increase this further.

Ethiopia's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Billion	0.169	0.824	8 634	10 067	10 308	10 079	10 079	10 352	9 286	8.0
Debt per capita	US\$	13	22	169	183	198	173	169	169	148	127
Multilateral Debt	US\$ Billion	0.070	0.340	1 268	2 130	2 339	2 484	2 458	2 627	2 738	2 741
Bilateral Debt	US\$ Billion	0.070	0.299	6 634	6 785	6 841	6 645	6 615	6 639	2 497	2 467
Private Debt	US\$ Million	29	49	577	652	594	354	350	348	127	117
Total External Debt / Exports	%	91.4	139.5	1 275.7	1787.4	1,276.3	1222.0	968.4	975.9	586.7	548.1
Total External Debt / GNP	%	-	-	127.1	208.6	180.2	168.9	160.3	160.4	86.2	86.6
Annual Debt service paid	US\$ Million	21	45	236	112	154	348	100	119	155	139
Total Debt Service / Exports	%	11.4	7.6	34.9	19.8	19.1	42.1	9.6	11.2	16.4	13.9
Grants	US\$ Million	6	125	604	638	476	390	357	430	357	425
Rescheduled Debt	US\$ Million	-	-	0	47	30	0	105	35	1246	0
Debt Amount forgiven	US\$ Million	-	-	67	15	7	0	19	6	4,321	0

- Not Available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

KENYA**Political Background**

Kenya was a British colony and protectorate from the 1890s until independence in 1963. The country's first president, Jomo Kenyatta transformed Kenya into a de facto single-party state as the leader of the Kenyan African National Union (KANU) party. He remained president until his death in 1978. Daniel Arap Moi took over and turned Kenya into a de jure one-party state from 1982 to 1992. However, in 1992, due to foreign and domestic pressure, more political parties were once again allowed. Nevertheless, KANU maintained its political dominance, winning both the contested elections in 1992 and 1997, even though the latter election witnessed KANU obtaining a smaller share of votes compared to all opposition parties. Under the constitution, President Moi's tenure is limited to two terms of office, with the next elections due in December, 2002.

Economy and social indicators

The economy is reasonably diversified with 26% of GDP arising from agriculture, and 19% from tourism and industry respectively. Disproportionately however, in relation to GDP ratios, most of Kenyan employment is within the agricultural sector, from which three products, tea, coffee and horticultural goods provide 50% of its export revenue. Kenya has a per capita income of US\$350 per year. Literacy stands at 73% whilst only 53% of Kenyans have access to safe drinking water. Kenya is ranked 138 out of 174 countries on the Human Development Index with the average life expectancy 51 years in 1998. In June 2000 Arap Moi appealed for £100 million in international aid as Kenya reeled from the calamities of Aids, drought and famine threatening 80% of the population.

· Population:	29.4 million
· Spending on health:	2.2% GDP
· Spending on education;	6.5% GNP
· Spending on debt service:	4.8% GDP
· People without access to safe water:	47%
· Percentage of children under 5 malnourished:	34%
· Percentage of population living on less than \$1 (\$2):	26.5% (62.3%)

Debt Analysis

Kenya's total external debt in 2001 was US\$5.53 billion, which dropped from US\$6.1 billion in 2001. More than half of the long-term debt was owed to the multilateral institutions, the largest amount due to the World Bank's IDA. Bilateral creditors are owed 35% of long-term debt with half this proportion due to Japan. Debt service payments in 1998 totaled US\$545 million, around 80% of the total debt service due. In 1997, IMF suspended Kenya's US\$205 million Economic Structural Adjustment Facility Loan, citing poor governance as the reason together with a lack of progress in the privatization of inefficient corporations. Recently, however, negotiations between the IMF and Kenya have resulted in a new US\$198 million Poverty Reduction Growth Facility programme being approved in July 2000. A World Bank loan of US\$150 million was also granted in early 2000. However, these new arrangements are not likely to see Kenya gaining HIPC assistance as projected external debt ratios are expected to be below those of the enhanced framework.

Kenya's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Billion	0.478	3 387	7 058	7 202	7 412	6 931	6 603	7 010	6 894	6.1
Debt per capita	US\$	123	204	300	274	287	252	234	241	234	197
Multilateral Debt	US\$ Billion	0.038	0.634	2 492	2 762	2 919	2 943	2 855	2 999	2 884	2 831
Bilateral Debt	US\$ Billion	0.199	0.572	1.222	2.091	2.333	2.164	1.890	2.008	1.917	1.828
Private Debt	US\$ Million	84	849	1 047	736	708	578	480	554	522	521
Total External Debt / Exports	%	-	164.3	316.0	225	249.3	177	162	174	240.1	190.4
Total External Debt /GNP	%	30.9	48.1	87.3	106.6	85.3	76.7	63.6	61.1	62.6	61.6
Annual Debt service paid	US\$ Million	50	434	791	881	901	844	669	672	704	481
Total Debt service / Exports	%	21.0	35.4	32.9	30.3	27.8	22.3	23.3	23.3	25.9	17.3
Grants	US\$ Million	3	121	977	311	242	196	202	199	196	202
Rescheduled Debt	US\$ Million	-	-	0	550	0	0	0	0	0	199
Debt Amount forgiven	US\$ Million	-	-	84	0	0	0	26	0	0	0

- Not available

Sources

World Bank Development Indicators 2000
African Development Indicators 2002
The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
World Human Development Report 2001
Selected Statistics of Selected African Countries- ADB
Global Development Finance 2002

African leaders do not have development on their agenda because they are generally consumed by the quest for survival and accumulation of wealth as well as maintenance of power. The magnitude of external borrowing became unique due to the extent of waste and corruption was appropriately higher.

RWANDA**Political Background**

Rwanda gained independence in 1962 following colonial rule by Germany and Belgium. Recent political history is dominated by the genocide in 1994. The plane crash, killing the presidents of both Rwanda and Burundi, sparked an organized uprising by Hutu extremists in which an estimated 800,000 people, mostly Tutsis, lost their lives. Resettlement of refugees and internally displaced Rwandans is a major problem. The challenge of bringing to justice around 120,000 people accused of genocide and security concerns in the north west due to conflict in neighboring Democratic Republic of Congo, have also slowed the progress of Rwanda's recovery. In the aftermath of the genocide a transitional government of National Unity including both Hutus and Tutsis was formed under the presidency of Pasteur Bizimungu. Reintegration of returning exiles and national reconciliation are an important part of the government's programme and the transitional period has been extended to 2003. However, the resignation of the Hutu president in March 2000, after growing conflict with the powerful Tutsi dominated Rwandan Patriotic Front, threatens to have a destabilizing effect on the country. Former vice president Paul Kagame became the first Tutsi president in April this year.

Economy and Social indicators

The Rwandan economy was devastated by the events of 1994. Per capita income for 1998 was US\$230. Farming is the primary way of life in this landlocked country with coffee and tea as the chief exports. Social indicators are generally worse than regional averages, for example life expectancy of 41 years in 1998 is the second lowest in Sub-Saharan Africa. Rwanda is ranked 164 out of 174 countries on the Human Development Index.

· Population:	8.3 million
· Spending on health:	2.1% GDP
· Spending on education:	3.1% GNP
· Spending on debt service:	1.0% GNP
· People without access to safe water:	21%
· Percentage of children under 5 malnourished:	49%
· Percentage of population living on less than \$1(\$2):	35.7%(84.6%)

Debt Analysis

Rwanda's total debt was US\$1.3 billion in 2001. More than US\$1 billion is owed to multilateral creditors, mainly the World Bank's IDA, and a small proportion to bilateral donors. The key debt to exports ratio of 554% in 1998 is more than three times higher than the level considered sustainable by the international financial institutions. A significant amount of the US\$20 million annual debt service is paid from the Multilateral Debt Trust Fund. This arrangement whereby donor countries contribute to multilateral debt has been in place for two years and helped Rwanda to service debts owed to the World Bank, the African Development Bank and the International Fund for Agricultural Development. However, the MDF does not cover bilateral debt. Close consultation with the World Bank and IMF regarding performance targets is continuing this year, whilst Rwanda is currently in the second year of a US\$90 million three-year PRGF programme. An Interim PRSP was expected in the fourth quarter of 2000, with decision point in the HIPC initiative at the end of 2000 or beginning of 2001. Total debt relief will be around US\$800 million (US\$445 million NPV).

Rwanda's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Billion	0.005	0.190	0.712	0.952	1.029	1 043	1 111	1 226	1 253	1.0
Debt per capita	US\$	12	37	102	153	150	155	141	151	151	132
Multilateral Debt	US\$ Million	0	91	542	754	811	834	850	959	1 008	996
Bilateral Debt	US\$ Million	1	52	119	150	157	149	142	159	153	150
Private Debt	US\$ Million	0	8	4	2	2	2	2	1	1	1
Total external Debt / Exports	%	-	103.4	474.8	2952.7	1 040.9	1177.0	704.8	1006.7	1063.8	896.2
Total External Debt / GNP	%	2.2	16.3	27.7	127	79.6	74.9	60.1	60.8	67.1	71.6
Annual Debt service paid	US\$ Million	1	8	21	4	20	18	22	21	31	35
Total Debt Service /Exports	%	-	4.1	14.0	13.0	20.4	19.9	14.1	17.0	25.9	24.7
Grants	US\$ Million	10	68	145	597	566	333	124	199	228	211
Rescheduled Debt	US\$ Million	-	-	0	0	6	0	0	33	5	7
Debt Amount forgiven	US\$ Million	-	-	0	0	0	0	0	1	0	0

- Not available

Sources

- World Bank Development indicators 2000
- African Development Indicators 2001
- The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
- World Human Development Report 2001
- Selected Statistics of Selected African Countries- ADB
- Global Development Finance 2002

SOMALI**Political Background**

The Somali Republic was created in 1960 after British Somaliland and Italian Somaliland gained independence and merged. A war with Ethiopia in 1963-64 and two presidential assassinations characterized a decade of political instability under coalition governments, culminating in a military coup under General Mohamed Siad Barre in 1969. He was in turn overthrown in 1991 and the country has been torn by civil war for much of the last decade. A failed international humanitarian and military intervention in 1992 by the USA and the UN resulted in the killing of aid workers, soldiers and journalists. The south of the country continues to be dominated by faction leaders, once by General Mohamed Farah Aideed, but Somaliland in the north has a basic government under President Mohamed Ibrahim Egal and has largely been at peace for the past few years. Despite this, the international community reluctant to see further fragmentation of the Horn of Africa continues to recognize only Somalia as a viable state. In August 2000 Abdiqassim Salad Hassan was sworn in as the first president of Somalia since 1991 and promised to work to unite the country.

Economy and Social indicators

Agriculture is the largest sector of the economy and accounts for about 60% of economic production. Subsistence farmers grow maize and sorghum, rice and wheat are imported and the major cash crops are frankincense, bananas and cotton. Livestock is also exported to the Middle East. Italy and Saudi Arabia are the largest trading partners and **the greatest source of foreign currency is remittances from abroad**, which are estimated in the region of US\$300-400 million per year. Somalia has suffered frequent famines and the country is heavily reliant on food imports. The latest available GNP per capita figure for Somalia was US\$210 in 1990. Three quarters of the adult population are illiterate. Life expectancy in 1995 was 47 years and due to lack of data Somalia was not ranked on the Human Development Index.

· Population:	9.4 million
· Spending on health:	1.0% GDP
· Spending on debt service:	1.3% GNP (1990)
· Spending on education:	1.7% GNP
· People without access to clean water:	69%
· Percentage of children under 5 malnourished:	n/a
· Percentage of population living on less than \$1 (\$2):	n/a

Debt analysis

Somalia's foreign debt has continued to rise unchecked since 1980 and now stands at US\$3.3 billion. Around 60% of the long-term debt is owed to bilateral creditors, the largest being the US, with the bulk of the remainder due to multilateral creditors, mainly the World Bank's IDA and the IMF. Although accurate recent figures are not available, the debt to exports ratio of 3090% in 1996 was over 20 times the level considered sustainable by the IMF. **Due to the state of civil war in the country practically no debt service has been paid over the last five years**, but when stability returns it is clear that Somalia will need major cancellation of its debt if the country is to be brought back to a sustainable position. This is probably still several

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

years away as relations with the international financial institutions have broken down. The last lending by the World Bank was in 1990. However, Somalia is included in the list of conflict countries that are being promised **fast-track debt relief** by the key creditors of the G7 as an incentive for bringing a complete stop to fighting.

Somali's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Billion	0.077	0.660	2 370	2 616	2 678	2 643	2 561	2 635	2 606	2.6
Debt per capita	US\$	8	11	305	311	312	312	292	259	278	289
Multilateral Debt	US\$ Million	7	159	754	774	786	764	723	741	729	709
Bilateral Debt	US\$ Million	68	408	1 136	1 125	1 138	1 119	1 095	1110	1 097	1 083
Private Debt	US\$ Million	2	28	37	36	37	36	34	35	34	33
Total External Debt / Exports	%	-	252.1	3363.0	3 745	-	3 090	-	-	-	-
Total External Debt / GNP	%	23.9	109.5	283.9	-	-	-	-	-	-	-
Annual Debt service paid	US\$ Million	3	13	11	0	1	3	0	0	1	0
Total Debt service / Exports	%	-	4.9	15.2	-	-	-	-	-	-	-
Rescheduled Debt	US\$ Million	-	-	0	0	0	0	0	0	0	0
Grants	US\$ Million	8	274	323	493	149	60	67	68	93	86
Debt Amount forgiven	US\$ Million	-	-	0	0	0	0	0	0	0	0

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2001
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

SUDAN**Political Background**

Sudan gained independence from Britain in 1956 and almost immediately became embroiled in a protracted and ongoing civil war between the Muslim Arabic-speaking north and Christians in the south. In 1972 the Addis Ababa Accord temporarily ended the government's war against the southern guerrilla movement by establishing a limited autonomy for the south. In the early 1980s, fighting again broke out with the formation of the Sudanese People's Liberation Army (SPLA), which in 1984 led to the government revoking the limited autonomy and introducing Islamic law throughout Sudan. In 1985 Nimeiry was ousted from power and the first democratic elections in 18 years were held, although four years later the government was overthrown by General Bashir, the current president. The resulting turmoil in the north allowed the SPLA to gain the upper hand, but soon afterwards it splintered into two main factions, leaving the north's control unaffected. In 1993 the two SPLA factions agreed a ceasefire, although the 1994 attempts at mediation between all fighting parties in the Sudan failed. More recently President Bashir has faced domestic opposition, as well as international accusations of human rights abuse against the Dinka and Nuer tribes.

Economy and Social Indicators

Agricultural production is the mainstay of the economy contributing 39% of GDP and employing 69% of the workforce. Cotton and related products are the main exports. Private investment in an oil pipeline from the Heglig oilfield to the Red Sea should reduce the country's import bill but the government has been criticized internationally for using oil revenues to fuel the civil war. Sudan is the largest country in sub-Saharan Africa and one of the most populous with 29 million people. Economic development has been severely affected by high military expenditures due to the civil war and GNP per capita for 1998 was US\$290 (ranked 183 out of 206 countries by the World Bank). For many years the UN has been involved in humanitarian relief flights to avert starvation in the southern region. Life expectancy was 55 years in 1998 and the country is ranked 143 out of 174 on the Human Development Index.

· Population:	29 million
· Spending on health:	0.5% GDP
· Spending on education:	0.9% GNP
· Spending on debt service:	0.7% GNP
· People without access to safe water:	50%
· Percentage of children under 5 malnourished:	34%
· Percentage of population living on less than \$1 (\$2):	n/a

Debt Analysis

Sudan is a HIPC and its total external debt was US\$21 billion in 2001, three times the 1980 level. About 60% of the long-term debt is owed to bilateral creditors, the largest being the United States. Arrears of approximately US\$1.6 billion are owed to the IMF. Sudan managed to pay only US\$61 million of a scheduled debt service of US\$323 million that was due in 1998. Total debt in net present value is 2 448% of exports, over 16 times higher than the upper limit of HIPC sustainability and the highest figure for this key indebtedness ratio in Africa.

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

Debt rescheduling from the Paris Club creditors has not been received. The IMF has conducted frequent missions in the country but no IMF/World Bank adjustment programme has been in place since 1995. Sudan has therefore not yet met the entry requirements for debt relief under the HIPC initiative and debt relief is still along way off.

Sudan's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Billion	0.385	5 177	14 762	16 918	17 603	16 972	16 326	16 843	23 700	13.6
Debt per capita	US\$	97	277	614	648	675	625	589	594	818	439
Multilateral Debt	US\$ Billion	0.104	0.634	1 723	2 064	2 133	2 084	2 001	2 051	2 011	1 946
Bilateral Debt	US\$ Billion	0.153	2 659	5 777	5 701	5 787	5 692	5 521	5 615	5 494	5 384
Private Debt	US\$ Million	0.037	0.529	1 655	1 635	1 859	1 594	1 477	1 559	1 347	1 317
Total External Debt /Exports	%	113.6	492.6	2219.9	3 057	2 551.6	1 964	1 423	2 448	1 948.8	829.8
Total external Debt /GNP	%	18.4	69.3	116.8	233.1	280.3	233.2	175.5	186.6	183.4	161.4
Annual Debt service paid	US\$ Million	42	264	50	3	69	48	58	61	57	61
Total Debt Service / Exports	%	12.3	25.1	7.5	0.6	10.0	7.1	9.0	9.8	6.7	3.2
Rescheduled Debt	US\$ Million	-	-	0	0	0	0	0	0	0	0
Grants	US\$ Million	3	388	433	363	149	143	118	188	216	176
Debt Amount forgiven	US\$ Million	-	-	0	0	0	0	0	0	0	0

- Not Available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

Political commitment to sound debt management, especially adhering to legal and accountability frameworks is very necessary. Sound and effective management information systems are needed, especially the recording systems and separate systems for analyzing debt sustainability and risk management.

UGANDA**Political Background**

Uganda gained independence from Britain in 1962 and made economic development progress until the dictatorship of Idi Amin in the 1970s. Further instability followed Amin's overthrow in 1979. The current president Yoweri Museveni, and the National Resistance Movement came to power in 1986. Mr Museveni was elected in June 1996, where he won nearly 75% of the vote. He was again re-elected in 2001. The country is experiencing civil strike due to attacks from the Lord's Resistance Army, and anti-government movement in the south and its military involvement in the DRC.

Economy and social indicators

Agriculture is the most important sector of the economy employing four fifths of the workforce. Coffee is the major export and accounts for over half of exports revenues. The government has developed close relations with the IMF, World Bank and western donors, who see the country as a role model for the region in its economic reform and strategy for reducing poverty. Uganda has a per capita income of US\$310. Uganda is ranked 158 out of 174 countries on the Human Development Index. It has one of the highest levels of HIV infection in the world and a life expectancy of 42 years.

· Population:	21.5 million
· Spending on health:	1.8% GDP
· Spending on education;	2.6% GNP
· Spending on debt service:	2.4% GNP
· People without access to safe water:	66
· Percentage of children under 5 malnourished:	38%
· Percentage of population living on less than \$1 (\$2):	36.7% (77.2%)

Debt Analysis

Uganda's total external debt in 2001 was US\$3.82 billion, with almost three quarters owed to the World Bank, IMF and other multilateral institutions. Uganda has been the first country to expose the inadequacy of the HIPC programme. It was worse off immediately after receiving HIPC I assistance in April 1998, because donor funding for its debt payments to the World Bank stopped at the same time. An embarrassed World Bank rectified this temporarily, but one year later the fall in the price of coffee put Uganda back with an unsustainable debt burden. Nevertheless, there have been positive developments on debt. Uganda has used previous debt relief to help raise primary school enrolment from 54% to 90% and has also managed to bring down the HIV infection rate, mainly through community education programmes. A Poverty Action Fund has ensured that funds released from debt relief can be monitored by civil society and, therefore, effectively used.

The parliament also has a role in overseeing new lending and it has vetoed at least one proposed loan and modified others. Uganda is in the final year of a three-year PRGF. Debt service from 1993-8 averaged US\$155 million and the combined reduction of HIPC 1 and 2 will leave the country paying about US\$50 million each year. Total debt relief (in NPV) is US\$1 billion, reducing the debt by about 42%. Uganda passed its decision point in HIPC 2 on 8 February 2000 and its completion point in May the same month that Uganda had endorsed its full PRSP. However, creditor concerns over the purchase of a presidential jet and Ugan-

dan troops fighting in the Congo led to the completion point being delayed. Non-Paris Club creditors have frequently been uncooperative in providing debt relief.

Uganda's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Billion	0.152	0.689	2 583	3 372	3 573	3 674	3 868	3 935	3 480	3.0
Debt per capita	US\$	23	54	158	181	184	186	190	192	162	130
Multilateral Debt	US\$ Billion	0.019	0.079	1 270	2 012	2 209	2 284	2 410	2444	2 561	2644
Bilateral Debt	US\$ Million	108	214	556	764	770	790	920	965	405	328
Private Debt	US\$ Million	25	244	335	93	84	77	76	62	15	25
Total external Debt / Exports	%	51.1	208.3	1051.1	980.3	523.3	491.9	453.4	592.2	445.1	506.1
Total external Debt /GNP	%	-	55.6	61.1	85.7	62.7	61.2	62.3	59.2	54.0	55.4
Annual Debt service Paid	US\$ Million	9	57	147	150	136	149	159	162	172	159
Total Debt service / Exports	%	3.0	17.3	58.9	43.2	20.0	20.0	18.5	24.0	22.1	23.7
Grants	US\$ Million	1	61	257	319	400	336	342	534	379	527
Rescheduled Debt	US\$ Million	-	-	16	0	172	0	0	149	0	0
Debt Amount forgiven	US\$ Million	-	-	51	7	0	0	0	0	0	0

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2002
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

CENTRAL AFRICA COUNTRIES

CAMEROON

Political Background

After a period as a German protectorate preceding World War 1, the Douala area was divided between France and Britain. Full independence as the Republic of Cameroon was gained in 1960 for the region administered by France. The British section was divided in 1961, with the northern area joining Nigeria and the southern half federated with the Republic of Cameroon. From independence to 1990, Cameroon was a one-party state, ruled by the Cameroon People's Democratic Movement (CPDM), with Ahmadou Ahidjo as president until 1982. He was replaced by former prime minister Paul Biya. Following a nationwide strike in 1990, President Biya initiated a multi-party system and won the country's first elections in 1992. He was re-elected again in 1997, although all major opposition parties boycotted the election because President Biya did not allow an independent board to organize the vote. British and French educational and administrative systems co-exist in Cameroon, but in practice the francophone majority dominates.

Economy and Social indicators

Cameroon's economy continued to grow during the 1980s with GNP per capita increasing from US\$650 in 1980 to US\$1 070 in 1989. The country then suffered from sharp declines in the prices of major exports: oil, cocoa and coffee. Falling oil output and appreciation of the exchange rate in the late 1980's also greatly affected the country's competitiveness. Throughout the 1990s per capita income fell continuously to the 1998 level of US\$610. Africa's largest construction project, to develop the oilfields of neighbouring Chad with a pipeline running through to the Cameroon coast, could bring benefits to the Cameroon economy over the next two decades. Supported by World Bank finances, the project is controversial due to its environmental impact. Life expectancy in 1998 was 54 years and the country is ranked 134 out of 174 on the Human Development Index.

· Population:	14.3 million
· Spending on health:	1% GDP
· Spending on education:	2.9% GNP
· Spending on debt service:	6.5% GNP
· People without access to safe water:	59%
· Percentage of children under 5 malnourished:	29%
· Percentage of population living on less than	n/a

Debt Analysis

Cameroon's total external debt was US\$7.03 billion in 2001, over three and a half times the 1980 level. Almost three quarters of the debt is owed to bilateral creditors, the largest of which are France and Germany. The debt to exports ratio of 427% for 1998, is far above even the levels considered by the IMF/World Bank as sustainable. Debt service accounts for 6.5% of GNP, six times more than the government spends on health. For every dollar received in aid

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

grants, Cameroon spends almost US\$2 in debt service payments, significantly above the average for sub-Saharan Africa. Cameroon last met with Paris Club creditors in October 1997 with \$1.3 billion of debt rescheduled. Since 1997, the government has had a three-year IMF programme in place. This was followed with a three-year PRGF starting 2000 and a completed Interim PRSP Cameroon reached decision point in the HIPC initiative in October 2000. Debt relief is estimated at US\$2 billion in nominal terms (US\$1.2 billion NPV). Debt service payments from 2000 to 2005 will average US\$280 million a year.

Cameroon's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total External Debt	US\$ Billion	0.145	2 588	6 679	8 326	9 385	9 542	9 267	9 829	8 142	7.5
Debt per capita	US\$	67	299	582	649	678	704	666	694	554	500
Multilateral Debt	US\$ Billion	0.020	0.432	1 317	1 665	1 678	1 568	1 465	1 487	1 456	1 379
Bilateral Debt	US\$ Billion	0.104	0.805	2 566	4 627	5 434	5 614	5 712	6 223	5 787	5 648
Private Debt	US\$ Million	12	836	1 483	956	898	769	553	479	372	330
Total external Debt / Exports	%	47.4	135.4	287.7	474.3	455.6	464.9	401	427	418.6	337.5
Total External Debt /GNP	%	14.1	46.1	62.5	113.2	126.2	112.5	109.7	120.5	108.3	111.6
Annual Debt service paid	US\$ Million	11	280	522	385	431	510	513	533	549	562
Total Debt service / Exports	%	3.7	14.6	22.5	22.1	20.9	24.7	21.9	22.7	24.3	20.5
Rescheduled Debt	US\$ Million	-	-	75	1298	642	656	1075	370	482	158
Grants	US\$ Million	21	29	313	333	205	239	139	276	190	172
Debt Amount forgiven	US\$ Million	-	-	10	533	0	1	73	23	20	2

- Not Available

Sources

- World Bank Development Indicators 2000
- African Development Indicators 2002
- The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
- World Human Development Report 2002
- Selected Statistics of Selected African Countries- ADB
- Global Development Finance 2002

CENTRAL AFRICAN REPUBLIC

Political Background

The Central African Republic was one of four territories included in French Equatorial Africa and gained independence in 1960. It was a one-party state between 1986 and 1990 when opposition parties forced the adoption of a multi-party system. Ange-Felix Patasse was elected president in 1993 and formed a coalition government. A new democratic constitution was adopted just over a year later following a referendum in which the low turnout reflected the declining popularity of the government. Failure to maintain salary payments led to mutinies by the army in 1996 and 1997 resulting in widespread unrest in the main city of Bangui. The ceasefire negotiated in July 1997 was supported by an inter-African peace-keeping force, replaced in Spring 1998 by a UN peace-keeping operation, which was set up to monitor and enforce the ceasefire. Legislative elections were held at the end of 1998, and President Patasse was re-elected in September 1999. UN troops were withdrawn from the CAR in March 2000. Although international mediation has helped to maintain stability the CAR government is still struggling to deal with the consequences of the army mutinies and the political, economic and social situation remains fragile.

Economy and Social Indicators

Subsistence agriculture and forestry dominate the economy and employ around two thirds of the labor force. The main exports are diamonds, coffee, timber, cotton and tobacco. Despite the potential of unexploited mineral resources, the CAR remains an impoverished country with GNP per capita of US\$300 in 1998. Two thirds of the population live in absolute poverty and life expectancy in 1998 was 44 years, lower than the Sub-Saharan African average. The Central African Republic is ranked 166 out of 174 countries on the Human Development Index.

· Population:	3.5 million
· Spending on health:	2.8 % GDP
· Spending on education:	2.2 % GNP
· Spending on debt service	2.9 % GNP
· People without access to safe water:	81%
· Percentage of children under 5 malnourished:	28%
· Percentage of population living on less than \$1 (\$2):	66.6% (84%)

Debt Analysis

The Central African Republic has a total debt stock of US\$710 million as of 2001, a relatively high figure compared to its small economy. The debt to exports ratio in 1998 was 358 % which is more than double the level considered sustainable by the international financial institutions. About three quarters of the long-term debt is owed to multilateral creditors, mainly the World Bank's IDA and African Development Bank. The country has been unable to meet its debt obligations and in 1998 paid less than half of the scheduled level of debt service. The CAR is classified as an HIPC, and meetings with representatives of the IMF and World Bank took place in late 1997, which led to the approval of a three-year ESAF programme in 1998.

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

In 1999, government officials met with the Paris Club and agreed a restructuring of the country's external debt. However, problems are exacerbated by a build-up of arrears to both bilateral creditors and the African Development Bank. Fuel shortages and security problems have contributed to a worsening financial situation. Progress towards eligibility for the HIPC initiative is slow and decision point is not likely until late 2001 or early 2002. An Interim PRSP was expected to be completed between October and December 2000.

CAR's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Million	24.1	194.7	698.5	888	946.0	933	883	921.3	878	700
Debt per capita	US\$	23	98	238	276	287	279	258	265	248	175
Multilateral Debt	US\$ Million	0.2	53.3	455.5	593.2	636.2	645.2	604.5	622.4	608.4	583.1
Bilateral Debt	US\$ Million	17.7	44.9	147.0	191.6	199.4	191.0	183.4	185.5	185.1	194.4
Private Debt	US\$ Million	6.1	48.3	21.6	17.6	18.4	14.2	13.6	33.2	32.6	32.6
Total External Debt / Exports	%	-	94.8	317.0	496.1	471.5	572	515	623.6	589.4	556.4
Total External Debt / GNP	%	12.9	24.4	47.7	106.7	85.9	88.9	89.4	89.3	87.6	91.6
Annual Debt service paid	US\$ Million	3.1	10	29.1	23.2	15.7	12.9	15.6	33.3	18.7	14.1
Total Debt service / Exports	%	-	4.9	13.2	12.9	7.8	7.9	9.1	22.6	12.1	9.0
Rescheduled Debt	US\$ Million	-	-	4.4	38.5	7.6	0.0	0.0	9.2	30.7	17.2
Grants	US\$ Million	6.4	55.7	86.2	97.5	109.6	119.1	73.2	102.3	79.4	55.8
Total Debt Amount forgiven	US\$ Million	-	-	153.1	49.2	1.1	3.7	0.0	1.9	0.1	0.4

- Not Available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2001
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

REPUBLIC OF CONGO - BRAZZAVILE**Political Background**

The Republic of Congo became independent from France in 1960. Congo's population of 2.8 million contains many diverse tribal and ethnic groups. Fulbert Youlou became the first president. His overthrow in 1963 ushered in a period of violence before the establishment of a Marxist-Leninist military government in 1968, although strikes and political instability continued to dominate. In 1979 Colonel Denis Sassou-Nguesso became president. In 1990 the government began a demobilization of the armed forces, legalized opposition parties and abandoned its Marxist-Leninist policies. Elections in 1992 brought President Lissouba to power, however he was deposed following a violent civil war that re-established Colonel Sassou-Nguesso as president in October 1997. Renewed violence broke out in December 1998 and lasted until October 1999, since then the ceasefire has held. The government is reconstructing the country, planning a return to democratic institutions.

Economy and Social indicators

Oil is the dominant sector in the economy accounting for 90% of export revenues and 70% of government revenue. Cocoa and coffee are also important exports. The agricultural sector employs a third of the workforce and is mainly subsistence farming of wheat, maize, plantains, cassava and yams. Congo relies on imports of food. The per capita income is US\$680. The government began an IMF structural adjustment programme in June 1996, which was interrupted by the civil war. The World Bank estimates the cost of reconstruction of war-related damage at US\$1 billion. Life expectancy in 1998 was 48 years and Congo is ranked 139 out of 174 countries on the Human Development Index.

· Population:	2.8 million
· Spending on health:	1.8% GDP
· Spending on education:	6.1% GNP
· Spending on debt service:	2.5% GNP
· People without access to safe water:	53%
· Percentage of children under 5 malnourished:	45%
· Percentage of population living on less than \$1 (\$2):	n/a

Debt Analysis

Congo's total external debt in 2001 was US\$12.9 billion over three times its level in 1980, and a figure that is about 300% of its GNP. Two thirds of the long-term debt is owed to bilateral creditors, with the largest share due to former colonial ruler France, and the remainder is fairly evenly spread between private and multilateral creditors. Congo has been to the Paris club four times, the last time being in July 1996, when US\$1.8 billion of debt was restructured. The country's debt to export ratio of 286% is well above the 150% considered sustainable by the IMF/World Bank, and so on these grounds it will be eligible for HIPC debt relief. A donor's consultation meeting at the World Bank office in Paris in October 2000, announced support for the Republic of Congo's Interim Post Conflict Reconstruction and Rehabilitation Programme. Acknowledging the country's heavy burden of debt donors urged IMF approval of the programme and agreed to help Congo work towards the preparation of a PRSP beginning in 2001. This could then lead to a decision point in the HIPC initiative in 2001.

Republic of Congo's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total debt Stock	US\$ Billion	0.119	1 526	4 953	5 414	6 004	5 241	5 071	5 119	5 460	12.3
Debt per capita	US\$	213	914	2 231	2 174	2343	1 993	1 871	1 840	1 909	4.1
Multilateral Debt	US\$ Million	29	118	568	702	703	675	619	625	601	570
Bilateral Debt	US\$ Billion	0.075	0.487	2 487	3 131	3 340	3 125	2 832	2 812	2 551	2 424
Private Debt	US\$ Million	14	653	1 145	941	913	866	832	814	782	764
Total External Debt / Export	%	-	148.2	329.2	526.7	481.8	316.2	286.9	377.7	281.2	179.7
Total External Debt / GNP	%	44.5	98.8	212.9	357.4	389.6	384.6	391.5	364.4	279.8	219.0
Annual Debt service paid	US\$ Million	9	109	531	557	181	339	112	41	25	43
Total Debt service / Exports	%	-	10.6	35.4	52.1	14.5	20.4	6.2	3.0	1.4	1.6
Rescheduled Debt	US\$ Million	-	-	780	1044	108	269	91	69	36	0
Grants	US\$ Million	5	20	50	181	86	299	234	53	130	32
Debt Amount forgiven	US\$ Million	-	-	0	126	24	77	37	36	17	0

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2001
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

EQUATORIAL GUINEA

Political Background

Equatorial Guinea was a former colony of Portugal and then Spain from 1904 and was also used as a base by the British during the Atlantic slave trade. It gained independence in 1968 and was ruled as a one-party state by Francisco Macias Nguema until his nephew overthrew him in a coup in 1979. Obiang Nguema's new regime led to the drafting of a new constitution in 1982 and legislative elections. Multi-party politics were allowed from 1991, but while amnesty was given to returning exiles, some opposition leaders were arrested and later died in prison. President Obiang has been under pressure by the Spanish government, and increasingly the US government, to oversee transparent elections. Re-elected in 1996, Mr Obiang oversaw free and fair municipal elections in April 2000.

Economy and Social indicators

The economy of Equatorial Guinea has improved significantly in the last few years. Per capita income rose to US\$1,110 in 1998, this is three times the 1989 level and one of the highest figures in Africa. Offshore oil production, which began in 1995, has expanded rapidly, reaching around 200,000 barrels a day. The oil discoveries have attracted large US companies such as Mobil, Exxon and Triton and US Foreign Direct Investment has quickly surpassed that of other countries, including previous colonial rulers Spain. Cocoa, coffee and timber are the other main exports. Life expectancy for 1998 was 50 years and Equatorial Guinea is ranked 131 out of 174 countries on the Human Development Index.

· Population:	0.4 million
· Spending on health:	5.8% GDP
· Spending on education:	1.7% GNP
· Spending on debt service:	1.5% GNP
· People without access to safe water:	5%
· Percentage of children under malnourished:	n/a
· Percentage of population living on less than \$1(\$2):	n/a

Debt Analysis

Total debt stock for Equatorial Guinea has increased gradually over the last ten years to a figure of US\$230 million in 2000, and dropped to US\$100 in 2001. The debt is split evenly between bilateral and multilateral creditors. The debt to exports ratio of 72 per cent is low by Sub-Saharan African standards and within the sustainable range as classified by the IMF/World Bank. Recent oil discoveries and economic growth have improved the debt position of Equatorial Guinea. The World Bank has changed its classification of Equatorial Guinea, as a severely indebted low-income country 1998, to one of moderate indebtedness and middle income in January 2000. This significant change within two years reflects the expansion of the country's economy. Since the oil discoveries there has been no dialogue with the World Bank or IMF and the country is not being considered for any debt relief under the HIPC initiative. It was removed from the HIPC database in the year 2000.

Equatorial Guinea's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Million	5.0	75.6	241.1	287.6	291.8	282.4	283.2	306.1	201	230
Debt per capita	US\$	134	344	689	737	767	689	674	710	457	1150
Multilateral Debt	US\$ Million	0.0	2.7	67.4	96.8	101.4	98.8	93.7	98.0	98.2	93.6
Bilateral Debt	US\$ Million	5.0	42.6	124.1	106.8	111.5	107.4	100.5	103.6	96.5	92.9
Private Debt	US\$ Million	0.0	7.2	17.8	15.7	16.8	16.0	14.3	15.0	13.2	12.3
Total External Debt /Exports	%	-	-	569.7	440	309.7	156.6	55.6	38.1	19.2	10.5
Total External Debt / GNP	%	7.5	-	195.2	248.5	190.6	138.6	68.1	75.6	58.2	49.7
Annual Debt service paid	US\$ Million	0.0	2.6	5.1	2.0	2.1	4.7	5.9	6	5.0	5.3
Rescheduled Debt	US\$ Million	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	US\$ Million	0.0	1.4	43.5	11	15.0	18.3	13.1	12.9	11.3	17.9
Debt Amount forgiven	US\$ Million	-	-	18.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0

- Not available

Sources

World Bank Development Indicators 2000
African Development Indicators 2002
The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
World Human Development Report 2001
Selected Statistics of Selected African Countries- ADB
Global Development Finance 2002

SAO TOME & PRINCIPE

Political Background

The two small islands of Sao Tome' & Principe attained independence from Portuguese in 1975. In subsequent years the government adopted a socialist form of rule. After introduction of a new constitution in 1990, the country held its first multiparty elections in 1991 with Miguel Trovoada elected as president. The Movement for the Liberation of Sao Tome' & Principe-Social Democratic Party (MLSTP-PSD) won an absolute majority in legislative elections held in November 1998. Mr Guilherme Posser da Costa was confirmed as prime minister in January 1999.

Economic and Social Indicators.

The undiversified economy of the islands, based almost exclusively on the production and export of cocoa, has deteriorated over the last ten years. Per capita income of US\$270 in 1998 is the lowest figure for a decade and half the 1980 level. Over reliance on cocoa production means vulnerability to the decline in world prices that has occurred in the last couple of years, whereas prices for imports that include fuel, machinery, equipment and a significant amount of food have generally risen, leading to a clear fall in living standards. Fishing is modest and industry small, but some optimism exists for the future economic outlook with a slowly developing tourist industry and recent oil discoveries. Life expectancy is relatively high at 64 years and the country is classified 132 out of 174 on the Human Development Index.

· Population:	0.1 million
· Spending on health:	6.1% GDP
· Spending on education:	4.6% GNP
· Spending on debt service:	10.3% GNP
· People without access to safe water:	18%
· Percentage of children under 5 malnourished:	n/a
· Percentage of population living on less than \$1(\$2):	n/a

Debt Analysis

Sao Tome' & Principe is a heavily indebted country even by sub-Saharan African standards. Total debt has increased considerably over the last decade to a figure of US\$300 million in 2001, ten times the 1980 level. Around two thirds of the debt is owed to the multilateral organisations, mostly to the African Development Bank, with all the rest owed to bilateral creditors. The debt to exports ratio is 1,268%, **the third highest figure in Africa** and more than eight times the level assessed as sustainable by the IMF and World Bank. The government began an IMF Poverty Reduction and Growth Facility arrangement in April 2000 which runs until April 2003. However, all of the first tranche of the loan was used to repay existing debt. Adoption by the government of an agreed financial programme led to a restructuring of the country's debt with representatives of the creditor countries in May 2000. Recognizing Sao Tome' & Principe's low per capita income and heavy debt burden, this deal with Paris Club creditors has reduced debt service payments to them by about 95%.

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

Sao Tome & Principe's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Million	-	23.5	150	222	245.5	229.7	232.4	245.8	296	0.2
Debt per capita	US\$	-	261	1 250	1 707	1876	1 640	1 660	1 781	2 114	2 000
Multilateral Debt	US\$ Million	-	10.6	72.6	136.7	152.6	155.8	151.4	167.9	171.1	170.1
Bilateral Debt	US\$ Million	-	12.6	59.2	62.9	79.0	70.5	75.3	75.6	120.2	120.5
Private Debt	US\$ Million	-	0.4	1.1	1.1	0.0	0.0	0.0	0.0	0.0	3.8
Total External Debt / Exports	%	-	100.8	1820.4	2112.0	2 493.8	2460.3	2129.8	2387.7	2168.2	2273.2
Total External Debt /GNP	%	-	47.7	285.9	504.0	613.6	583.8	607.9	719.4	758.8	726.1
Annual Debt service paid	US\$ Million	-	1.2	2.8	2.6	2.3	3	3.6	3.8	4.3	4.4
Total Debt service / Exports	%	-	5.2	34.0	25.7	23.4	31.4	32.3	35.2	29.1	31.7
Rescheduled Debt	US\$ Million	-	-	0.0	0.7	29.5	0.0	11.2	0.0	7.5	23.5
Grants	US\$ Million	-	2.7	26.7	22.7	24.6	17.9	16.3	10.9	9.3	13.3
Debt Amount forgiven	US\$ Million	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.8

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2001
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

NORTH AFRICA COUNTRIES

MOROCCO

Political Background

Morocco achieved independence from French colonial rule in 1956 and became a constitutional monarchy. Although several political parties existed, in effect King Hassan ruled the country as an absolute monarchy for 38 years. In 1992 a new constitution was approved by the electorate and gave more power to parliament and the prime minister. The 1990s witnessed a gradual delegation of powers by the king and Morocco began a political transition. Opposition leader Mr Youssoufi was appointed prime minister in 1998 after national elections, and following the death of King Hassan in July 1999, his son and successor Mohammed VI has continued the trend towards an open political climate. However, the new king faces challenges, the Western Sahara problem, reconciliation of French and Spanish-speaking regions, an Islamist revival and major social problems. An economic and political partnership agreement signed in 1996 with the EU may benefit future development.

Economic and Social Indicators

Morocco's GNP per capita was US\$1 240 in 1998, having remained relatively stable throughout the 1990s. Although the country has halved the number of people living in poverty within a generation, there are significant disparities between rural and urban areas, and between men and women. Industry and services have overtaken agriculture as the main sources of employment and Morocco is the world's leading exporter of phosphates. The discovery of large crude oil and natural gas deposits near the Algerian border can boost future economic development. Social indicators are mixed; for example life expectancy of 67 years in 1998 is high by African standards, while maternal mortality and female illiteracy in rural areas is comparable to lower income countries. Morocco is ranked 124 out of 174 countries on the Human Development Index.

• Population:	27.8 million
• Spending on health:	1.3% GDP
• Spending on education:	5% GNP
• Spending on debt service:	8.2%GNP
• People without access to safe water:	48%
• Percentage of children under 5 malnourished:	24%
• Percentage of population living on less than \$1 (\$2):	less than 2%(7.5%)

Debt Analysis

Morocco's total debt stock is US\$20.7 billion, but the country does not qualify as a HIPC. Long-term debt is split fairly evenly between multilateral, bilateral and private creditors. The World Bank's IBRD is the largest multilateral creditor and about half of bilateral debt is owed to France. The debt to exports ratio of 157% is slightly above the level considered sustainable by the World Bank/IMF. Actual debt service accounts for 8.2% of GNP more than the combined total spent on health and education. In April 2000, King Mohammed announced at the

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

EU Africa Summit in Cairo that his country would cancel 100% of debt owed by severely indebted African nations. Morocco's own debt position seems less certain. The last decade has seen the country reduce its external debt but replace it with domestic debt. A series of IMF structural adjustment policies were implemented starting in 1983, although there has been no IMF programme in place since the beginning of the 1990s. World Bank involvement has focused on social programmes and improving rural infrastructure. Morocco has met with Paris Club creditors six times, the latest in 1992 rescheduled US\$1.32 billion of the country's debt.

Morocco's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total Debt Stock	US\$ Billion	0.985	9 258	24 458	22158	22665	21852	20 162	20687	20 247	21.2
Debt per capita	US\$	234	478	1 017	855	876	814	738	738	717	707
Multilateral Debt	US\$ Billion	0.059	0.723	4. 678	6 297	6 768	6623	6 074	6491	6281	5 822
Bilateral Debt	US\$ Billion	0.683	2 796	12 304	9 829	9748	9341	8 145	7 764	6876	6209
Private Debt	US\$ Billion	0.129	4 355	6 110	5403	5570	5208	4792	4909	4157	3761
Total External Debt /Exports	%	-	214.1	293.7	230.7	201.2	182.7	174.5	168.6	150.5	139.2
Total External Debt / GNP	%	25.0	50.3	96.5	75.9	71.6	62.0	62.6	59.3	56.2	55.3
Annual Debt service paid	US\$ Billion	0.080	1446	1794	3639	3 764	3352	3178	2797	3049	3333
Total Debt service /Exports	%	-	33.4	21.5	37.9	33.4	28.0	27.6	22.9	23.9	25.9
Rescheduled Debt	US\$ Million	-	-	4 118	0	0	0	0	0	0	0
Grants	US\$ Million	24	76	480	279	100	355	271	349	318	191
Debt Amount forgiven	US\$ Million	-	-	31	0	0	0	5	0	1	118

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2001
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

ALGERIA**Political Background**

Algeria gained independence in 1962, from French. There was political crisis in 1992 when the army appointed Haut Conseil d'Etat (HCE) stepped in and cancelled elections in which the previously outlawed Front Islamique du Salut (FIS) were posed to win. The enforcers in the FIS didn't take the cancellation and civil broke out. The army has been implicated in the massacre and counter massacres. Large population has been displaced, diplomatic missions have packed and gone home, vast areas of country side are lawless. Although less affected by the militancy, the south has nonetheless experienced regular acts of banditry. In September 1999, Algerians voted overwhelmingly to support President BOUTEFLIKA's referendum to bring the seven-year civil conflict with the Islamic fundamentalists to an end. There appears to finally be a real desire to end the violence, but any peace still appears a long way off.

Economic and Social Indicators

The economy is based on the oil and hydrocarbon export. Since independence in 1962, Algeria undertook the construction of a socialist economy supported by heavy industrialization and the substantial investment in human capital. With the implementation of the 1994 economic reform program supported by the WB and IMF, Algeria marked a solid departure from the past, in terms of the macroeconomic policies. The program embraced privatization, financial sector reforms, trade reforms, land reform, SMEs reforms and is said to have brought macroeconomic stability in Algeria.

The reform program delivered a progressive strengthening of the external position, as the Central Bank built a sizeable stock of foreign exchange reserves that reached over US\$8 billion in 1997. Economic performance in 1998, with a real GDP growth of 5.1% was high despite oil price shock. In 1999, the real GDP growth dropped again to 3.5%, mainly due to the substantial slow-down of the non-hydrocarbon sector. The unemployment rate remains high at 30%. Poverty also remained at relatively high level 14% of the population. Population in 2000 was estimated to be 30.4 million.

Debt Analysis

Algeria's external debt remains extremely costly. In 2001, Algeria had a total external debt stock of US\$22.5 billion, with a debt per capita of US\$820, which is too high and unsustainable. This is about 41% of GDP. The larger percentage of the debt stock is owed to bilateral donors. The SAP in 1994 was accompanied by a debt rescheduling agreement with the Paris and London Clubs.

Algeria 's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total External Debt	US\$ Billion	0.940	19365	27877	29959	32 781	33421	30890	30665	29 381	25 002
Debt Per Capita	US\$	453	1 037	1 115	1145	1 168	1 170	1 063	1 039	981	822
Multilateral Debt	US\$ Billion	0.016	0.284	2.031	3.344	3.915	4.085	3.854	4.390	4.244	4.124
Bilateral Debt	US\$ Billion	0.470	3.211	3.563	7.305	11.470	13.851	14.395	15.036	14.230	13.056
Private Debt	US\$ Billion	0.454	13.545	20.822	17.514	15.647	13.124	10.465	9.054	7.430	5.881
Total External Debt / Exports	%	-	129.9	200.7	272.1	272.1	227.2	194.3	254.6	199.2	109.9
Total External Debt /GNP	%	19.8	47.1	46.5	82.8	82.8	75.5	69.7	67.6	61.8	49.4
Annual Debt service paid	US\$ Billion	0.045	4.08	8.8	5.1	4.2	4.2	4.418	5.131	5.196	4.467
Total debt service / Exports	%	-	27.4	63.4	48.5	34.9	28.4	27.8	42.6	37.0	19.6
Rescheduled Debt	US\$ Billion	-	-	0	4.229	5 096	3674	2295	0.559	0.002	0
Grants	US\$ Million	56	77	45	67	75	88	35	108	48	62
Debt Amount forgiven	US\$ Million	-	-	0	0	0	4	10	0	0	0

- Not available

Sources

World Bank Development Indicators 2000
African Development Indicators 2002
The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
World Human Development Report 2001
Selected Statistics of Selected African Countries- ADB
Global Development Finance 2002

TUNISIA**Political Background**

Tunisia was formally granted independence in 1956, by the French, with Habib Bourguiba as prime minister. In 1957 the country was declared a republic and Bourguiba became its first president, instituting sweeping political and social changes. Regarding Islam as a force that was holding the country back, Bourguiba set about reducing its role in society by removing religious leaders from their traditional areas of influence, such as education and the law. The Sharia, Qur'anic Law, courts were also abolished and land that financed mosques and religious institutions were abolished. Bourguiba's presidency lasted through 1987, when he was replaced by former Interior minister, Zine el-Abidine ben Ali. In elections held in October 1999, Ben Ali won by a whopping 99.44%-a figure widely believed to be fabricated and unrest are becoming more and more prominent.

Economic and Social Indicators

Formerly dependant on oil extraction and export, Tunisia's economy is now driven mainly by textile production and export, tourism and related activities, and production of cereals and olives, i.e. manufacturing, service and agriculture sectors. With Tunisia's proximity to Europe, foreign trade is important to its economy. Exports amounted to about 44% of the GDP and imports to about 48% of GDP in 2000, and foreign demands generates about half of the country's GDP growth. In 2000 the economy grew by 4.7%. Tunisia is a middle-income country with a per capita income estimated at US\$2 032 in 2000 and a population of 9.6million. The incidence of poverty has declined from 40% in the 1960s to 7% in 1995. Available data indicate that average life expectancy in Tunisia was 73years in 1999.

Debt Analysis

Tunisia is said to have maintained a sound external debt position due to good economic growth and prudent borrowing. The ratios of external debt to GNP and debt service to exports receipts have improved since 1990s. Tunisia is a moderately indebted country. In 1999, Tunisia's total external debt stood at US\$11.9 billion, equivalent to about 57% of GDP, down from about 63% of GDP in the early 1990s. The bulk of the debt is owed to bilateral creditors. In 1999, the stock of external debt amounted to 135% of export earnings from goods and services, while the debt service ratio was 17.3%. These ratios are considered sustainable by the WB/IMF, but in terms of debt servicing Tunisia is paying more e.g. in 2000, US\$1.9 billion was paid as compared to what it spends on social services. Its debt per capita of US\$1 105 in 2000, is among the highest in Africa. Public and publicly guaranteed debt accounted for 80% of the total debt.

AN ANALYSIS OF AFRICAN COUNTRIES EXTERNAL DEBT CRISIS 2003

Tunisia's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total External Debt	US\$ Billion	0.599	3 527	7 690	9.614	10 820	11379	11 230	10850	11 877	10 610
Debt Per Capita	US\$	324	553	942	1112	1 208	1 252	1 218	1 162	1 255	1 105
Multilateral Debt	US\$ Billion	0.044	0.433	2.233	3.571	3.783	3.724	3.472	3.544	3.646	3.434
Bilateral Debt	US\$ Billion	0.320	1 529	3009	3315	3617	3755	3515	3515	2767	2596
Private Debt	US\$ Billion	0.177	1249	1420	1121	1624	1898	2348	2440	3081	2840
Total External Debt / Exports	%	-	96	131.4	126.3	123.3	127.1	125.7	116.8	123.2	112.9
Total External Debt / GNP	%	43.4	41.7	64.7	65.2	63.2	61.3	62.4	57.2	59.2	57.1
Annual Debt service paid	US\$ Billion	0.073	0.544	1 431	1.457	1 480	1466	1413	1430	1 565	1 921
Total Debt service / Exports	%	-	14.8	24.5	19.1	16.9	16.4	15.8	15.4	15.9	20.2
Rescheduled Debt	US\$ Billion	-	-	0	0	0	0	0	0	0	0
Grants	US\$ Million	43	26	174	83	59	138	137	65	108	44
Debt Amount forgiven	US\$ Million	-	-	7	1	0	0	0	0	0	0

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

EGYPT**Political Background**

Egypt became independent from United Kingdom in 1922; it acquired full sovereignty following World War II. President Mohammed Hosni Mubarak, is the leader of the ruling party, National Democratic Party (NDP). The government must approve the formation of political parties. Despite a constitutional ban against religious based parties, the technically illegal Muslim Brotherhood constitutes Mubarak's potentially most significant political opposition. Mubarak tolerated limited political activity by the Brotherhood for his first two terms, but moved more aggressively since then to block its influence. Civic Society groups are sanctioned but constrained in practical terms, trade unions and professional associations are officially sanctioned

Economic and Social Indicators

Egypt is classified as middle-income country. Agriculture, industry and mining are the main sectors of the economy. A series of IMF arrangements – along with massive external debt relief resulting from Egypt's participation in the Gulf War coalition – helped Egypt improve its macroeconomic performance during the 1990s. But the economic performance of the country fluctuated sharply during the last decade. In the 1990s Egypt undertook macroeconomic stabilization efforts, which saw the average GDP growth rate, accelerate from 1.9% per annum during 1991 to 1992 to 5.9% during 1995 to 2000. GDP per capita has risen to US\$1 570. The WB is supporting Egypt's transition to a fast – growing market economy. The population was estimated to be around 63.8 million in year 2000.

Debt Analysis

Egypt's Debt position has improved compared to the late 1990s. The country received massive external debt relief resulting from Egypt's participation in the Gulf War coalition. In the year 2000 the total debt stock of Egypt was US\$28 432 million which is too high. In the same year the biggest percentage was owed to the Bilateral donors. Bilateral creditors are USA, Japan, EU.

Egypt's Selected External Debt Indicators

	Unit	1970	1980	1990	1994	1995	1996	1997	1998	1999	2000
Total External Debt	US\$ Billion	1.802	19 131	32 949	32379	33 266	31300	29850	31965	29 955	28 432
Debt Per Capita	US\$	79	468	628	578	572	528	495	521	478	446
Multilateral Debt	US\$ Billion	0.022	2625	3427	3912	3974	3933	3892	4195	3968	3813
Bilateral Debt	US\$ Billion	1167	9998	17763	23821	24822	23585	21837	22553	21501	19928
Private Debt	US\$ Billion	0.162	1.805	6.249	2145	1753	1357	1076	0.874	0.558	0.538
Total External Debt / Export	%	181.8	207.7	241.5	212.4	187.4	173.9	150.8	167.2	160.2	134.3
Total External Debt / GNP	%	23.7	89.2	78.6	62.5	55.3	46.0	39.1	38.5	34.2	29.1
Annual Debt service paid	US\$ Billion	0.270	1 235	3 074	2 223	2377	2321	1 977	1 888	2106	1813
Total Debt service / Exports	%	27.3	13.4	22.5	14.6	13.4	12.9	10.0	9.8	11.0	8.4
Rescheduled Debt	US\$ Million	-	-	0	428	309	192	156	53	96	22
Grants	US\$ Billion	0.153	0.165	4201	1.192	1006	1224	1028	1 374	0.763	0.964
Debt Amount forgiven	US\$ Million	-	-	10 576	39	35	35	27	17	1	25

- Not available

Sources

World Bank Development Indicators 2000
 African Development Indicators 2002
 The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
 World Human Development Report 2001
 Selected Statistics of Selected African Countries- ADB
 Global Development Finance 2002

Conclusion

The current debt crises faced by many African countries is highly unsustainable and thus cannot be paid back. It has compromised human development efforts leading to massive human rights violations in terms of failure of governments to provide its people with basic needs such as decent shelter, access to clean water and sanitation, education, and health. A lasting solution that comes through a fair and transparent arbitration and mediation mechanism between debtors and creditors that includes the cancellation of unpayable and illegitimate debt should be found sooner than later.

GLOSSARY OF TERMS

Multilateral debt:	debt owed to the World Bank, IMF and regional development Banks like the Africa Development Bank.
Bilateral debt:	debt owed to governments, which includes aid loans and unpaid exports credits.
Commercial debt:	debts owed to foreign commercial banks often contracted by local private sector.
Long-term debt:	debt, which is to be repaid over more than one year.
Total debt service:	the amount spent on repaying debt in a particular year. This is the sum of principal repayments and interest payments.
Scheduled debt service:	loan payments due in that year.
Actual debt service:	loan payments actually made in that year.
Nominal vs Net Present Value:	There are two ways to measure debt, and figures are reported both ways. "Nominal" is the actual face value of the money owed. "Net present value" (NPV) is the amount of money that would be required to pay off the debt immediately. NPV is the sum of all future debt-service obligations (interest plus principal), discounted at the market interest rate. This is lower than nominal debt when the money has been lent on "concessional" terms (that is, below market rates), as NPV reflects the "grant" element of the loans. It is estimated that NPV is about 54% of nominal debt for the HIPC's.
HIPC -Decision point:	the half way stage in the HIPC initiative, where relief on the interest part of debt is provided.
HIPC-Completion point:	the final stage of HIPC initiative, where relief on the principal part of debt is provided.
Export earnings:	the amount that a country earns in a year by exporting goods and service. Abbreviated as XGS.
GNP:	Gross National Product, output of a country's citizens (at home and abroad)
GDP:	Gross Domestic Product, output of a country as a physical entity. It is also a measure of the value of the total economic output of goods and outputs of a country in a year.
ESAF:	Enhanced Structural Adjustment Facility.
SAF:	Structural Adjustment Facility.
PRGF:	Poverty Reduction and Growth Facility. It is a loan facility from the IMF. It has many conditions attached to it.
IDA:	The International Development Association, part of the World Bank group which provides loans to low income countries at concessional repayments conditions.

AFRODAD

- IBRD:** International Bank for Reconstruction and Development, part of the World Bank group which provides loans at market interest rates for development projects.
- IMF:** International Monetary Fund, the Washington-based institution, which lends money to African countries for short periods of time if no more than 18 months, for import support and structural adjustment programmes.
- IPRSP:** Interim Poverty Reduction Strategy Paper.
- PRSP:** Poverty Reduction Strategy Paper.
- SSA:** Sub-Saharan Africa.
- Stolen wealth:** refers to funds secured by a government or ruler and appropriated illegitimately by the ruler or other officials. The issue here, therefore, is not the quality and intent of the loan or of the government but the wrongful use of those funds.
- Odious debt:** refers to money secured legitimately by an oppressive regime. The issue here is the nature of the regime rather than whether or not the funds were actually used as intended. The presumption is that even acts that in one sense relate to economic development – such as the building of roads – serve to strengthen the power of the regime. Note, e.g., the “military” roads in northern Namibia built by the apartheid regime.
- Immoral debt:** may have a more general meaning that can address conditions under which the loan was made, the nature of the regime, and the use of the funds. In September 1999 the Jubilee South contributed a discussion document that argued that “any payment [on debt] is immoral because it could not be done without the imposition of ethically sanctionable hardship.” In particular contexts it may take on a specific meaning. In southern Africa, e.g., *immoral debt* is that which was incurred by neighboring nations to South Africa to protect themselves from the oppressive regime of apartheid South Africa. Latin Americans – and certainly many others – speak of an [immoral] social debt as being incurred when a foreign economic debt is repaid at the expense of health care, education and other societal needs.
- Illegitimate debt:** is a term that was a focus of considerable debate at the recent Jubilee South-North dialogue in Toronto, but we shall not address that matter here. Some advocates of this term see it as a counter to the debt relief criteria of *unpayable debt*, arguing that *all* Global South debt is illegitimate. Our group’s mandate, however, was to address a specific category of debt, viz. *stolen wealth* and *odious debt*.

SOURCES

1. World Bank Development Indicators 2000
2. African Development Indicators 2001
3. The Africa Debt Report: Eye of the Needle, produced by Jubilee 2000
4. World Human Development Report 2001
5. Global Development Finance 2002
6. African Development Indicators 2002
7. Selected Statistics of Selected African Countries - ADB

“Shall we starve our children in order to pay the debt ?”

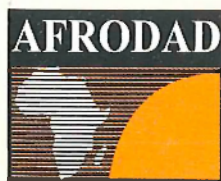
Julius Nyerere, the late former President of Tanzania

We at AFRODAD believe that a debt-crisis free Africa is possible. We hope to see, one day, a prosperous Africa and world.

We join hands with many friends in Africa, and around the world, who share our dream and vision of equitable and sustainable development for the motherland.

AFRODAD affirms that the right to development “is an inalienable human right by virtue of which every human person and all peoples are entitled to participate in, contribute to and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realised.”

(Universal declaration of Human Rights)



African Forum & Network on Debt & Development

31 Atkinson Drive, Hillside, P.O.Box Cy1517 Causeway, Harare, Zimbabwe

Tel: 263 4 250 253, 702 093, Fax: 263 4 702 143

Email: afrodad@afrodad.co.zw

Website: www.afrodad.org

This work is licensed under a
Creative Commons
Attribution – NonCommercial - NoDerivs 3.0 Licence.

To view a copy of the licence please see:
<http://creativecommons.org/licenses/by-nc-nd/3.0/>