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Africa's Debt Burden in Historical Perspective

Dr. M.O. Ojo*

The purpose of the paper is to outline the profile of Africa's debt burden since the early 1980s. The paper reviews the economic performance of African countries, trends in their external debt stock and structure as well as their debt burden measured by the conventional debt ratios. It also undertakes a review of the causes of increased debt burden of African countries. The major findings are that deteriorating economic performance in Africa since the early 1980s was accompanied by increased external debt burden featuring lower export earnings, reduced income growth and mounting (paid and unpaid) external debt obligations. Some of the determinants of rising debt burdens were the persistence of external shocks, volatile interest and exchange rates, massive outflow of resources out of the continent and poor economic management. The paper concludes that the impact of current debt management strategies will remain insignificant unless a radical transformation of African economies takes place.

INTRODUCTION

The international debt crisis which has had a profound influence on the world economy in the recent past can be traced to the early 1980s which was the aftermath of the occurrence of the oil price increases of the 1970s. The debt crisis was the product of reactions by the international community to the so-called oil price shocks. One of the legacies of African countries from the crisis has been an increasing debt burden which now constitutes a major constraint on their growth and development. Simply put, external debt has constituted a burden on African countries because contracted loans were not optimally deployed with the result that the returns on investment have not been adequate to meet maturing obligations and leave a balance to support domestic economic growth. The African economies have not performed well partly because of the increased outflow of resources to service debt obligations and partly because the necessary macroeconomic adjustment has remained elusive for most of the countries on the continent. The problem of poor economic performance and debt overhang in African countries is worthy of continuous discussion in the attempt to find appropriate and lasting solutions to it.

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The primary aim of this paper is to analyse the major characteristics of Africa's debt burden since the early 1980s. In Sections I and II, an attempt is made to trace the movement in economic growth and external debt stock. The external debt burden is reviewed in Section III. Section IV discusses the factors responsible for increasing debt burden and Section V presents the conclusion and prospect.

I. ECONOMIC PERFORMANCE OF AFRICAN COUNTRIES

Economic performance in Africa as a whole has been unsatisfactory since the early 1980s. Table 1 gives the movements in a number of key economic indicators between 1981 and 1992. Except for the fairly satisfactory growth of 5 per cent in real GDP in 1985, the period from 1981 through 1987 was characterised by low growth rates of output, averaging a little over one per cent per annum. A strong population growth during the same period induced a negative growth in real GDP per capita which averaged about one per cent per annum. After 1987, the growth in real GDP picked up to achieve an average rate of 2.7 per cent a year. During the same period, real GDP growth per capita grew at an annual rate of 0.4 per cent which was only marginally better than the recorded growth in the previous years. Thus, although real GDP and per capital GDP growth tended to improve over the period under review, the achievements were inadequate when related to the expectations derived from the need for African economies to come out strongly from the depression of the 1980s.

The unimpressive growth performance was reflected in stagnant levels of gross domestic investment and savings. Gross domestic investment declined from a little over 20 per cent of GDP to about 19.4 per cent since 1985, while the fall in the savings/GDP ratio was even more substantial, from an average of 19.7 per cent before 1985 to about 15.8 per cent since then. For most African countries, low rates of capital formation have meant reduced capacities for employment generation, increased unemployment levels and increased socio-economic tension exacerbated by political uncertainty.

The external sectors of African economies have also remained weak during the period under review. The overall balance of payments position of African countries indicated huge deficits up to 1988 after which only modest surpluses were recorded. This development was the outcome of the persistent sluggish demand for their primary products and massive outflows of resources to meet external debt obligations. Both exports and imports grew at negative rates before 1987 but recovered slightly since then with exports recording the stronger growth on the average. The growth in external reserves assumed a similar pattern.

By and large, the movements in the major economic indicators suggested an uncomfortable economic position for African countries throughout the 1980s and in the early 1990s. The near dismal economic performance of African countries can be attributed to a number of factors including the continuing decline in commodity prices in the international markets, the effect of the prolonged economic down-turn in the industrialised countries and the haphazard implementation of structural adjustment programmes designed to bring about some desirable changes in the African economies. The external debt crisis which emerged in the early 1980s in many African countries was clearly a constraining factor to rapid economic recovery. The constraining influence of external debt burden became more pronounced as the African economies failed to grow sufficiently to reduce the burden to a sustainable level. This issue is the focus of the rest of this paper.

II. TRENDS IN EXTERNAL DEBT STOCK AND STRUCTURE

The external debt stock of African countries maintained a strong upward trend during the period under review (Table 2). The growth in the debt stock was particularly strong between 1980 and 1987 when it averaged 12.7 per cent a year. It slowed down considerably between 1988 and 1993 with the rate averaging only 2.3 per cent a year. The earlier sub-period coincided with the onset of serious economic crisis and the bulging of unpaid debt obligations, while the latter sub-period witnessed a cautious approach on the part of indebted nations to new external borrowing and the rapid consolidation of external debt management efforts which gave some relief to many indebted nations. Table 3 indicates that the bulk of the external debt stock of African countries was of a long-term maturity. This category of debt average 85.8 per cent of total debt stock annually while the short-term component averaged only 14.2 per cent. However, during the period under review, the proportion of long-term debt tended to increase while that of short-term debt was on the decline.

Table 3 also shows the composition of external debt stock by type of creditor. Debt owed to official creditors and the commercial banks constituted the bulk of external debt stock, averaging about 80 per cent of debt stock between 1980 and 1993. In the first two years of this period, debt owed to the commercial banks was slightly larger than the official debt. However, the latter grew steadily, ranging between 60.2 and 65.3 per cent of total debt between 1988 and 1993. Debt owed to the commercial banks declined proportionately from over 40 per cent of total debt stock in the early 1980s to under 20 per cent between 1992 and 1993. The contrasting movements in these two components reflected the small measure of success in rescheduling the commercial debts and the difficulty in achieving such flexibility in the case of official debts.

External debt service payments, incorporating repayment of principal and interest, have grown ***in tandem*** with the increasing debt stock (Table 4). For the developing countries as a group, annual debt service payments just about doubled over the review period, moving from US $100.5 billion in 1980 to US $200.0 billion in 1992.

External debt service payments of African countries moved from a modest level accounting for 15.4 per cent of gross payments for all developing countries in 1980 to fairly sizeable magnitudes that constituted on average over a quarter of annual gross payments for all the developing countries between 1990 and 1993. During the period under review, Sub-Saharan Africa accounted for the bulk of annual debt service payments for Africa as a whole. The share of the sub-region out of the total debt service payments for Africa average about 85 per cent before 1986, which was on a gradual decline before settling at about 83.8 per cent between 1990 and 1993.

Analysis of external debt profile by country over the review period reveals some features. The debt stock of Sub-Saharan Africa, making up more than 50 per cent of the total debt stock of African countries, was made up largely of debts owed by Nigeria, Côte d'Ivoire, Sudan, Zaire and Zambia which accounted for more than half of the debt stock of the sub-region. The countries of North Africa, thus, contributed lesser amounts to the outstanding debts of African countries. The bulk of the debts in that sub-region was due to Egypt, Algeria and Morocco. The average debt stock for these three countries was, however, higher than the recorded peak debt stock for Nigeria. While the debt stock for Sub-Saharan Africa was fairly spread, that for North Africa was concentrated in a few countries. Since 1980, Nigeria has been the most heavily indebted country in Sub-Saharan Africa. The other heavily indebted countries in that sub-region were Côte d'Ivoire and Sudan in order of magnitude. The most heavily indebted country in North Africa (and indeed Africa) was Egypt which contributed more than 40 per cent of the total debt stock for North Africa. Egypt was followed by Algeria and Morocco. On the whole, the rising debt stock of African countries has been associated with the increasing debt burden which is discussed in the next section.

III. EXTERNAL DEBT BURDEN OF AFRICAN COUNTRIES

It is relevant to explain the concept of external debt burden. External debt does not constitute a burden when contracted loans are optimally deployed and the return of investment is enough to meet maturing obligations while the servicing of the domestic economy is not undermined. In other words, where marginal return on investment is greater than or equal to the cost of borrowing or where the loan is self liquidating a debt service burden would not arise. However, where the return on investment is not adequate to pay maturing obligations or domestic savings rate persistently lags behind the investment rate, a debt service burden will emerge sooner or later. Thus, the critical factors affecting debt service capacity are returns on investment, the cost of borrowing and the rate of savings (Edelma, 1983:230). The inability to raise enough resources in order to enhance investment outlay may emanate from dwindling foreign exchange resources, especially for developing countries that depend largely on their external sectors for such resources to augment domestic savings in the quest for economic development. When the decline in foreign exchange resources is temporary, a liquidity problem may arise which could be reversed in the medium term. Although maturing debt obligations may be rescheduled, enough resources could be earned in the medium term to prevent a debt burden from persisting. A more serious situation is where the credit worthiness of a country is being eroded as the borrowing rate rises while the return on investment from the borrowed resources continues to trail behind the cost of loan acquisition. This situation may result in the progressive decline in income growth.

The problem with these conceptual ideas is the extreme difficulty of quantifying them. Where quantification is feasible, inter-country and/or inter-temporal comparability could be constrained by wide-ranging and rapidly changing environmental conditions. Nevertheless, a good number of debt ratios are commonly used to assess the debt situation especially in heavily indebted ones. These have to be used with caution, and there can be no alternative to comprehensive reviews of a country's economic situations and prospects, including balance of payments position and projections, in evaluating the credit worthiness of each country. The various debt ratios are generally scaled by export earning or GDP. The use of export earnings will tend to emphasise a country's liquidity position in the short-run, while the use of GDP emphasises the long-term economic prospects. Both approaches are useful. The debt ratios which are discussed in this paper are: (a) Debt service ratio (b) External Debt/GDP ratio (c) External Debt/Exports ratio (d) Interest Service ratio and (e) External Reserves/External Debt ratio. These are presented in Table 5.

1. Debt Service Ratio

The debt service ratio which relates total external debt service payments to the exports of goods and services is the most commonly used indicator of debt burden and debt service capacity. It indicates the proportion of current export earnings devoted to servicing the external debt, thus revealing the amount of resources available to service the rest of the economy. Table 5 indicates that the debt service ratio of African countries increased progressively between 1980 and 1993. The ratio ranged between 12.9 and 19.5 per cent between 1980 and 1983. It was highest between 1984 and 1986 when it averaged 27.1 per cent and declined marginally in subsequent years. The average debt service ratio between 1990 and 1993 was 26.3 per cent. The debt burden of African countries tended to increase during the period as the increasing ratio signalled their declining ability to service their debt obligations. Also, based on the rule of thumb that a debt service ratio above 10–20 per cent is a problem, there is no doubt that African countries have faced increasing debt burden since the early 1980s.

2. External Debt/GDP Ratio

This ratio measures the extent to which total domestic output can be deployed to wipe off outstanding external debt obligations. The higher the ratio, the more difficult external debt management becomes. As indicated in Table 5, the ratio for African countries was on the upward trend. It moved from under 30 per cent in 1980 to a peak of 67.1 per cent in 1989. It declined slightly between 1990 and 1993 when it averaged 59.9 per cent at which level it was still higher than the review period average. As external debt outstanding indicates past reliance on contractual capital inflow, the ratio under discussion should be used along with other indicators to give a correct insight into its effect on debt service capacity.

3. External Debt/Exports Ratio

This ratio indicates the extent to which total exports of goods and services can be used to liquidate external debt outstanding. The situation depicted by this ratio cannot arise, but the movement in the ratio over time is an indicator of debt service capacity. As shown in Table 5, the ratio for Africa moved from under 100 per cent in 1980 to over 250 per cent between 1986 and 1989. It remained high at an average of 230 per cent between 1990 and 1993.

4. Interest Service Ratio

This ratio relates annual interest payments to export earnings. A high ratio or rapid increase in the ratio could indicate excessive consumption and/or low productivity of investment. The ratio for Africa (Table 5) moved from under 10 per cent in 1980 and 1981 to a range of 10–13.5 per cent in subsequent years. While the increase in the ratio for Africa has not been very significant, it nevertheless points to increasing external debt burden when considered along with other indicators.

5. Reserves/External Debt Ratio

This ratio measures the extent to which external reserves could be drawn down to liquidate external debt commitments. The lower the ratio, the more precarious the external debt situation while the nearer the ratio is to 100 per cent the more comfortable the external debt position. As shown in Table 5, the ratio declined from 22.4 per cent in 1980 to 10.9 per cent in 1981 and remained under 10 per cent between 1982 and 1993. This trend again pointed to the increasing external debt burden of African countries during the review period.

The above ratios are some of the quantifiable indicators of debt service capacity, and they suggest that the debt burden of African countries was on the increase over the last 14 years. As indicated earlier, the underlying economic conditions of a country are the best indicators of its ability to meet its current and future obligations. These conditions are determined by the economic and financial policies of the country concerned (see Section IV(4)). During the period under review, with the exception of a few countries, African countries have pursued economic and financial policies which have tended to constrain economic growth and development. Economic mismanagement and corruption have become virtually endemic. Since no meaningful growth and development had taken place, the capacity to generate adequate foreign exchange to meet maturing debt obligations and domestic requirements has been substantially reduced.

As the economic situation in Africa has degenerated over the years, the international community has tended to lose confidence in many of the heavily indebted countries. Thus, the inflow of foreign resources has dwindled and has in turn aggravated the foreign exchange situation and level of debt burden. This has given rise to renegotiations and rescheduling of debt service obligations which is another indicator of the increasing debt burden of African countries. Even when renegotiations on debt service obligations have taken place, some African countries such as Nigeria have been unable to discharge all obligations as they fall due. The accumulation of payments arrears by some African countries is indeed a good indicator of the reduced debt service capacity. Such payments arrears have resulted in further renegotiations and loss of confidence in their economies.

IV. CAUSES OF INCREASED EXTERNAL DEBT BURDEN OF AFRICAN COUNTRIES

We have made reference to some of the factors behind the observed increased debt burden of African countries since the emergence of the debt crisis in the early 1980s. The essence of this part of the paper is to explain some of the underlying factors of the external debt crisis and to show that these factors persist even today.

Although both creditors and debtors had different perceptions as to the origins of the debt crisis, both view points had some elements of truth in them. Concisely, the external debt crisis of the early 1980s was due to external developments such as the decline in commodity prices, increases in world interest rates and the collapse of world trade; and domestic economic factors such as poor economic management and especially the mismanagement of contracted loans by inefficient public enterprises. In order to place the issue in clear historical perspective, the factors behind the debt crisis and increasing debt burden will be discussed under the following sub-headings: external shocks, interest and exchange rate changes, inflow of external finance and domestic economic policies.

1. External Shocks

There was a second oil price shock in 1979/80 which added to the accumulated debt problem created by the first oil price shock of 1973/74. Response by the industrial countries was to tighten monetary and fiscal policies aimed at containing the inflationary impact of the oil price shock and as a consequence economic growth in the industrial countries has been sluggish while the prices of non-oil commodities have been on the downward trend. Import prices have been on the increase, thus leading to declining terms of trade for the continent. Indeed, the downward movement in primary commodity prices affected the world oil market between 1986 and 1993 when the international oil price declined substantially. The persistent feature of African external trade since the early 1980s has been one of reduced export earnings, increased import bills and lower debt service capacity.

2. Interest and Exchange Rate Movements

The relatively low interest rate structure in the 1970s encouraged many African countries to borrow heavily to prosecute an ever-expanding range of public projects. Shortly after this episode, there were significant increases in both nominal and real interest rates causing an immediate rise in debt service obligations. The increases in interest rates were particularly significant in respect of commercial debts, part of which were either denominated in floating rates or rescheduled at higher fixed rates. It is true that nominal and real interest rates began to fall in the late 1980s and early 1990s, but any advantage derived from this trend was wiped off by the larger values of debts to be serviced. A more relevant phenomenon in this period has been the volatility of international exchange rates. For countries whose debts are denominated in dollar, external debt obligations have increased substantially as a result of the tendency for the dollar to depreciate against other key currencies.

3. Net Flow of External Finance

The reserve transfer of resources from the developing countries to the industrialised countries which has become prominent in the last few years is both an outcome of the debt crisis and a source of increasing debt burden. Pool *et. al* (1991:139–144) view the phenomenon from three angles. First, the resource flow could be defined as the current account deficit (measure of additional resources coming into a country) plus net investment income, including interest (the financial cost of present and past foreign investments). In this regard, the evidence, particularly for Africa, is that the resource flow turned negative (reverse transfer) from the mid-1980s for most developing countries. The implication is that developing countries have been exporting badly needed resources back to the industrialised countries instead of importing capital that is critical to growth. Second, if viewed from the angle of relating new lending to repayments on past loans, the same pattern of dwindling resource flows to developing countries emerges. For this measure, it is estimated that while in 1981 flows to developing countries exceeded US $80 billion, they had declined to about US $20 million in 1988. Third, if interest payments are deducted from the annual lending to obtain the net transfer (debt disbursement minus debt service), a more dismal picture emerges which indicates that developing countries were sending back to the industrialised countries substantial resources estimated to be one-third of their export earnings.

4. Domestic Economic Policies: The Case of Nigeria

The role of domestic economic policies in the debt crisis has been mentioned in Section I of this paper. Generalisations on this aspect are not very helpful in appreciating the enormity of the problem. To illustrate this aspect better, the Nigerian experience is discussed here. What this points to, in the main, is that domestic economic policies were a major cause of the debt crisis and have continued to escalate the debt burden. This problem is replicated in other African countries, though in varying dimensions.

From the end of the civil war in 1970 and up to 1985, the management of the Nigerian economy became increasingly centralised with the Federal and State Governments assuming bigger roles in the economy. In order to stimulate domestic output and employment and improve the general standard of living of the population, the three National Development Plans (1970–74, 1975–80 and 1981–85) launched during the period permitted pervasive interventions by government in the management of the economy. This has been succinctly described as follows (CBN, Research Department, 1993:6):

> ... government became the prime mover of the economy through direct participation in basic production, as well as in the provision of ancillary and social infrastructural support services. The adoption of this strategy was based on the belief that significant intervention by government in the economy, as well as in the direct supply of goods and services at minimal or subsidised cost to the citizens, could induce real growth and development of the economy.

The increasing oil wealth was used to actualise the aims of that philosophy. On this basis, policy actions favoured cheap bank credit, foreign exchange at subsidised rates, liberal importation of consumer goods to augment domestic supplies, subsidised education and protection of local industries. The economic control measures were generally inefficiently administered and were in any case unsustainable. As a result of the adverse developments in the oil market in the late 1970s, the Nigerian economy witnessed a big slump in 1981, with the balance of payments deficit and inflation rate increasing to record levels. The immediate response of the government was to resort to more stringent trade and other economic controls to stem external shocks, internal distortions and adverse economic trends.

Nigeria's external debt problem started to build up between 1975 and 1979. The external debt stock rose from US $762.9 million in 1977 to US $2,163 million and US

$2,824.6 million in 1978 and 1979, respectively. At these levels, the debt burden was relatively small as the debt service ratio was only 1.2 per cent annually. With the big economic slump in the early 1980s, there was increased reliance on public and publicly-guaranteed long-term loans as a means of overcoming short-term balances and sustaining the execution of development projects. This resulted in a substantial jump in the external debt stock, from US $3,444.5 million in 1980 to US $17,374 million and US $18,904 million in 1984 and 1985, respectively. At these levels, the debt service ratio increased to an average of 27.0 per cent during the two years. Between 1980 and 1985, the period preceding the economic reform programme, economic performance deteriorated markedly. The growth rate of GDP was negative in three years (1982–1984) and averaged only 0.9 per cent per annum for the period, 1980–1985. The inflation rate fluctuated widely, but was rather high at an average of 17.8 per cent a year. To all intents and purposes, the controls that followed the economic downturn had been counter productive. While actions were taken to compress imports, export growth (especially of non-oil origin) was in the process substantially restrained. The balance of payments position, especially on current account, showed huge deficits, while the level of external reserves declined from US $10.0 billion in 1980 to US $1.6 billion in 1985. The external debt stock grew rapidly by over 60 per cent a year during that period. The debt service ratio consequently increased from under one per cent in 1980 to 28.1 per cent in 1985. Greater economic misfortunes were in the horizon and led directly to the economic reform programme adopted in 1986.

The economic reform programme tagged 'Structural Adjustment' was formally launched in July 1986 and was designed to deal with the underlying imbalances in the economy so as to induce stable growth and development. It sought in the short to medium-term to stabilize the economy, reduce inflationary pressures and achieve a viable balance of payments position, while in the long-run it would have laid a good foundation by eliminating imbalances in the country's structure of production and expenditure. Towards these goals, the programme encompassed the adoption of a realistic exchange rate policy combined with the liberalization of the external trade and payments system, adoption of appropriate pricing policies in all sectors with greater reliance on market forces and reduction in administrative controls and rationalisation of public expenditures. In particular, the fiscal operations of the Federal Government were expected to be viable and to play a critical role in achieving macroeconomic and price stability. This implied an improvement in revenue, reduction in expenditures and keeping the fiscal deficit/GDP ratio at 3-4 per cent.

As can be seen in Table 6, there was relative stability in the first two years of the programme (1986 and 1987). The fiscal deficit/GDP ratio was brought down from 10.4 per cent in 1986 to 5.3 per cent in 1987, while money supply growth averaged 18.6 per cent. The average inflation rate was under 10 per cent, but the growth of GDP averaged only 1.3 per cent a year. In the next three years (1988–1990), the growth rate of GDP increased to an annual average of 8.5 per cent which was the best since the early 1970s. However, this was accompanied by considerable macroeconomic instability characterised by large fiscal and monetary expansion, exchange rate depreciation and high inflation rates. The persistence of expansionary policies in 1991–1993 resulted in lower growth rates and higher inflation rates. The bulging aggregate domestic demand spilled over into the external sector which witnessed deficits in the overall balance of payments position as well as in the current and capital accounts. External reserves declined to unsatisfactory levels during the two years. Not surprisingly, Nigeria's external debt burden increased further. The external debt stock increased persistently in spite of rescheduling efforts, except in 1992 when it fell owing to the favourable deal on the commercial debts. All the debt ratios increased significantly, suggesting reduced debt service capacity.

The foregoing review has clearly demonstrated the role of domestic economic policies in the increasing debt burden. It shows that neither the period following the debt crisis nor the subsequent period saw a commitment to viable economic policies aimed at economic recovery and growth. In the absence of meaningful growth, the debt burden increased and debt service capacity declined. This has been the crux of the debt burden of African countries in the last 14 years.

V. CONCLUSION AND PROSPECTS

This paper has discussed the problem of African debt burden since the early 1980s. The increasing debt burden has been one of the outcomes of a growing debt stock. The external debt stock of African countries maintained a strong upward trend between 1980 and 1992, particularly in the years 1980-1987. The growth in the debt stock of African countries has been accompanied by an equally rapid increase in debt service payments and reduction in debt service capacity. All the conventional debt ratios used for evaluating the seriousness of a country's debt situations pointed to high and unsustainable debt burden of African countries since 1980. Among the causes of growing debt burden of African countries were the persistence of external shocks, volatility of interest and exchange rates, the incidence of reverse transfer of resources from the indebted countries to the creditor nations and poor economic management which has prevented sufficient growth of incomes. African countries have pursued economic and financial policies which have constrained their growth and development. In the absence of meaningful growth and development, debt service capacity has been substantially reduced. This situation has led to significant loss of confidence in the African economies by the international community and seemingly unending renegotiations for debt relief and rescheduling.

It is in the light of the foregoing that the present strategies for managing Africa's huge external debts have to be reassessed. With a background of poor economic performance, debt rescheduling, refinancing and restructuring can become an endless exercise. Debt conversion schemes will also produce insignificant impact in the midst of inadequate economic growth and inappropriate policy environments. The market-based debt management strategies have been of limited relevance to African debt reduction as the bulk of the debts is owed to official creditors. Indeed, the extension of market-based techniques to the management of official African debts will require substantial reforms to financial and capital markets. While it cannot be denied that the current debt management efforts are helping to reduce the debt burden of African countries, their overall impact relative to the size of the debt stock is likely to remain insignificant unless the prevailing economic conditions of the continent change for the better.

The inevitable conclusion to this review is that the most viable strategy for reducing the African debt burden is a radical shift in economic management in the continent. The prevailing level of debt burden will have to be considered as one of the main constraints within that overall strategy of economic transformation. A radical shift in economic management does not imply the use of strategies and policy instruments that have never been applied elsewhere. What it entails are to define credible goals, the means of achieving those goals and full commitment to their attainment. This will also call for substantial social, political and economic reforms. If it is the general belief that Africa must develop and execute its own unique economic philosophy, it should be done with the credibility it deserves. However, it will be erroneous to believe that Africa can be on its own "in an increasingly interdependent and competitive world." There will be need to build into that development strategy an interface with the rest of the world economy.

Table 1

AFRICA: MAJOR ECONOMIC INDICATORS, 1981–1992

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Real GDP Growth (%)	(1.0)	2.6	0.1	0.8	5.0	1.7	(0.1)	2.1	3.3	3.4	3.0	1.9
Real GDP Growth per capita (%)	0.3	(0.5)	(3.8)	(1.9)	1.2	(1.2)	(1.5)	0.2	0.4	(0.9)	(1.0)	1.7
Inflation (%)	22.1	12.4	23.2	23.4	10.8	12.7	14.4	22.7	26.0	21.0	22.5	25.8
Gross Domestic Investment (% of GDP)	22.3	21.0	22.0	21.1	19.0	19.2	19.1	19.0	19.3	19.3	19.0	20.9
Gross Domestic Savings (% of GDP)	20.1	21.0	19.0	18.5	17.7	16.4	16.2	16.0	15.1	15.0	15.0	15.1
Overall BOP Position (US $ million)	(7,520.0)	(5,409.0)	(980.0)	(854.0)	1,474.0	(1,026.0)	2,743.0	(62.0)	2,457.0	5,331.0	3,902.0	1,395.0
Export Growth (value) (%)	(16.2)	(32.5)	25.5	14.0	(13.9)	(15.1)	16.8	(2.2)	2.4	23.4	(3.1)	(2.9)
Import Growth (value) (%)	9.7	(14.2)	(11.6)	(7.0)	(9.7)	(4.1)	6.6	11.5	0.5	14.6	1.2	1.1
Growth in External Reserves (%)	(30.8)	(30.9)	(4.3)	(2.2)	24.0	(15.4)	1.1	4.4	21.9	28.8	20.9	(8.8)

Note: Date in parentheses are negative

Sources: UN *Demographic Yearbook* (1990).
IMF *International Financial Statistics* (1991, 1992 and 1993).
IMF *World Economic Outlook* (May 1992).
ADB Selected Statistics on Regional Member Countries (1993).

Table 2
AFRICA: EXTERNAL DEBT STOCK AND STRUCTURE, 1980–1993
(US$ billion)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993[1]
Total Debt	84.8	109.8	122.4	129.7	132.1	145.6	179.1	208.3	213.5	221.0	235.2	235.4	233.8	238.3
By Maturity														
a. Short-term	9.5	20.2	22.8	23.4	24.2	22.4	22.7	25.9	27.4	29.4	28.1	26.7	28.2	30.3
b. Long-term	75.3	89.6	99.6	106.3	107.9	123.2	156.4	182.4	186.1	191.5	207.1	208.8	205.6	208.0
By Type of Creditor														
a. Official	30.5	40.4	58.2	65.3	69.2	81.4	102.1	123.6	135.5	135.5	147.1	149.2	152.2	155.7
b. Commercial bank	36.8	50.9	43.2	41.2	35.2	35.8	42.3	46.7	49.4	49.4	51.8	49.8	45.3	45.4
c. Other private	17.4	18.6	21.0	23.1	26.7	28.4	34.8	38.1	36.1	36.1	36.3	36.4	36.4	37.2

[1] Figures for 1993 are estimates.
Source: IMF, World Economic Outlook (various issues).

Table 3
AFRICA: EXTERNAL DEBT STRUCTURE, 1980–1993
(per cent of total debt)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993[1]
A. By Maturity														
1. Short-term	11.2	18.4	18.6	18.0	18.3	15.4	12.7	12.4	12.8	13.3	11.9	11.3	12.1	12.6
2. Long-term	88.8	81.6	81.4	82.0	81.7	84.6	87.3	87.6	87.2	86.7	88.1	88.7	87.9	87.4
B. By Type of Creditor														
1. Official	36.0	36.8	47.5	50.3	52.7	55.9	57.0	59.3	60.2	61.3	62.5	63.4	65.1	65.3
2. Commercial Banks	43.4	46.4	35.3	31.8	26.8	24.6	23.6	22.5	22.0	22.4	22.0	21.2	19.4	19.1
3. Other Private	20.6	16.8	17.2	17.9	20.5	19.5	19.4	18.2	17.8	16.3	15.5	15.4	15.5	15.6
c. Other private														

[1] Figures for 1993 are estimates.
Source: Computed from Table 2

Table 4
DEBT SERVICE PAYMENTS
(US$ billion)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993[1]
A. All Developing Countries	100.5	135.8	120.9	136.1	143.0	148.0	152.0	161.0	176.0	169.0	175.0	177.0	200.0	194.0
B. Africa	15.4	24.0	26.3	31.8	37.2	40.8	42.3	377.7	45.4	42.4	44.6	47.3	56.6	47.7
(% of A)	(15.3)	(17.7)	(21.9)	(23.9)	(26.0)	(27.6)	(27.8)	(23.4)	(25.8)	(25.1)	(25.5)	(26.1)	(28.3)	(24.6)
C. Sub-Saharan Africa	12.4	20.4	22.9	27.2	33.6	33.2	37.5	34.8	40.3	36.5	37.5	38.9	45.4	42.3
(% of A)	(12.3)	(15.0)	(18.9)	(20.0)	(23.5)	(22.4)	(24.7)	(21.6)	(22.9)	(21.6)	(21.4)	(22.0)	(22.7)	(21.8)

Source: IMF, *World Economic Outlook* (various issues)

Table 5
AFRICA: EXTERNAL DEBT RATIOS, 1980–1993
(per cent)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993[1]
1. Debt service Ratio (Debt Service/Exports)	12.9	16.2	19.5	18.9	26.0	27.0	27.8	23.4	25.8	25.1	25.5	26.7	28.3	24.6
2. External Debt/GDP	27.2	31.4	37.5	39.8	40.1	46.6	59.9	66.2	65.1	67.1	62.2	61.0	59.1	57.4
3. External Debt/Exports	90.2	116.3	153.8	170.4	169.0	189.0	257.4	262.8	262.1	254.0	234.9	236.7	229.7	219.6
4. Interest Service Ratio (Interest/Exports)	6.7	9.1	11.4	11.4	10.8	11.8	13.4	10.4	11.4	11.2	10.9	12.1	11.3	10.1
5. Reserves/External Debt[2]	22.4	10.9	6.3	6.3	4.9	6.3	4.8	4.8	4.9	5.4	6.9	6.8	7.0	6.9

[1] Figures for 1993 are estimates.
[2] Reserves are derived by converting reserve position in SDR into US dollar.
Source: IMF, *World Economic Outlook* (various issues).

Table 6
NIGERIA: ECONOMIC AND DEBT INDICATORS

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
GDP Growth Rate (%)	4.1	2.8	–0.3	–5.4	–5.1	9.4	3.2	–0.6	10.0	7.3	8.3	4.6	4.1
Growth Rate of M2 (%)	46.1	7.9	8.7	14.7	11.5	10.3	3.2	30.5	33.3	8.0	40.4	32.7	56.5
Fiscal Deficit/GDP Ratio (%)	4.0	6.6	10.1	5.3	3.7	3.9	10.4	5.3	8.5	7.9	8.0	12.4	9.8
Inflation Rate (%)	9.9	21.0	7.6	23.2	39.6	5.5	5.4	10.2	56.1	50.5	7.5	12.9	44.6
Growth Rate of Exports (%)	44.3	–29.8	–41.0	–7.1	18.5	10.9	–60.8	48.5	–9.4	13.5	73.7	–10.3	–3.1
Growth Rate of Imports (%)	34.1	26.4	–32.8	–16.0	–21.1	–15.4	–56.4	30.3	5.0	–11.4	35.7	58.8	–8.4
Overall BOP Position ($ million)	+4392.4	–4991.4	–1832.4	–401.4	+462.6	+391.2	–560.2	+39.8	–509.8	+1184.9	+2301.4	+601.4	–3773.4
Current Account Position ($ million)	+4306.6	–6606.7	–6394.3	–4180.5	+57.5	+2482.5	–2142.2	–1407.9	–771.2	–1255.1	+2473.6	–1448.9	–482.0
Capital Account Position ($ million)	+97.9	+1535.9	+4548.4	+3644.7	+224.1	–1985.7	–1357.8	2851.7	–3542.8	–1730.6	–3035.2	–47.4	–5260.4
External Reserves ($ million)	10001.1	3807.2	1531.6	1044.2	1415.1	1641.8	1081.6	1107.8	611.4	1759.1	3883.6	4485.0	711.7
External Debt Stock ($ million)	3445.0	3668.0	13124.0	17765.0	17347.0	18904.0	25574.0	28316.0	30693.0	31586.0	33099.0	33730.0	27565.0
External Debt Service ($ million)	186.0	849.0	1152.0	1984.0	3359.0	4029.0	1862.0	1602.0	1933.0	1909.0	3839.0	4168.0	2393.0
External Debt Service Ratio (%)	0.1	4.7	10.7	16.6	25.9	28.1	29.4	19.3	26.3	21.9	26.4	29.1	20.1
External Debt Service/ Reserves Ratio (%)	1.9	22.3	75.2	190.0	237.4	245.4	172.2	144.6	316.2	108.5	88.3	92.9	336.2
External Debt/GDP Ratio (%)	3.7	4.4	19.2	23.4	20.9	23.3	60.7	103.3	98.1	103.6	102.5	102.7	105.7
External Debt/Exports Ratio (%)	13.2	20.1	122.0	148.9	133.7	131.7	404.2	341.0	418.3	362.9	227.6	275.0	231.9

Source: Central Bank of Nigeria.

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