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Sub-Saharan Africa: Growing Debt and Fading Markets



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A Research Paper

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Sub-Saharan Africa: Growing Debt and Fading Markets [Redacted]

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A Research Paper

This paper was prepared by [Redacted] the
Office of African and Latin American Analysis, with
a contribution from the Office of Global Issues. [Redacted]

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Comments and queries are welcome and may be
directed to the Chief, East Africa Branch, Office of
African and Latin American Analysis [Redacted]

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**Sub-Saharan Africa:
Growing Debt and
Fading Markets**

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Key Judgments

*Information available
as of 1 October 1986
was used in this report.*

The external debt of Sub-Saharan African countries, totaling some \$82 billion in 1985, has grown rapidly over the past 15 years to become a key issue in the region's serious economic problems and in its relationship with official and private creditors. As a result, African debt has received increased attention in international forums recently, largely on the initiative of the African states themselves. We expect the issue of Africa's economic crisis will be raised with greater frequency over the coming months as the region's debt dilemma continues.

Africa's escalating external debt was triggered by the initial leap in oil prices in 1973-74. Since then, the region's debt problems have worsened with chronic current account deficits attributable both to high oil prices through 1985 and to stagnant export earnings since 1980. Most Western observers agree that, in addition to adverse external circumstances, inappropriate domestic economic policies by African governments have helped to restrain economic growth. Consequently, Africa's debt burden has grown and, in our view, has outpaced the continent's capacity to service the debt.

Although Sub-Saharan Africa's debt is not large by global standards, it is spread over 45 countries, and poses serious economic, financial, and political implications for each. The individual countries are subjected to the economic pressures of meeting burdensome debt service obligations from meager resources and to the adverse political fallout of the domestic belt-tightening that this debt servicing can impose.

We believe Africa's debt situation will remain serious for the foreseeable future. Most states are caught in a dilemma: they cannot meet their debt service requirements on existing terms; yet, failure to meet these obligations may jeopardize the inflow of new funds from abroad necessary to maintain or improve the region's capacity to repay.

We judge Africa's ability to service its debts will continue to be hampered by weak export markets over the longer term, despite market gains for some products. In any given year, the debt service burden will depend not only on the level of hard currency earnings but also on Africa's success in rescheduling debt service payments that fall due. Prospects for private capital inflows are not bright, and these inflows could become negative before the end of the decade. In these circumstances, official bilateral and

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multilateral sources will continue to bear the brunt of supplying foreign loans and other capital to Africa. Accordingly, Africa's economic fortunes will depend greatly on the support mechanisms that these sources can develop as the debt situation remains critical.

We anticipate that African countries will make increased representations to the United States—given the US leading role in endorsing economic recovery programs that emphasize freer market systems and a reduced role for government—for economic assistance over the next several years as these states try to solve their debt and other economic problems. We believe many African states view Washington's endorsement as an implicit promise of increased support for their economic adjustment efforts.

Increased African requests for help, however, would provide continuing opportunities for the United States to expand its political and economic influence on the continent through the use of bilateral aid programs and other forms of economic support. On the downside, however, is the risk that many African states are likely to be acutely disappointed should US and other Western aid fall significantly short of their expectations.

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Contents

	<i>Page</i>
Key Judgments	iii
Scope Note	vii
Introduction	1
The Magnitude of the Crisis	1
Roots of the Problem	5
Gloomy Prospects	9
The Other Side of the Equation	10
The Longer Term	11
Implications for the United States	11
Appendixes	
A. Sub-Saharan African External Debt: Country Examples	13
Ivory Coast	13
Nigeria	14
Sudan	16
Tanzania	17
Zaire	19
Zambia	21
B. Methodological Note	23
C. Sub-Saharan Africa: External Debt and Debt Service	25

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Scope Note

This is one of several papers published or under way in the Directorate of Intelligence that examine the debt problems of less developed countries (LDCs). The paper analyzes the debt problems and prospects of 45 Sub-Saharan African countries since 1978; an appendix examines the varied experiences of six major borrowers—Ivory Coast, Nigeria, Sudan, Tanzania, Zaire, and Zambia—with serious but varied debt experiences.



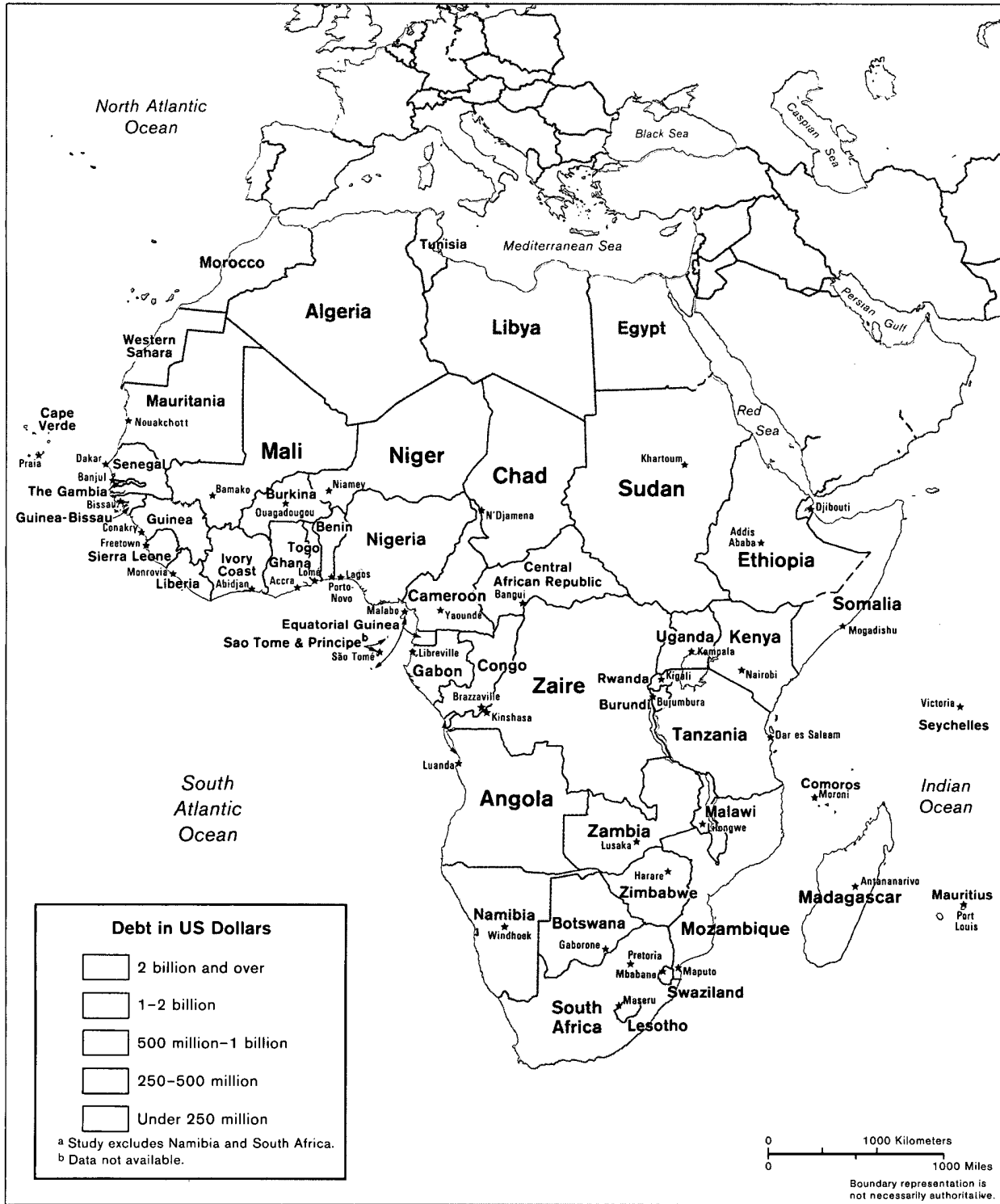
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Figure 1
Total External Debt in Sub-Saharan Africa, 1985^a



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Sub-Saharan Africa: Growing Debt and Fading Markets

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Introduction

The external debt of Sub-Saharan African countries has continued to move upward since 1973.¹ Export earnings, the region's principal means of servicing this debt, have failed to keep pace with rising debt service requirements. Africa's growing inability to meet its external debt repayments is receiving increasing international attention as African leaders press for relief from their economic plight. The Organization for African Unity (OAU) was instrumental in bringing about the May 1986 United Nations Special Session on Africa's economic problems, and the organization now is calling for a special international conference on Africa's debt problems next year. From an African perspective, most countries see the need for both debt rescheduling and new funds to assist in an economic turnaround, and international financial institutions and OECD countries—the principal creditors of the region—will most likely be called upon to assume a larger role in helping Africa to cope with the debt crisis.

This paper analyzes Sub-Saharan Africa's external debt problem and assesses its impact on the region. The paper also evaluates African export production, market performance, and probable medium-term trends, with a view to determining their impact on the ability of the states in the region to meet debt service obligations.

The Magnitude of the Crisis

Sub-Saharan Africa's external debt has soared since the initial oil price hike of 1973-74. In 1974, medium- and long-term public and publicly guaranteed debt totaled \$12 billion. By 1985, this debt had grown to \$69 billion. Firm data on total debt are not available.

¹ We define Sub-Saharan Africa to include all countries on the continent (except Algeria, Egypt, Libya, Morocco, South Africa, and Tunisia) plus Cape Verde, Comoros, Madagascar, Mauritius, Sao Tome and Principe, and Seychelles.

On the basis of a review of international financial statistics, we estimate that aggregate debt reached \$82 billion by the end of 1985.

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Key Debtors. A few large borrowers are responsible for the bulk of Sub-Saharan Africa's external debt. At yearend 1985, the seven largest debtors in descending order—Nigeria, Ivory Coast, Sudan, Zaire, Kenya, Zambia, and Cameroon—together owed 60 percent of the total debt for the region. *Nigeria* accounted for 47 percent of the region's increase in total debt since 1980 as its debt more than tripled to \$20 billion, 25 percent of the Sub-Saharan total. *Ivory Coast's* debt was \$7 billion; *Sudan's*, \$6 billion; and *Zaire's*, \$5 billion. In contrast, the seven smallest borrowers of the 45 countries in the region together owed \$800 million, or 1 percent of the total.

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Varying Ability To Pay. The degree of the debt crisis varies among countries. At one extreme, countries like *Liberia*, *Sudan*, and *Zaire* will be unable to repay fully their outstanding obligations, according to various country assessments. These states are perennially in arrears with their payments and have had to be assisted by several debt reschedulings in order to stay afloat. At the other extreme, countries like *Burkina* and the *Central African Republic* do not have any serious debt problems. These countries, among the poorest in Africa, have never been able to borrow heavily abroad. Also, because of these countries' poverty, foreign grants have substantially exceeded loans over the years as their major external source of capital. Most African countries fall between these extremes, with the increasing demands of debt service payments preempting resources that could help promote economic recovery.

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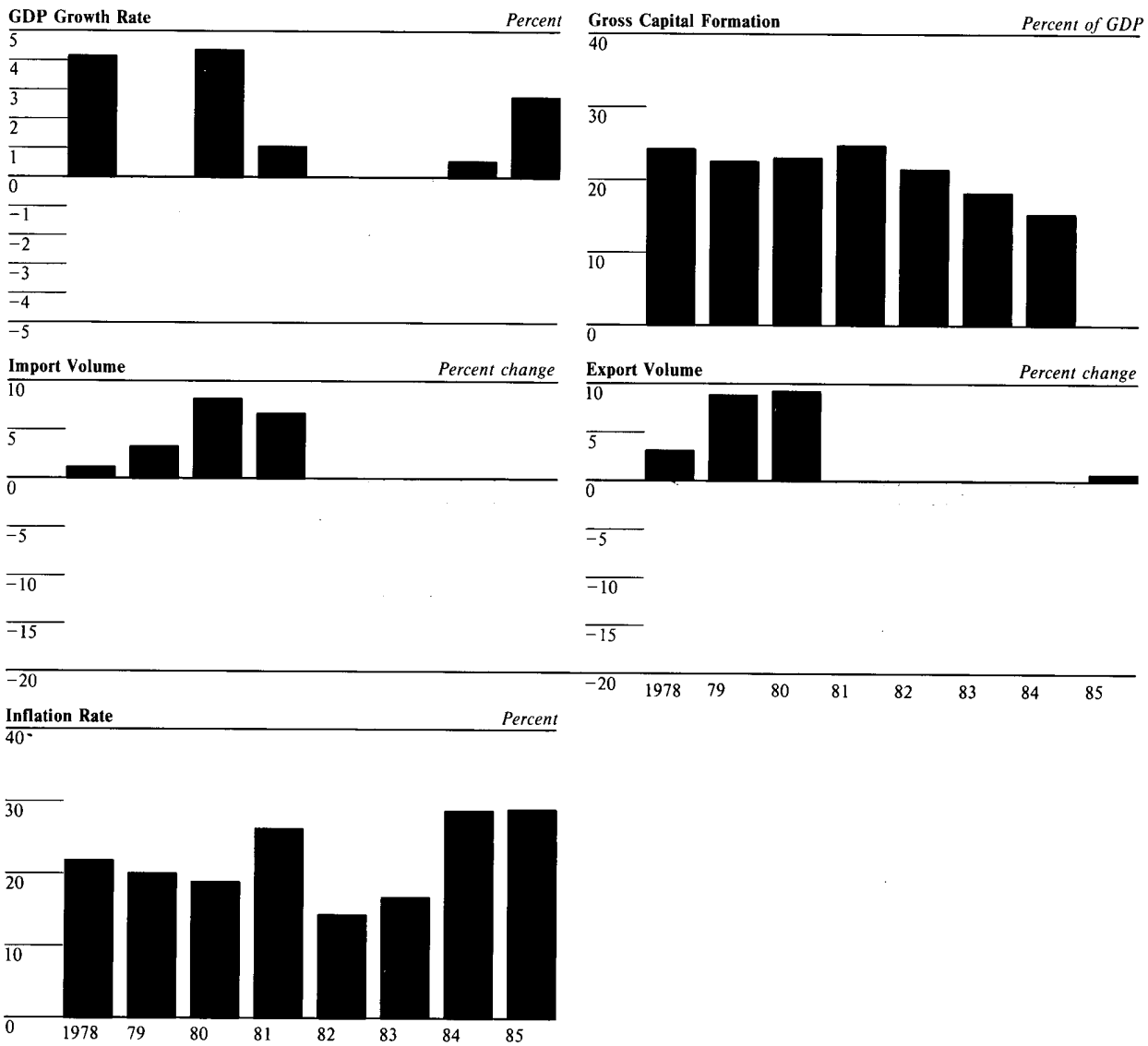
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Figure 2
Sub-Saharan Africa: Selected
Economic Data, 1978-85

Note changes in scale



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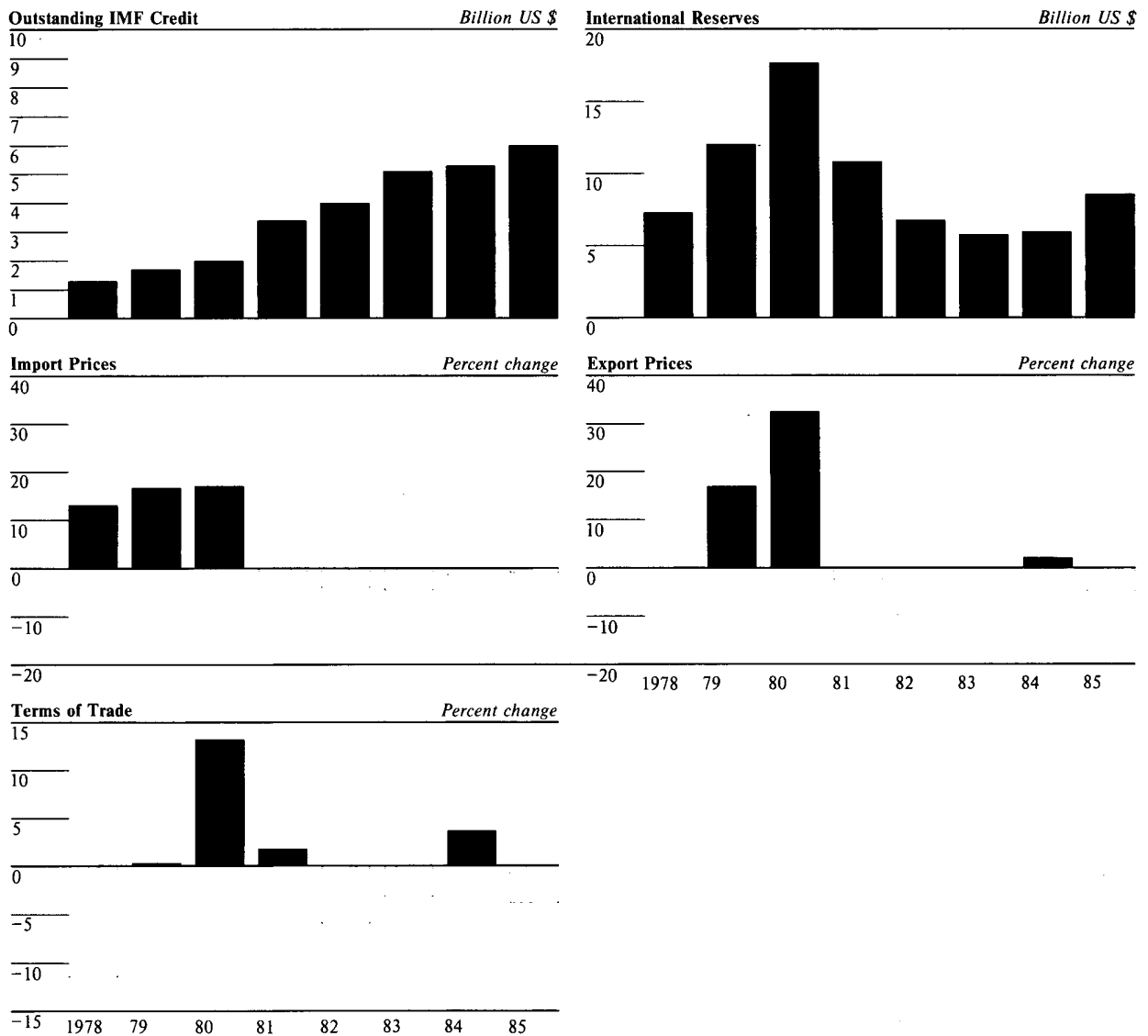
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Figure 3
Sub-Saharan Africa: Selected
Economic Data, 1978-85

Note changes in scale



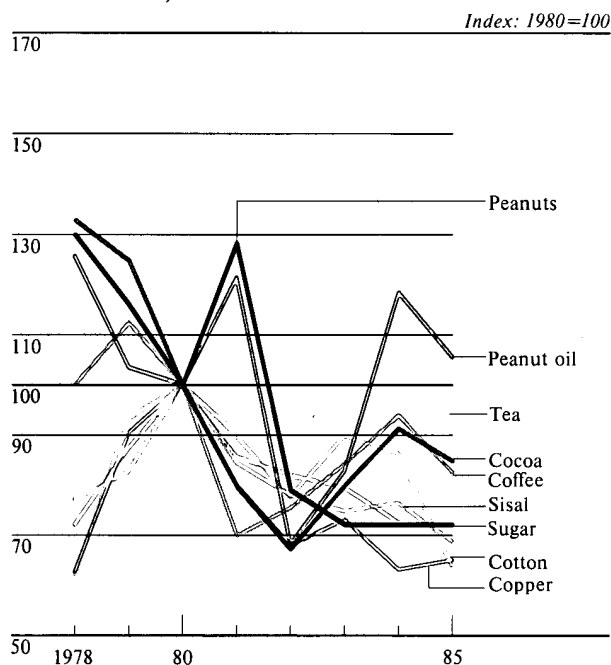
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Figure 4
Sub-Saharan Africa:
Price Indexes of Major Export
Commodities, 1978-85



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The Debt Service Burden. Most experts on Africa agree that the region's debt servicing requirements have outstripped its capabilities. According to IMF data, all major indicators of Sub-Saharan Africa's debt and its ability to repay have worsened dramatically since 1978 and now compare unfavorably with similar data for other less developed areas. [redacted]

Africa's debt crisis is seen most vividly in the burgeoning size of the debt, in weak export-import values and prices, and in a faltering overall economic performance. Linked to these factors have been chronic current account deficits, a compression of imports

Africa's Foreign Creditors

Because of their generally poor credit ratings, most Sub-Saharan countries have to rely on official sources for foreign loans. We estimate that these sources accounted for 60 percent of all medium- and long-term loans outstanding at yearend 1985. Private creditors are important loan sources for only a small number of countries including Congo, Gabon, Ivory Coast, and Nigeria. [redacted]

Most of the official loans to Sub-Saharan Africa are bilateral—61 percent of medium- and long-term debt at yearend 1984, according to World Bank data, for example. For most countries, the principal bilateral creditors are OECD countries. In a few cases (Guinea, Guinea-Bissau, Mali, Mauritania, Somalia, and Sudan) the main bilateral lenders are Arab OPEC and Communist countries. [redacted]

The World Bank and the International Development Association (IDA), the Bank's concessional loan arm, provided 64 percent of multilateral lending to Sub-Saharan Africa at yearend 1984, with the balance coming from organizations like the African Development Bank, the African Development Fund, the European Community, and Arab OPEC agencies. The IMF's lending role is substantial, but less than that of the World Bank/IDA. IMF lending was \$6 billion at yearend 1985, compared with \$10 billion by the World Bank/IDA at midyear 1985. [redacted]

because of foreign exchange shortages, and a generally poor performance in all elements of the region's external accounts (see table 1). According to international statistics, total debt nearly doubled between 1978 and 1985. Over the same period, exports of goods and services grew by only 16 percent. Excluding oil-exporting Nigeria, the region's terms of trade—the ratio of export prices to import prices—fell by a total 16 percent, adversely affecting export earnings and

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Table 1
Sub-Saharan Africa: Current Account Balances ^a

Billion US \$

	1978	1979	1980	1981	1982	1983	1984	1985 ^b
Current account balance	-11.5	-6.3	-6.1	-18.1	-18.5	-12.5	-7.0	-6.1
Exports (f.o.b.)	27.3	37.3	49.8	39.1	32.1	29.7	32.5	32.1
Imports (f.o.b.)	30.5	33.3	41.9	44.5	38.2	32.0	29.4	27.8
Trade balance	-3.2	4.0	7.9	-5.4	-6.1	-2.3	3.1	4.3
Net services and private transfers	-8.3	-10.3	-14.0	-12.7	-12.4	-10.2	-10.1	-10.4
Exports of goods and services	(32.5)	(43.3)	(57.6)	(46.4)	(38.0)	(35.3)	(37.9)	(37.6)

^a Excludes Angola, due to unavailability of data.

^b Estimated.

[REDACTED]

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the capacity to import. Imports fell by 9 percent, and real GDP growth declined from 4 to less than 3 percent. [REDACTED]

relative to the resources required to service the debt. We believe the lagging economic performance can be attributed to several internal and external factors.

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Although there are differences between countries, debt servicing requirements for the region have continued to push upward. According to IMF statistics, interest and amortization payments in 1985 were \$12 billion or 32 percent of exports of goods and services, compared with \$3 billion and 10 percent in 1978. The total debt outstanding last year was more than twice the region's annual exports of goods and services; exports equaled outstanding debt in 1978, according to the IMF. With the rise in debt servicing obligations relative to the capacity for payment, two-thirds of the Sub-Saharan countries have had debt servicing difficulty in the period 1980-85, including the four largest borrowers—Ivory Coast, Nigeria, Sudan, and Zaire. In order to obtain relief from the debt service burden in 1980-85, 18 Sub-Saharan countries were forced to reschedule \$13 billion of debt owed to commercial banks and official bilateral and multilateral creditors, according to IMF data (see table 2). [REDACTED]

Inappropriate Policies. A review of country performance suggests that African economic conditions have been undermined in part by policies that promote inefficiency in production. According to Embassy and press reporting, as well as financial studies, these policies include:

- Overvalued exchange rates that keep import prices artificially low (Liberia, Nigeria, and Tanzania).
- Low producer prices for agricultural output and a general neglect of rural development (Guinea, Nigeria, Zaire).
- Large-scale capital projects of little productivity, largely financed by external borrowing (Ivory Coast, Tanzania).
- The pervasive presence of money-losing government corporations in economic life (Guinea, Ivory Coast, Kenya, Zambia).
- Government bureaucracies with excessive employment rolls (Central African Republic, Congo, Ghana). [REDACTED]

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Roots of the Problem

Sub-Saharan Africa's debt problems result mainly from its poor economic performance. Economic data show that the region's productive capacity has fallen

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	1980	1981	1982	1983	1984	1985	Total
Total	543	1,724	390	5,796	3,026	2,014	13,493
Paris Club	72	1,079	305	2,872	1,514	1,205	7,047
Commercial banks	471	645	85	2,924	1,512	809	6,446
Central African Republic							
Paris Club		72		13		8	93
Commercial banks							
Equatorial Guinea							
Paris Club						36	36
Commercial banks							
Ivory Coast							
Paris Club					356	234	590
Commercial						501	501
Liberia							
Paris Club	35	30		17	17		99
Commercial banks			30			35	65
Madagascar							
Paris Club		140	107		89	135	471
Commercial banks		147			195		342
Malawi							
Paris Club			25	26			51
Commercial banks				57			57
Mauritania							
Paris Club						78	78
Commercial banks							
Mozambique							
Paris Club					404		404
Commercial banks					213	192	405
Niger							
Paris Club				36	26	40	102
Commercial banks					26		26
Nigeria							
Paris Club							
Commercial banks				1,935			1,935
Senegal							
Paris Club		75	74	72		117	338
Commercial banks					78	20	98
Sierra Leone							
Paris Club	37				25		62
Commercial banks					25		25

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Table 2 (continued)

Million US \$

	1980	1981	1982	1983	1984	1985	Total
Somalia							
Paris Club						122	122
Commercial banks							
Sudan							
Paris Club			80	536	269		885
Commercial banks		498	55	790	838		2,181
Togo							
Paris Club		232		300	75	35	642
Commercial banks	69			84			153
Uganda							
Paris Club		30	19				49
Commercial banks							
Zaire							
Paris Club		500		1,497		400	2,397
Commercial banks	402			58	64		524
Zambia							
Paris Club				375	253		628
Commercial banks					73	61	134

Structural Factors. Sub-Saharan Africa's productive capacity also has been hampered by serious structural problems, in our judgment. The region remains short of technically trained personnel, managerial expertise, and skilled labor. World Bank data, for example, show that only 15 percent of the secondary-school-age group for the region was enrolled in 1982; only 2 percent of the 20- to 24-age group was enrolled in higher education. Africa's physical facilities have suffered from years of neglect and inadequate maintenance, due, in our view, to a lack of funds and foresight. Open sources indicate this decay has affected factories, public utilities, roads, railroads, and transportation equipment. The situation in Ghana and Tanzania is illustrative of this point.

Unfavorable Export Patterns. Africa's economic performance and its ability to service its external debt are highly dependent on its exports of goods and services,

which provide its principal source of foreign exchange. Exports also provide the means of paying for the imports of capital goods and other inputs needed to promote economic growth. Africa's export performance has been generally poor since 1978, and, according to IMF data, prices of key export products like cocoa, copper, cotton, peanuts, and tea remain well below 1978 levels. International trade statistics show that export volume is also down, with the 1985 level 5 percent lower than in 1978.

We believe Sub-Saharan Africa's export performance since the 1970s has been mixed because of the combined effects of external forces and domestic factors relating to production. Production has been hampered by official agricultural policies with insufficient incentives to producers, a three-year drought

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Differences Between African and Latin American Debt

The magnitude and nature of the debt crisis in Sub-Saharan Africa are markedly different from those in Latin America. Africa's total external debt in 1985 was \$82 billion; Latin America's was \$394 billion—of which Brazil's totaled \$109 billion and Mexico's, \$104 billion. Eighty-one percent of Latin American medium- and long-term debt was owed to private creditors, mainly international banks, compared with 40 percent for African countries. With Ivory Coast and Nigeria excluded, only 28 percent of Africa's medium- and long-term debt was owed to private creditors. [redacted]

The predominance of official lending in Africa's debt has led to lower interest rates and interest payments than the LDC average. For example, we estimate the implicit average interest rate—interest payments relative to total debt—for Sub-Saharan Africa at 6 percent for 1985. For Brazil and Mexico, where loans from banks carry an interest rate premium over the benchmark US Prime Rate or the London Interbank Offer Rate, the implicit interest rates were 9 and 10 percent, respectively. [redacted]

that ended for the most part last year, and, in the Sahel region, the more serious impact of a longer drought and continuing desertification. The impact of the problem can most clearly be seen from a country perspective where, for example, Ghana and Nigeria have experienced major declines in cocoa output and Tanzania's sisal production has fallen markedly. At an aggregate level, FAO data for 1978-84 show no positive shift during that period in Africa's trade shares in industrial country imports of the major exports of cocoa, coffee, sisal, or tea. A trade share gain in peanut oil was counterbalanced by a fall in the trade share of peanuts. [redacted]

On the demand side, Sub-Saharan Africa's exports have been curtailed by slow economic growth in industrial countries, where an average annual growth of 4 percent in the late 1970s has been followed by an

average annual rate of 2 percent from 1980, according to IMF data (see table 3). We believe the sluggish response of African exports to industrial country economic recovery reflects both the traditional weak impact of higher industrial country GNP on African food exports like cocoa, coffee, and tea and a probable gradual erosion of the link between industrial country growth and the demand for African raw materials like copper and bauxite. [redacted]

[redacted] technological changes in industrial countries are increasingly allowing the use of synthetic materials and other substitutes for metals like copper and aluminum.² In our view, this development aggravates already faltering prospects for African exports and increases in export earnings. [redacted]

Resistance to Economic Adjustment. In our judgment, the African states have given a mixed acceptance to the economic adjustment programs needed to help stem economic decline and ease their debt problems. The economic adjustment programs are increasingly required by multilateral organizations spearheaded by the IMF and by bilateral donors, as a condition for continued economic support.³ Because the programs usually include unpalatable measures like currency devaluations, tight government budgets, and reduced consumer subsidies, African leaders run the risk of sparking domestic protests or playing into the hands of their political opponents:

- In the *Ivory Coast*, teachers organized a strike against reduced housing subsidies in 1984, and elements of the General Union of Workers attempted to block certain price increases in 1984. The government has continued to implement reform, however, and some trade unions have now endorsed the government's policies, according to US Embassy reporting. [redacted]

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Table 3
Industrial Countries: Estimates of Economic Growth Rates

	1978	1979	1980	1981	1982	1983	1984	1985	1986
OECD	4.3	3.2	1.1	1.9	-0.5	2.8	4.9	2.8	3.0
IMF	4.1	3.5	1.3	1.6	-0.2	2.6	4.9	2.8	3.1

• According to US Embassy reporting, *Zambia's* reform efforts have run into opposition from the labor movement. In July 1984 the Congress of Trade Unions threatened to boycott a national conference on the economy unless an announced 20 percent price increase for maize (corn) was canceled. According to press reporting, key critics of the government remain bitterly opposed to reductions in central planning and subsidies. [redacted]

In our view, countries that have more aggressively tackled economic reform include Cameroon, Ivory Coast, Kenya, Senegal, and Zaire. Liberia, Nigeria, and Sudan have been among the less aggressive countries. [redacted]

Gloomy Prospects

Medium-Term Trends in Debt. Africa's debt crisis probably will remain serious over the next few years, despite periodic signs of improvement or stabilization. On the positive side, lower oil prices should provide additional relief to hard currency outlays including debt service. Also, the weaker US dollar should help dollar-denominated foreign sales. On the other hand, most experts predict continued slow economic growth for industrial countries that implies little upsurge in foreign demand for Africa's primary products. On the basis of foregoing developments, we believe that debt service pressures will intensify. This bleak debt servicing outlook will particularly apply to the many low-income countries that depend on loans from official sources. The grace periods on the heavy borrowings of the 1970s will be expiring, according to the IMF. These countries will, therefore, face substantially higher amortization payments. Because of the higher

debt levels, total scheduled interest payments will grow, despite the concessional terms of official loans to low-income African countries. In our view, countries that will particularly find themselves in these adverse circumstances include Burundi, Cape Verde, The Gambia, Mali, and Sierra Leone. We believe that the expected debt service pressures will bring additional requests for debt rescheduling by Organization for Economic Cooperation and Development (OECD) official creditors, the main source of funding. [redacted]

Although many African countries have been making efforts to restructure their economies and to assign a larger role to private-sector economic activity, we do not believe these policy changes will be sufficient to reverse the recent trend of a diminishing net flow of private capital to Sub-Saharan Africa. Bilateral sources and multilateral institutions like the World Bank and the European Community will continue to be pivotal in the supply of new lending to the region. [redacted]

Export Prospects. In our judgment, export prospects for the region are mixed, but several factors will work against a strong recovery over the medium term. [redacted]

According to empirical studies, economic growth in industrial countries is an important determinant of the demand for LDC exports. This impact is greater, however, for Asian and Latin American countries than for African states, in our view. According to trade statistics, Asian and Latin American exports to industrial countries have higher proportions of manufactured goods while African exports are principally

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primary products. According to academic studies, manufactured goods are more responsive to income changes in industrial countries. Various economic forecasts from official and commercial sources suggest industrial country economic growth rates of 3 percent or less annually for the next few years, despite lower oil prices. For example, Chase Econometrics forecasts of annual economic growth rates for OECD countries average 2.6 percent for 1987-90; Wharton Econometric Forecasting Associates forecast an average 2.8 percent for the same countries for 1987-91. In our judgment, growth rates of this magnitude are not strong enough to generate a resurgence in world demand for Africa's exports. [redacted]

We expect the export earnings of a few African countries, including Ethiopia, Ivory Coast, Uganda, and Tanzania, to benefit substantially this year from the high coffee prices of the first half of this year that resulted from the impact of drought on Brazilian coffee production. Ethiopia, for example, will be likely to earn \$500 million from coffee exports, according to press reporting. However, this windfall is temporary, in our view, and masks the overall gloomy commodity price picture for Sub-Saharan Africa over the medium term. Coffee prices are presently declining. Prices of at least nine commodities of major export interest to the region have been depressed since 1980 with no major turnaround in sight, according to available forecasts. These commodities include cocoa (Ghana, Nigeria), with a market price currently 22 percent below 1980 levels; copper (Zaire, Zambia), 38 percent; palm oil (Benin, Ivory Coast), 62 percent; sisal (Kenya, Tanzania), 33 percent, and sugar (Mauritius, Sudan), 23 percent. [redacted]

In our judgment, Sub-Saharan Africa's exports will become increasingly vulnerable over the medium term to competition from non-African LDCs, as these countries expand or diversify their exports. For example, we believe that Zambia's and Zaire's copper exports will become less competitive with those of Chile, the lowest cost producer, since the African countries cannot expand production to compensate for continued low prices to the extent that Chile can. Liberia's rubber market share probably will be adversely affected by the expansion plans of large

producers like Indonesia, Malaysia, and Thailand. In cocoa exports, Benin, Cameroon, Ghana, and Togo probably will continue to lose market share to Brazil, which is aggressively increasing its cocoa production. Tanzania's sisal exports already have been hit hard by expanded production of sisal by Brazil. [redacted]

The Other Side of the Equation

We believe Sub-Saharan Africa's current debt trends will be influenced by shifts in the economic aid policies of bilateral donors and multilateral organizations. Accompanying rising debt, Sub-Saharan Africa's living standards continue to fall, despite net official development assistance of \$7 billion a year. Several recent academic and international forums on Africa's economic problems agree that more economic assistance will be necessary to arrest the region's economic decline. The World Bank estimates that at least an additional \$2.5 billion in annual financial flows will be needed over the next five years to rehabilitate the stricken Sub-Saharan economies. [redacted]

We have seen no sign that OECD donors are willing to increase bilateral aid to Africa much beyond the present substantial support of about \$5 billion net annually. The OECD has forecast a modest increase in worldwide concessional aid from its member countries of, at most, 2 percent a year in real terms for the foreseeable future. This growth translates into an annual increase of a mere \$160-200 million a year for Africa. We do not expect any policy changes on economic assistance for Africa from Communist countries or the financially beleaguered OPEC countries that would lead to significant increases in bilateral economic assistance. [redacted]

In our judgment, however, recent policy moves by the IMF and World Bank should have a favorable impact on the present debt trends in Africa. The IMF's \$3 billion Structural Adjustment Facility announced in March 1986 will provide concessional loans over the next six years to support growth-oriented economic reform in sharply depressed economies, mainly in Africa. This facility will, in effect, substantially roll

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Factors Affecting Debt Trends

Sub-Saharan Africa's current debt trends will also be affected by the recent sharp decline in oil prices. Much will depend on the level at which these prices stabilize. Oil exporters will be hurt, with Nigeria being the most seriously affected. With the recent decline in oil prices, Lagos cannot afford to service its external debt on existing terms and will need major rescheduling. Angola, Congo, and Gabon face serious losses of oil export revenues, but their debt problems were less severe than Nigeria's before the oil price decline.

The fall in oil prices should favorably affect current debt trends for oil importing countries. The region's oil import bill was at least \$7 billion in 1984 before the price drop, according to our calculations. The price decline should reduce payments for oil imports and effect savings of scarce foreign exchange. We do not believe, however, that the import bill will fall by the same degree as the price decline.



over debt repayments of \$3 billion due from poor countries to the IMF-administered Trust Fund through 1991 and, thus, will cushion the debt service obligations of Sub-Saharan countries. Increased lending to Africa by the World Bank will also continue from the Bank's second 3-year \$1.5 billion Special Facility for Africa and from a \$12 billion replenishment of the International Development Association (IDA), the Bank's soft loan arm, effective in 1987. Because we see no substantial increase in bilateral economic assistance to Africa, we believe that multi-lateral financial institutions like the IMF and the World Bank will be required to play an increasing role in providing economic support for the region.

The Longer Term

In our judgment, Africa's debt problems are likely to continue over the longer term, despite major efforts to cope with them. We foresee no substantial increases

in export values or the prospect of extensive relief from debt service obligations from major creditor countries in the coming years.

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The long-term picture is one of growing external indebtedness as current account deficits continue and as external financing remains necessary to promote economic recovery, in our view. While we expect the economic growth record to improve with extensive economic adjustment programs, we do not see African growth rates, on average, approaching those of the Latin American or Asian regions where countries have the advantage of larger internal markets (Argentina, Brazil) or broader export bases (Brazil, India, South Korea).

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Over the longer term, we do not see a bright outlook of high and stable export receipts for African countries in world markets until they can substantially broaden their export base by shifting to more manufacturing or technologically oriented production. Sub-Saharan Africa's shortage of technically trained personnel, managerial expertise, and skilled labor will remain serious obstacles to this shift. Structural shortcomings such as inadequate transportation, lack of cheap power supplies, and cumbersome administrative systems are likely to remain major roadblocks in the years to come.

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Implications for the United States

Most financial experts agree that Sub-Saharan Africa's external debt does not pose a serious threat to the stability of the international financial system. Despite its lesser financial importance in a global context, Africa's debt burden has serious economic implications for individual countries and the continent itself, and for the relationship of the region with creditor countries.

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As Africa's debt crisis continues, we expect increasing joint representations in international forums by African states for reductions in their debt service burden and for increased economic assistance on concessional terms to promote economic recovery with minimal future debt service obligations. With the United

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States playing a leading role in endorsing African economic recovery programs that emphasize freer market systems and a smaller role for government, we believe that countries implementing these programs will increasingly look to Washington for economic assistance.

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In our judgment, a greater economic support role for the United States could provide opportunities to expand US influence on the continent through enhanced bilateral economic aid programs. Such programs could not only cement more firmly relationships with countries like Kenya and Somalia that allow US forces to use local military facilities, but could provide some inducement to socialist-oriented countries like Mozambique and Tanzania to be more receptive to US political approaches. Conversely, any major US foreign aid reductions over the medium term could complicate US efforts to assist Africa and to gain leverage in the region. Further, the international political importance of economic support for Africa will grow if, in the years ahead, the hopes of some African countries for expanded exports under economic recovery programs are frustrated by trade restrictions in the US and other industrial country markets.

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Appendix A

Sub-Saharan African External Debt: Country Examples

This appendix illustrates the varying debt problems for six of Africa's major borrowers who together account for 55 percent of the region's total external debt. The countries covered range from Nigeria, the region's largest debtor—\$20 billion—with unusually tangled finances, to Tanzania, whose failed economic policies have rendered it incapable of repaying some \$3 billion received mainly from bilateral official creditors. [redacted]

Ivory Coast

Background

Ivory Coast is Sub-Saharan Africa's second-largest debtor, after Nigeria. Despite efforts at diversification, the Ivorian economy remains based on agriculture, with exports dominated by coffee, cocoa, and timber. When commodity prices were booming in 1976, Ivory Coast embarked on a heavy borrowing program to promote economic development. With a weaker commodity market performance since then, the government has found it increasingly difficult to service its external debt and has only managed to do so with substantial debt rescheduling since 1984. Some 65 percent of Ivory Coast's medium- and long-term external debt is owed to private creditors. The country is, therefore, greatly exposed to high and floating interest rates associated with commercial credit. [redacted]

Elements of the Debt Problem

Ivory Coast's external debt has grown sharply since 1976, mainly because of large investment programs undertaken by the government to upgrade infrastructure and diversify the economy. In addition, the Ivorian authorities guaranteed a large number of foreign loans obtained by nonresident multinational organizations and by official development banks, according to the IMF. In the process, total external debt obligations leaped from \$1 billion in 1976 to \$4 billion

in 1979. The debt climbed further to \$7 billion in 1982, according to our estimates, and has since stabilized at that level. [redacted]

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Ivory Coast has had debt service problems since 1982. Debt service payments escalated between 1980 and 1984 because of:

- Depreciation of the CFA franc against the US dollar that increased the franc burden of US-dollar-denominated debt.
- High levels of floating interest rates.
- An increasingly high amortization burden, as repayments of earlier borrowings fell due. [redacted]

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Ivory Coast's debt problems have triggered extensive debt renegotiations, which have also been a part of a continuing structural adjustment program being carried out with financial support from the IMF and the World Bank. Since 1984, Abidjan has refinanced debts due to official creditors, commercial banks, and trade suppliers. Through 1985, the rescheduled amounts exceeded \$1 billion. In May 1986, Ivory Coast's commercial bank creditors agreed to reschedule an additional \$1 billion of loan repayments falling due in 1986 through 1989. We expect the regime of rescheduled debt to continue for several more years because scheduled debt service payments, despite ongoing debt relief, would consume nearly 50 percent of export earnings. [redacted]

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The Political Dimension

In our judgment, Ivory Coast faces no serious political challenge as a result of the external debt burden. Indeed, we believe that much of the Ivorian debt was incurred to minimize domestic tension as the government launched expensive public projects in the 1970s, some without economic justification. [redacted]

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Table 4
Ivory Coast: Selected Economic Data

	1978	1979	1980	1981	1982	1983	1984	1985
Gross domestic product (<i>billion US \$</i>)	8	9	11	8	8	7	7	7
Real GDP growth (<i>percent</i>)	11	2	5	3	0	-2	-2	5
Trade balance (<i>million US \$</i>)	573	490	399	367	557	431	1,303	1,482
Exports f.o.b. (<i>million US \$</i>)	2,616	2,723	3,013	2,435	2,347	2,066	2,646	2,882
Imports f.o.b. (<i>million US \$</i>)	2,043	2,233	2,614	2,068	1,790	1,635	1,343	1,400
Current account balance ^a (<i>million US \$</i>)	-879	-1,388	-1,836	-1,427	-1,046	-937	-117	89
International reserves (<i>million US \$</i>)	449	149	22	20	4	21	7	7
Inflation ^b (<i>percent</i>)	13	17	15	9	7	6	4	2

^a Goods, services, and private transfers.

^b Consumer prices.

There have been isolated protests against economic austerity measures as the Ivorian Government implemented the general economic reform that would, among other things, reduce the debt burden. For example, teachers organized a strike against reduced housing subsidies in 1983, and trade unionists attempted to block some price increases in 1984. As the government continued to implement reform, some trade unions have come to endorse these new policies, according to US Embassy reporting. [redacted]

Nigeria

Background

Nigeria's external debt of \$20 billion was run up principally since 1978 under both favorable and unfavorable economic conditions. During the oil market boom of 1978-80, the country's external debt more than doubled to nearly \$7 billion as oil exports rose to

\$25 billion. In this period of relative prosperity, Nigeria obtained extraordinarily large amounts of trade credit for financing the imports that accompanied the government's expansionary fiscal and monetary policies. Nigeria's economic boom ended with the price and volume downturn in the world oil market in 1981. Oil exports, which provide 95 percent of the country's export earnings, plummeted to \$10 billion in 1983. Because of a major collapse in oil prices this year, oil exports will most likely be less than \$8 billion for 1986, according to one forecast. [redacted]

Elements of the Debt Problem

The size of Nigeria's external debt is not unduly large by Third World standards when related to its GDP. In 1984, for example, Nigeria's total external debt was approximately one-third of GDP; for Mexico, the

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same ratio was nearly two-thirds. The IMF has termed the country's borrowing policies "conservative." [redacted]

Nigeria's debt problem has three major elements:

- The country's medium- and long-term debt has an average maturity of only five years with an average interest rate of 10 percent, according to the IMF. Also, the debt is "front-loaded," with unusually large repayments due in 1986-88.
- Several billion dollars of trade claims on Nigeria remain unpaid because of chaotic conditions in their documentation. In our judgment, the delays in payment have impaired the country's standing with its foreign creditors. According to an economic publication, foreign exporters claimed about \$10 billion as unpaid in 1984, with a sizable proportion of the claims fraudulent or inadequately documented. About \$4 billion of the total is expected to be declared genuine, according to the same source, with some legitimate claims not expected to be honored because of flawed paperwork.
- While weak oil markets have caused debt servicing problems since 1981, the collapse of oil prices since January of this year has created a major foreign exchange crisis for Nigeria. [redacted]

Lagos's inability to service its external debt under existing terms appeared shortly after 1981, as the decline in oil export earnings came simultaneously with a period of high import growth and domestic credit expansion. This combination of factors led to severe foreign exchange losses. Although the import bill was later reduced by restrictive official measures, foreign exchange shortages led to rising arrears in import payments by late 1982. By the next year, Lagos was forced to conclude two separate agreements with dozens of foreign commercial banks to refinance nearly \$2 billion owed for letter-of-credit exposures. [redacted]

Trade Arrears. Since 1983, Nigeria has been trying to refinance its trade arrears, much of which was originally due in less than 12 months, by negotiating a stretching out of repayments. During 1984, some of

Lagos's uninsured trade creditors agreed to refinance their claims by accepting promissory notes that would mature in six years inclusive of a two-and-a-half-year grace period. According to one estimate, Nigeria currently owes about \$2.6 billion in uninsured trade credits. [redacted]

The bulk of Nigeria's trade arrears remains unrescheduled. At yearend 1984, the unrescheduled arrears totaled an estimated \$7 billion, according to the IMF, of which at least \$1.7 billion was owed to export credit agencies abroad. Other sources currently estimate the exposure of foreign export credit agencies at \$1.4 billion, of which Britain's Export Credits Guarantee Department is owed about \$700 million. Other export credit agencies with important involvement in Nigeria include those of France, the Netherlands, and West Germany. [redacted]

Medium- and Long-Term Debt. We estimate that Nigeria's medium- and long-term debt totaled \$13 billion at yearend 1985. According to the IMF, most of the debt was incurred in relatively small amounts, with the exception of two "jumbo" loans totaling \$1.8 billion in 1978 for balance-of-payments support, plus \$2.3 billion borrowed to establish a now-faltering steel industry. However, because of front-loading, debt service is expected to rise to \$5 billion in 1986 and 1987 before falling again to \$4 billion in 1988 with subsequent declines, according to one financial report.

Recent Developments. After introducing an austerity budget in December 1985, Lagos announced that it would spend only 30 percent of its foreign exchange earnings on debt service and would seek debt rescheduling. The subsequent collapse of oil prices rendered Nigeria incapable of meeting its debt service payments. Since April the country obtained from commercial bank creditors three consecutive 90-day moratoriums on the repayment of some \$7 billion in medium- and long-term loans. Nigeria hopes to negotiate a new repayment plan during the moratorium period. The country also is seeking to reschedule its official (Paris Club) debt. [redacted]

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Nigeria: Selected Economic Data

	1978	1979	1980	1981	1982	1983	1984	1985
Gross domestic product (billion US \$)	52	66	86	77	73	65	63	64 ^a
Real GDP growth (percent)	7	6	6	0	-5	-2 ^a	-5 ^a	2 ^a
Trade balance (million US \$)	-1,177	4,912	11,105	-911	-2,678	-905	2,982	3,600
Exports f.o.b. (million US \$)	10,508	16,774	25,741	17,961	12,123	10,488	11,882	11,700 ^a
Imports f.o.b. (million US \$)	11,685	11,862	14,636	18,872	14,801	11,393	8,900	8,100 ^a
Current account balance ^b (million US \$)	-3,766	1,703	5,270	-6,090	-7,167	-4,169	356	1,100 ^a
International reserves (million US \$)	1,886	5,547	10,235	3,895	1,613	990	1,462	1,667
Inflation ^c (percent)	22	12	10	21	8	23	40	5 ^a

^a Estimated.^b Goods, services, and private transfers.^c Consumer prices.
The Political Dimension

We believe the political impact of Nigeria's debt problems to be serious. According to press accounts, Nigeria's creditors require an economic reform program as a condition for rescheduling the country's external debt and providing badly needed new financing. In such situations foreign creditors normally expect an IMF-sponsored program, but the military government rejected the IMF linkage for some time in the face of opposition by the public and certain elements in the military itself, according to US Embassy reporting.

In an effort to come to grips with the economic crisis, President Babangida announced a two-year structural adjustment program last June. In September Nigeria signed a Letter of Intent for the IMF standby arrangement that its creditors were insisting on. The political problems of debt and economic adjustment remain. According to US Embassy reporting, the

structural adjustment program faces opposition from government bureaucrats and elements of the military who stand to lose privileges. According to an open source, Nigeria does not intend to draw IMF funds under the standby agreement, because that would be politically dangerous. However, the IMF agreement gives needed credibility to Nigeria's debt negotiation and economic adjustment efforts, in our view.

Sudan**Background**

Sudan has been experiencing external debt problems since the mid-1970s as the country's external payments position worsened from stagnation of output and exports, deteriorating terms of trade, and distortions in costs and prices. The country's economic

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problems have been compounded by a decade of drought, a massive refugee problem mainly from unrest and drought in neighboring Ethiopia, a strong insurgency movement in the south, and considerable mismanagement by Sudan's leaders. [redacted]

By mid-1978, Sudan had severe foreign exchange shortages that led to a buildup of external payments arrears. The external payments crisis has continued since that time. [redacted]

Elements of the Debt Problem

Sudan's external debt tripled to \$6 billion between 1978 and 1981 and has since stabilized at that level, as external financing has become more difficult to obtain. Some 90 percent of Sudan's external debt is in medium- and long-term loans. This unusually high percentage reflects not only a drying up of new trade and bank credit, but also the rescheduling of old, similar obligations to longer periods. [redacted]

Because Sudan has been unable to fully meet its debt service obligations for several years, the country has sought debt relief from Paris Club and other bilateral creditors, as well as from the commercial banks. Between 1980 and 1985, rescheduled Paris Club and commercial bank debt totaled \$3 billion. [redacted]

Since 1978, Sudan has launched a series of economic recovery programs with financial support from multi-lateral institutions, including the IMF and the World Bank, and from bilateral creditors. Much of the country's debt relief has been linked to these programs. [redacted]

Sudan was formally excluded in February this year from access to the IMF's resources because of over \$200 million in unpaid arrears to the Fund. Actually, Sudan had been excluded de facto since mid-1984, when the IMF arrears started to accumulate. Although the ban was partly lifted in September after a token payment to the Fund, we believe Sudan's problems with the IMF probably have convinced many foreign donors of the hopelessness of any meaningful resolution of Sudan's debt problems. Because of

this, the country's ability to obtain continued foreign assistance has been sharply curtailed. Sudan's debt service prospects remain highly unfavorable over the medium term, according to the IMF. Khartoum's debt servicing ability continues to decline, with the country being openly described as the "world's most bankrupt." [redacted]

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The Political Dimension

In our judgment, Sudan's massive debt and economic problems will not ease any time soon, because of a lack of governmental resolve. According to US Embassy reporting, no meaningful effort has been made since 1983 to check the economic slide, and Prime Minister Sadiq al-Mahdi's new administration may lack the economic understanding or political will to implement major reform. According to the Embassy, such reform would probably be opposed by powerful public-service unions and the public at large, because they would be likely to involve reduced government employment, restructured government corporations, currency devaluations, and a general increase in hardship. [redacted]

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Tanzania

Background

Tanzania's economic situation has deteriorated rapidly since the late 1970s because of a long list of internal and external factors. Prominent among them have been the collapse of the East African Community in 1977 with an adverse impact on Tanzania's exports, the costly 1978-79 war with Uganda, recurrent droughts, the oil price shock of 1979-80, and worsened terms of trade sparked by weak export prices. [redacted]

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These adverse developments have been compounded by a longstanding and ill-fated Tanzanian economic development policy emphasizing rural development and self-reliance and largely supported by expansionary monetary policies. The net impact of these factors has been unsustainable current account deficits, mounting external debt, a sharply declining ability to

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Table 6
Sudan: Selected Economic Data

	1978	1979	1980	1981	1982	1983	1984	1985 ^a
Gross domestic product (<i>billion US \$</i>)	7	7	7	8	6	8	8	NA
Real GDP growth (<i>percent</i>)				3 ^c	7 ^c	-5 ^c	-1 ^c	-7 ^c
Trade balance (<i>million US \$</i>)	-61	-222	-438	-841	349	-189	81	-135
Exports, f.o.b. (<i>million US \$</i>)	563	514	689	793	401	514	519	444
Imports, f.o.b. (<i>million US \$</i>)	624	736	1,127	1,634	750	703	600	579
Current account balance ^b (<i>million US \$</i>)	-123	-248	-337	-660	-248	-220	5	-261
International reserves (<i>million US \$</i>)	29	67	48	17	21	18	18	12
Inflation ^c (<i>percent</i>)	19	31	25	25	26	31	38 ^a	69 ^a

^a Goods, services, and private transfers.

^b Consumer prices.

^c Fiscal years ending June.

service the debt, a sizable accumulation of payments arrears, and a near collapse of the Tanzanian economy. [redacted]

Elements of the Debt Problem

Because of Tanzania's relative poverty, a large proportion of its external debt was obtained on concessionary terms from multilateral and bilateral official sources. In 1980, for example, multilateral sources accounted for 51 percent of external loan commitments to Tanzania, according to IMF reporting. The loan commitments had an average maturity of 31 years, an average seven-year grace period, and an average interest rate of 1.5 percent. Bilateral loan commitments, 43 percent of the total, were only slightly less generous, with an average maturity of 29 years, an average seven-year grace period, and an average interest rate of 2.4 percent. [redacted]

Most of Tanzania's bilateral official creditors are OECD countries, with Japan, the United Kingdom, and the United States prominent among them. Tanzania receives substantial economic support from Nordic countries, but mainly as grants. China and the Soviet Union are major creditors from non-OECD countries. [redacted]

Tanzania's external debt data are incomplete, despite substantial effort by the government and consulting financial institutions to determine more accurately the details of the country's external obligations. We estimate the total medium- and long-term external debt at \$2.8 billion at yearend 1985. The corresponding estimate by the Tanzanian authorities, with the assistance of a Swedish commercial bank, was \$3.1 billion, according to IMF reporting. [redacted]

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Table 7
Tanzania: Selected Economic Data

	1978	1979	1980	1981	1982	1983	1984	1985
Gross domestic product (<i>billion US \$</i>)	4	4	6	6	6	6	5	6 ^a
Real GDP growth (<i>percent</i>)	-4	3	4	-2	1	0	2	2
Trade balance (<i>million US \$</i>)	-519	-415	-561	-350	-473	-269	-299	-404
Exports, f.o.b. (<i>million US \$</i>)	477	546	508	688	505 ^a	463 ^a	451 ^a	400 ^a
Imports, f.o.b. (<i>million US \$</i>)	996	961	1,069	1,038	978 ^a	732 ^a	750 ^a	804 ^a
Current account balance ^b (<i>million US \$</i>)	-618	-492	-679	-390	-644 ^a	436 ^a	451 ^a	515 ^a
International reserves (<i>million US \$</i>)	100	68	20	19	4	20	26	12
Inflation ^c (<i>percent</i>)	11	14	30	26	29	27	36	26

^a Estimated.

^b Goods, services, and private transfers.

^c Consumer prices.

Despite the highly concessionary nature of Tanzania's external debt, the country has been in a serious financial crisis since the early 1980s. Balance-of-payments pressures have increased with declines in export volume and a worsening in the terms of trade. The government has responded with sharp import cuts and an economic adjustment program that includes increases in agricultural producer prices. In the IMF's view, the program has been inadequate to turn the economy around. [redacted]

The Political Dimension

Tanzania is being forced to consider major economic reform at the urging of foreign donors, in order to avoid a drying up of economic aid. On the basis of US Embassy reporting, the reform effort is supported by President Mwinyi, but is being stymied by a firmly entrenched bureaucracy committed to socialist ideology and by the doctrinal influence of ex-President Nyerere, who has long resisted an IMF-sponsored reform program. [redacted]

Zaire

Background

Zaire's external debt problems are among the oldest in Sub-Saharan Africa. Crisis conditions that emerged in 1975 have continued ever since, despite considerable effort and foreign assistance to resolve them. [redacted]

The bulk of Zaire's external debt was contracted in the early 1970s. By 1979, this debt totaled nearly \$5 billion. Prompted by a 1973-74 copper boom, Kinshasa launched an overambitious investment program with little or uncertain economic benefits, according to the IMF. Prominent among these ventures was a \$2 billion project to construct the Inga Shaba dam and an 1800-km powerline that, according to one academic study, was primarily intended to increase

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Table 8
Zaire: Selected Economic Data

	1978	1979	1980	1981	1982	1983	1984	1985
Gross domestic product (<i>billion US \$</i>)	7	6	6	5	5	5	3	4 ^a
Real GDP growth (<i>percent</i>)	-5	0	2	3	-3	1	3	2 ^a
Trade balance (<i>million US \$</i>)	810	727	566	210	326	409	940	656 ^a
Exports, f.o.b. (<i>million US \$</i>)	1,834	1,834	2,038	1,500	1,454	1,522	1,993	1,907 ^a
Imports, f.o.b. (<i>million US \$</i>)	1,024	1,107	1,472	1,290	1,128	1,113	1,053	1,251 ^a
Current account balance (<i>million US \$</i>)	311	158	-419	-672	-593	-483	204	-475 ^a
International reserves (<i>million US \$</i>)	126	207	204	152	39	102	137	206
Inflation ^b (<i>percent</i>)	48	109	44	38	37	76	20	35 ^a

^a Estimated.^b Goods, services, and private transfers.^c Consumer prices.

the dependence of copper-rich Shaba Province on the rest of the country and, thus, discourage secessionist tendencies. [redacted]

Zaire borrowed heavily on international financial markets to fund its investment projects, often on unfavorable terms involving floating interest rates. Incipient debt service problems were aggravated by expansionary economic policies by the Mobutu regime, extensive "Zairianization" of economic activity that, although substantially rescinded later, severely hurt the prospects for foreign capital inflows and sharply declining copper prices. By 1975, Zaire had started to accumulate trade arrears due to balance-of-payments pressures, and, by 1978, the country had lost its creditworthiness in international financial markets, with payments arrears of \$1.3 billion exceeding the year's exports. [redacted]

Elements of the Debt Problem

Because Zaire traditionally depends on copper exports for some 50 percent of its foreign exchange earnings,

its debt service capacity has been unstable because of variations in copper prices. Debt service payments have absorbed high proportions of the country's foreign exchange earnings, and have thus contributed to low levels of the imports necessary for economic adjustment. [redacted]

Because of its inability to meet scheduled debt service payments, Zaire has had to rely almost continuously since 1979 on Paris Club debt reschedulings by bilateral creditors and similar agreements with groups of foreign commercial banks to stretch out debt repayments as they fall due. Between 1980 and 1985, these two groups of creditors rescheduled \$2.9 billion of Zaire's external debt. [redacted]

According to a 1983 IMF report, Kinshasa will need annual debt rescheduling and/or other exceptional financing each year through 1988. We believe these

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reschedulings will continue well beyond that time as the country's debt service problems persist, because of weak copper prices. Debt service payments in 1985 were a record at \$465 million, as was the total debt of \$4.7 billion. [redacted]

Zaire has been attempting to cope with its economic problems since 1979, with IMF and World Bank financial support. In our judgment, it is the presence of these sponsored adjustment programs that has been instrumental in Zaire's obtaining debt reschedulings on an almost continuous basis. The economic adjustment efforts, however, have not been consistently vigorous and sustained, in the view of the IMF. This inconsistency has helped to delay Zaire's economic recovery. [redacted]

The Political Dimension

We do not perceive any serious adverse political fallout in Zaire from its debt problems and accompanying economic reform programs. President Mobutu remains firmly in control. The economic problems, however, reinforce ethnic tensions, continuing demands for a less autocratic political system, and expectations of improved living standards. [redacted]

According to the US Embassy, Mobutu is becoming increasingly frustrated with the stabilization effort as budget austerity affects wage scales, public health, the education system, and the economic infrastructure. Labor leaders are reportedly unhappy with the austerity measures, and university personnel organized strikes in protest last year. We believe Mobutu will be tempted to retreat from or abandon economic reform, if he sees his political position to be weakening because of it. [redacted]

Zambia

Background

Zambia's economy has been severely weakened over the past decade, mainly because of a declining trend in the prices and production of copper, the country's main export that in some years accounts for over 90 percent of export earnings. According to the IMF, the real purchasing power of Zambia's exports has fallen

by more than 70 percent since the mid-1970s. The resulting tight foreign exchange position has, in turn, adversely affected copper production because of a shortage of hard currency to import mining machinery and equipment. [redacted]

Zambia's economic problems have been exacerbated by earlier expansionary fiscal policy and unsustainable domestic expenditures that contributed to rapid increases in debt and the accumulation of debt payment arrears. By 1980, Zambia's external debt had topped \$3 billion and, by 1985, had reached \$3.6 billion. [redacted]

Elements of the Debt Problem

Zambia's debt problems first emerged in August 1975 as the country's commercial payments arrears began to build up with a decline in copper prices. These arrears mounted to \$646 million by the end of 1978, according to IMF reporting. Commercial arrears declined to \$328 million by May 1982, as the economic picture improved with a cyclical upturn in copper prices. The price upturn was not sustained, however, and by yearend commercial arrears had assumed crisis proportions as they surged to \$800 million, according to the IMF. [redacted]

By 1983, Zambia was forced to ask its foreign creditors for debt relief. By yearend, however, Lusaka was again in arrears to Paris Club and other creditors for \$235 million. To ease the debt burden in 1984, rescheduling arrangements were made with official creditors outside the Paris Club (East Germany, the Soviet Union, and Yugoslavia); with the London Club of commercial bank creditors; and with some other private creditors. [redacted]

Despite widespread debt rescheduling on favorable terms, Zambia has been unable to meet its debt service obligations since 1983. The country fell deeply in arrears last year. According to IMF reporting, Lusaka could not meet the 1985 payments on debt rescheduled from the previous year. Practically no payments were made to commercial bank and

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Table 9
Zambia: Selected Economic Data

	1978	1979	1980	1981	1982	1983	1984	1985
Gross domestic product (<i>billion US \$</i>)	3	3	4	4	4	3	3	3 ^a
Real GDP growth (<i>percent</i>)	1	-3	3	6	-3	-2	-1	3 ^a
Trade balance (<i>million US \$</i>)	213	652	343	-69	-62	212	281	275
Exports, f.o.b. (<i>million US \$</i>)	831	1,408	1,457	996	942	923	893	788
Imports, f.o.b. (<i>million US \$</i>)	618	756	1,114	1,065	1,004	711	612	513
Current account balance ^b (<i>million US \$</i>)	-321	69	-444	-767	-640	-267	-185	-132
International reserves (<i>million US \$</i>)	51	80	78	56	58	54	54	200
Inflation ^c (<i>percent</i>)	16	10	12	14	12	20	20	37

^a Estimated.^b Goods, services, and private transfers.^c Consumer prices.

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bilateral creditors. These failures have made it even more difficult for Zambia to obtain badly needed new financing. [redacted]

In the face of its economic crisis, Zambia has undertaken economic adjustment programs with IMF and World Bank support. The country's longer term objective is a diversification of the economy in both agriculture and manufacturing. In our judgment, however, no significant progress has been made so far. Until this objective is achieved, and because the copper market remains weak, we see no medium-term solution to Zambia's external debt crisis. [redacted]

The Political Dimension

Because of the usual conditions imposed by its Paris Club creditors, Zambia has implemented IMF programs that have been a requirement for the rescheduling of its external debt. Also, in our view, economic reform is necessary for Zambia to continue to receive assistance from abroad for diversifying its economy

over the longer term. According to US Embassy reporting, Zambia's reform efforts have run into opposition from the labor movement. According to press reporting, key critics within the government remain bitterly opposed to reductions in central planning and subsidies. [redacted]

Although Zambia has made impressive economic policy changes over the past two years, according to the US Embassy, we believe that the prospect of increased political opposition to these policy changes contributed to a retreat from economic reform this year. Lusaka has exceeded domestic credit targets, and its fiscal position has worsened because of poor management. We believe this development to be temporary and aimed at putting together, with the approval of foreign donors, a less austere economic package, thus defusing potential unrest. [redacted]

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Appendix B

Methodological Note

Debt and Debt Service Data

Data on African debt and debt service are estimates. Substantial data deficiencies exist for several countries, particularly for debt owed by the private sector and for short-term debt in general. The data differ according to the source of the estimates. Principal compilers of African debt data besides the CIA's Directorate of Intelligence are the World Bank, the OECD, and the IMF. The various data sources agree on overall trends, but may differ on specifics for individual countries. When we use estimated debt data from outside sources, we cite these sources in the text.

Estimating Medium- and Long-Term Debt

For most countries, we estimate medium- and long-term debt from World Debt Tables (WDT), published by the World Bank; International Financial Statistics (IFS), published by the IMF; and Maturity Distribution of International Bank Lending, published by the Bank for International Settlements (BIS). We took data on debt from official sources from the WDT. We derived the base for debt from private sources by comparing WDT data on disbursed debt owed to financial markets with medium- and long-term debt estimates derived from IFS and BIS data.

To obtain IFS/BIS estimates of medium- and long-term debt held by foreign banks, we subtracted BIS assets maturing within one year from total BIS assets, and then added the prior year's BIS assets maturing within one to two years. We then compared total BIS assets with IFS foreign bank assets located in developing countries. If the IFS total exceeded the BIS number, we multiplied the IFS number by the ratio of the BIS medium- and long-term estimate to total BIS assets.

If the IFS or BIS estimate on medium- and long-term debt exceeded the WDT debt owed to financial markets, we used these estimates instead of the WDT figure. When the WDT had data on nonguaranteed debt, we compared the IFS or BIS medium- and

long-term estimate with WDT total debt—including private nonguaranteed—owed to financial markets. In cases where the IFS or BIS estimate exceeded the WDT estimate, that amount again was used in place of the WDT figure.

To obtain 1985 debt estimates, we projected the WDT 1984 estimates to yearend 1985. Although the WDT does not have 1985 individual country estimates, it does publish aggregate estimates under regional country groupings. These aggregates are divided between debt owed to official and private sources. To obtain specific country base estimates on official and official-guaranteed debt for 1985, we multiplied the 1984 WDT debt totals for each LDC by 1 plus the percentage change from 1984 to 1985 of the WDT aggregate debt estimates. We also used OECD data to form a base estimate for countries that do not report their debt to the World Bank, or in cases where we believed a large portion of nonguaranteed debt was not represented in the WDT, IFS, or BIS data. We used other information, including US Embassy reports and LDC government data, to adjust the base estimates.

Estimating Short-Term Debt

For most countries, we estimated short-term debt by first subtracting our BIS medium- and long-term debt estimates from total BIS assets. When the IFS debt held by foreign banks exceeded the BIS number, we multiplied the IFS total by the ratio of the BIS short-term estimate to total BIS assets. We then added the short-term estimate derived from the BIS or IFS to the IFS data on nonbank deposits in developing country banks to get a base estimate. We used open-source data when available. Short-term debt estimates for Liberia—where major offshore banking activities prevent separating loans used by the country from loans involved in the offshore facilities—were estimated from OECD data rather than BIS or IFS data.

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Appendix C

**Sub-Saharan Africa: External Debt
and Debt Service ^a***Million US \$*

	1979	1980	1981	1982	1983	1984	1985
Sub-Saharan Africa							
Total debt	43,926	52,800	59,642	70,028	77,850	78,355	81,893
Medium/long term	38,163	46,242	52,107	59,602	65,478	65,819	68,544
Official sources	20,513	25,074	28,199	31,593	36,013	37,644	39,830
Private sources	17,650	21,169	23,908	28,009	29,465	28,174	28,714
Short term	5,763	6,558	7,535	10,426	12,372	12,536	13,349
Total debt service	4,353	6,273	7,383	8,149	8,651	10,493	11,572
Principal (medium/long term)	2,160	3,001	3,476	3,784	4,280	5,360	6,419
Interest (total)	2,194	3,271	3,906	4,365	4,370	5,133	5,153
Medium/long term	1,502	2,353	2,640	3,093	3,182	3,779	4,045
Short term	692	918	1,266	1,272	1,188	1,354	1,108
Angola							
Total debt	210	358	616	741	697	768	1,258
Medium/long term	201	317	453	553	554	625	964
Official sources	120	160	212	238	260	280	320
Private sources	81	157	241	315	294	345	644
Short term	9	41	163	188	143	143	294
Total debt service	49	108	152	166	150	170	252
Principal (medium/long term)	35	79	87	94	95	104	160
Interest (total)	14	29	65	72	55	66	92
Medium/long term	13	24	38	49	41	51	68
Short term	1	6	27	23	14	15	24
Benin							
Total debt	213	498	564	577	654	616	654
Medium/long term	197	484	549	566	618	582	595
Official sources	160	202	211	253	299	301	320
Private sources	37	282	337	314	318	281	275
Short term	16	14	15	11	36	34	59
Total debt service	8	52	66	16	28	42	81
Principal (medium/long term)	3	31	44	9	11	22	50
Interest (total)	5	20	22	7	17	20	31
Medium/long term	3	18	20	6	13	17	26
Short term	2	2	3	1	4	4	5

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**Sub-Saharan Africa: External debt
and debt Service ^a (continued)***Million US \$*

	1979	1980	1981	1982	1983	1984	1985
Botswana							
Total debt	317	283	296	305	354	384	411
Medium/long term	295	283	286	285	323	371	400
Official sources	130	147	160	177	199	239	260
Private sources	166	136	125	108	124	132	140
Short term	22	0	10	20	31	13	11
Total debt service	48	43	42	33	48	58	72
Principal (medium/long term)	26	25	23	15	24	31	43
Interest (total)	22	18	19	18	24	26	30
Medium/long term	19	18	18	16	21	25	29
Short term	3	0	2	2	3	1	1
Burkina							
Total debt	317	351	351	408	449	449	483
medium/long term	258	301	313	369	411	425	450
Official sources	239	280	293	309	350	370	385
Private sources	19	21	20	60	61	55	65
Short term	59	50	38	39	38	24	33
Total debt service	16	24	22	28	24	29	37
Principal (medium/long term)	5	11	9	14	11	17	22
Interest (total)	12	13	13	15	13	11	15
Medium/long term	5	6	6	10	9	9	13
Short term	7	7	6	5	4	3	3
Burundi							
Total debt	135	164	198	279	367	373	404
Medium/long term	111	142	174	256	341	347	370
Official sources	98	133	153	196	276	311	340
Private sources	13	9	22	60	65	37	30
Short term	24	22	24	23	26	26	34
Total debt service	7	9	14	22	21	23	23
Principal (medium/long term)	3	4	7	12	11	11	12
Interest (total)	4	5	7	10	10	12	11
Medium/long term	1	2	3	7	7	9	9
Short term	3	3	4	3	3	3	3

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(continued) ^a

Million US \$

	1979	1980	1981	1982	1983	1984	1985
Cameroon							
Total debt	1,982	2,592	2,679	2,906	3,025	3,152	3,145
Medium/long term	1,854	2,457	2,577	2,644	2,703	2,754	2,765
Official sources	1,018	1,218	1,319	1,351	1,362	1,365	1,375
Private sources	836	1,239	1,259	1,293	1,341	1,389	1,390
Short-term	128	135	102	262	322	398	380
Total debt service	197	306	354	458	413	504	509
Principal (medium/long term)	103	148	174	247	217	255	307
Interest (total)	94	158	180	211	197	249	202
Medium/long term	79	140	163	179	166	206	170
Short term	15	19	17	32	31	43	32
Cape Verde							
Total debt	18	20	39	59	80	82	87
Medium/long term	18	20	39	59	80	82	87
Official sources	18	20	39	59	67	66	70
Private sources	0	0	0	0	13	16	17
Short term	0	0	0	0	0	0	0
Total debt service	0	0	0	2	6	9	9
Principal (medium/long term)	0	0	0	1	3	4	5
Interest (total)	0	0	0	1	3	5	4
Medium/long term	0	0	0	1	3	5	4
Short term	0	0	0	0	0	0	0
Central African Republic							
Total debt	118	166	197	215	219	228	253
Medium/long term	109	160	190	209	216	224	249
Official sources	56	118	158	177	187	198	220
Private sources	53	42	33	32	29	27	29
Short term	9	6	7	6	3	4	4
Total debt service	2	2	5	6	18	12	16
Principal (medium/long term)	0	1	3	2	11	6	8
Interest (total)	1	1	2	3	7	6	8
Medium/long term	0	1	1	3	7	6	7
Short term	1	1	1	1	0	0	0

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**Sub-Saharan Africa: External Debt
and Debt Service ^a (continued)***Million US \$*

	1979	1980	1981	1982	1983	1984	1985
Chad							
Total debt	228	202	160	131	131	119	127
Medium/long term	215	202	156	130	127	116	125
Official sources	166	157	120	91	89	85	95
Private sources	49	45	36	39	39	31	30
Short term	13	0	4	1	4	3	2
Total debt service	6	2	4	2	4	4	5
Principal (medium/long term)	5	2	3	1	2	3	3
Interest (total)	2	0	1	1	2	1	2
Medium/long term	0	0	0	1	1	1	2
Short term	2	0	1	0	0	0	0
Comoros							
Total debt	39	44	53	73	88	108	126
Medium/long term	39	43	53	73	87	107	124
Official sources	39	43	52	67	84	103	120
Private sources	0	0	0	6	4	3	4
Short term	0	1	0	0	1	1	2
Total debt service	0	0	1	2	2	3	4
Principal (medium/long term)	0	0	0	1	1	1	2
Interest (total)	0	0	0	1	2	2	2
Medium/long term	0	0	0	1	2	2	2
Short term	0	0	0	0	0	0	0
Congo							
Total debt	1,207	1,377	1,539	1,950	1,981	2,008	2,127
Medium/long term	1,045	1,170	1,474	1,829	1,858	1,878	1,892
Official sources	694	718	824	897	853	824	820
Private sources	351	452	649	932	1,006	1,054	1,072
Short term	162	207	65	121	123	130	235
Total debt service	153	137	202	269	328	382	447
Principal (medium/long term)	87	64	105	158	211	241	296
Interest (total)	66	73	97	111	117	141	151
Medium/long term	46	44	86	96	106	127	131
Short term	19	29	11	15	12	14	20

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	1979	1980	1981	1982	1983	1984	1985
(continued) ^a							
<i>Million US \$</i>							
Djibouti							
Total debt	23	28	28	51	64	141	174
Medium/long term	21	26	22	46	56	123	135
Official sources	21	21	16	18	28	58	70
Private sources	0	5	6	28	29	65	65
Short term	2	2	6	5	8	18	39
Total debt service	2	3	5	9	10	20	21
Principal (medium/long term)	1	2	2	6	7	10	11
Interest (total)	1	1	2	3	4	10	10
Medium/long term	1	1	1	3	3	8	7
Short term	0	0	1	1	1	2	3
Equatorial Guinea							
Total debt	37	63	68	94	109	103	108
Medium/long term	36	58	67	93	107	103	100
Official sources	33	51	57	68	81	78	80
Private sources	3	7	10	24	26	25	20
Short term	1	5	1	1	2	0	8
Total debt service	1	3	5	3	3	1	5
Principal (medium/long term)	1	2	4	3	2	1	2
Interest (total)	0	1	1	0	1	0	3
Medium/long term	0	0	0	0	1	0	2
Short term	0	1	0	0	0	0	1
Ethiopia							
Total debt	690	756	1,048	1,115	1,328	1,586	1,691
Medium/long term	616	701	964	1,038	1,257	1,493	1,595
Official sources	593	663	884	952	1,132	1,203	1,300
Private sources	23	38	80	86	125	291	295
Short term	74	55	84	77	71	93	96
Total debt service	37	42	57	64	83	121	140
Principal (medium/long term)	15	17	26	33	49	68	85
Interest (total)	22	25	31	31	34	52	55
Medium/long term	13	17	17	22	27	42	47
Short term	9	8	14	9	7	10	8

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**Sub-Saharan Africa: External Debt
and Debt Service ^a (continued)***Million US \$*

	1979	1980	1981	1982	1983	1984	1985
Gabon							
Total debt	1,760	1,631	1,234	1,376	1,351	1,362	1,346
Medium/long term	1,566	1,403	1,087	1,203	1,115	1,105	1,195
Official sources	421	394	356	325	301	257	250
Private sources	1,145	1,009	732	878	814	848	945
Short term	194	228	147	173	236	257	151
Total debt service	359	452	354	388	319	373	344
Principal (medium/long term)	233	293	235	241	212	236	232
Interest (total)	126	159	119	147	107	137	112
Medium/long term	102	127	95	126	84	109	100
Short term	23	32	25	21	23	28	13
Gambia							
Total debt	83	136	161	175	190	222	219
Medium/long term	71	118	145	160	174	184	187
Official sources	51	82	111	122	127	128	130
Private sources	20	36	35	39	46	56	57
Short term	12	18	16	15	16	38	32
Total debt service	6	6	7	14	11	17	19
Principal (medium/long term)	3	2	1	9	7	7	10
Interest (total)	3	4	5	4	4	10	10
Medium/long term	2	1	3	2	3	6	7
Short term	1	3	3	2	2	4	3
Ghana							
Total debt	1,243	1,340	1,521	1,627	1,478	1,454	1,578
Medium/long term	1,063	1,230	1,261	1,438	1,326	1,237	1,250
Official sources	701	878	928	953	988	996	1,050
Private sources	362	353	333	484	338	240	200
Short term	180	110	260	189	152	217	328
Total debt service	111	140	135	161	156	132	151
Principal (medium/long term)	52	85	53	82	88	71	84
Interest (total)	59	55	82	78	69	61	67
Medium/long term	37	40	38	55	54	37	40
Short term	22	15	44	23	15	23	27

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(continued) ^a

Million US \$

	1979	1980	1981	1982	1983	1984	1985
Guinea							
Total debt	1,144	1,158	1,359	1,383	1,319	1,252	1,279
Medium/long term	1,064	1,111	1,301	1,328	1,259	1,203	1,210
Official sources	806	837	1,068	1,057	1,054	990	1,000
Private sources	258	274	234	271	206	214	210
Short term	80	47	58	55	60	49	69
Total debt service	117	122	104	105	77	119	140
Principal (medium/long term)	76	85	68	66	49	89	107
Interest (total)	40	37	35	39	29	30	34
Medium/long term	31	30	26	32	23	24	28
Short term	10	7	10	7	6	5	6
Guinea-Bissau							
Total debt	62	106	112	137	157	161	184
Medium/long term	60	104	111	137	148	149	160
Official sources	42	74	85	103	115	127	135
Private sources	17	30	26	34	33	23	25
Short term	2	2	1	0	9	12	24
Total debt service	2	3	3	4	4	5	10
Principal (medium/long term)	1	2	1	3	3	3	5
Interest (total)	1	1	1	1	2	2	5
Medium/long term	1	1	1	1	1	0	3
Short term	0	0	0	0	1	1	2
Ivory Coast							
Total debt	4,467	5,782	6,039	7,288	6,935	6,821	7,013
Medium/long term	3,853	4,876	5,151	6,331	6,140	6,185	6,300
Official sources	1,075	1,209	1,156	1,440	1,623	1,987	2,200
Private sources	2,778	3,668	3,995	4,891	4,517	4,198	4,100
Short term	614	906	888	957	795	636	713
Total debt service	709	1,122	1,268	1,405	1,164	1,039	799
Principal (medium/long term)	385	598	655	696	566	427	205
Interest (total)	324	524	613	709	598	612	594
Medium/long term	250	397	464	592	522	543	535
Short term	74	127	149	117	76	69	59

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**Sub-Saharan Africa: External Debt
and Debt Service ^a (continued)***Million US \$*

	1979	1980	1981	1982	1983	1984	1985
Kenya							
Total debt	2,086	2,975	2,931	3,028	3,168	3,328	3,708
Medium/long term	1,867	2,653	2,681	2,813	2,891	3,062	3,400
Official sources	1,064	1,264	1,397	1,623	1,748	2,149	2,500
Private sources	803	1,389	1,284	1,189	1,142	913	900
Short term	219	322	250	215	277	266	308
Total debt service	197	397	425	444	444	482	542
Principal (medium/long term)	84	182	224	238	249	265	338
Interest (total)	113	215	201	206	195	216	204
Medium/long term	86	170	159	179	169	188	179
Short term	26	45	42	26	27	29	26
Lesotho							
Total debt	59	63	78	124	143	137	144
Medium/long term	53	63	77	118	134	134	142
Official sources	44	51	62	100	108	122	130
Private sources	8	11	16	18	25	13	12
Short term	6	0	1	6	9	3	2
Total debt service	3	5	5	10	22	21	18
Principal (medium/long term)	2	3	3	5	15	17	14
Interest (total)	1	2	2	6	7	4	5
Medium/long term	1	2	2	5	6	4	4
Short term	1	0	0	1	1	0	0
Liberia							
Total debt	553	643	705	765	887	960	1,010
Medium/long term	468	564	630	644	742	821	875
Official sources	313	402	475	489	533	596	650
Private sources	155	163	155	155	210	225	225
Short term	85	79	75	121	145	139	135
Total debt service	85	50	40	51	54	73	111
Principal (medium/long term)	52	16	9	21	16	31	53
Interest (total)	33	34	30	30	38	42	57
Medium/long term	23	23	18	16	25	27	46
Short term	10	11	13	15	14	15	11

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(continued) ^a

Million US \$

	1979	1980	1981	1982	1983	1984	1985
Madagascar							
Total debt	846	1,259	1,726	2,193	2,194	2,199	2,216
Medium/long term	728	1,171	1,662	2,129	2,066	2,136	2,150
Official sources	403	631	1,060	1,250	1,279	1,239	1,250
Private sources	325	540	602	880	786	897	900
Short term	118	88	64	64	128	63	66
Total debt service	71	106	102	197	180	245	305
Principal (medium/long term)	32	55	55	120	120	156	170
Interest (total)	39	52	46	77	60	9	135
Medium/long term	25	39	35	69	48	83	130
Short term	14	12	11	8	12	7	6
Malawi							
Total debt	650	828	793	819	816	788	793
Medium/long term	566	747	760	749	751	748	725
Official sources	314	417	454	508	549	603	610
Private sources	252	330	306	241	202	145	115
Short term	84	81	33	70	65	40	68
Total debt service	66	102	115	80	72	91	90
Principal (medium/long term)	27	48	53	36	34	53	52
Interest (total)	39	55	62	44	38	38	37
Medium/long term	29	43	56	36	32	34	32
Short term	10	11	6	9	6	4	6
Mali							
Total debt	713	842	797	827	925	1,093	1,167
Medium/long term	533	692	739	823	916	1,040	1,120
Official sources	490	649	714	791	873	930	1,000
Private sources	43	43	25	32	43	110	120
Short term	180	150	58	4	9	53	47
Total debt service	35	36	22	13	16	43	51
Principal (medium/long term)	9	9	8	5	8	21	23
Interest (total)	26	27	14	8	8	21	28
Medium/long term	5	6	4	7	7	16	24
Short term	22	21	10	1	1	6	4

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**Sub-Saharan Africa: External Debt
and Debt Service ^a (continued)***Million US \$*

	1979	1980	1981	1982	1983	1984	1985
Mauritania							
Total debt	683	823	1,032	1,199	1,359	1,290	1,272
Medium/long term	631	731	847	1,029	1,176	1,171	1,165
Official sources	490	598	748	924	1,049	1,048	1,050
Private sources	141	133	99	105	128	123	115
Short term	52	92	185	170	183	119	107
Total debt service	72	43	85	60	55	55	74
Principal (medium/long term)	51	17	36	16	14	19	25
Interest (total)	22	26	49	45	40	36	49
Medium/long term	15	13	18	24	23	23	40
Short term	6	13	31	21	18	13	9
Mauritius							
Total debt	316	372	390	402	382	398	435
Medium/long term	253	320	353	381	343	367	390
Official sources	131	161	204	217	226	248	270
Private sources	122	159	149	164	116	119	120
Short term	63	52	37	21	39	31	45
Total debt service	33	47	63	69	92	83	74
Principal (medium/long term)	11	18	22	32	60	53	43
Interest (total)	22	29	41	37	32	29	31
Medium/long term	15	22	35	35	28	26	28
Short term	8	7	6	3	4	3	4
Mozambique							
Total debt	548	727	864	976	1,150	1,242	1,348
Medium/long term	532	659	785	869	1,046	1,095	1,150
Official sources	332	439	564	675	800	800	850
Private sources	200	220	221	194	246	295	300
Short term	16	68	79	107	104	147	198
Total debt service	122	164	219	220	246	283	281
Principal (medium/long term)	76	97	134	131	150	154	161
Interest (total)	47	68	85	89	97	129	120
Medium/long term	45	58	71	76	87	113	104
Short term	2	10	13	13	10	16	16

Secret

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(continued) ^a

Million US \$

	1979	1980	1981	1982	1983	1984	1985
Niger							
Total debt	499	854	1,032	982	941	954	1,004
Medium/long term	406	704	908	837	814	840	860
Official sources	200	271	377	389	455	522	600
Private sources	206	432	531	448	359	318	260
Short term	93	150	124	145	127	114	144
Total debt service	57	132	163	185	126	118	104
Principal (medium/long term)	27	68	81	102	83	62	50
Interest (total)	30	64	82	83	63	56	54
Medium/long term	19	43	61	65	51	44	42
Short term	11	21	21	18	12	12	12
Nigeria							
Total debt	5,131	6,702	9,260	14,033	19,598	19,864	20,465
Medium/long term	4,182	5,466	7,488	9,862	13,038	12,710	13,160
Official sources	936	992	1,111	1,342	1,965	2,183	2,200
Private sources	3,245	4,474	6,377	8,520	11,073	10,528	10,960
Short term	949	1,236	1,772	4,171	6,560	7,154	7,305
Total debt service	558	986	1,635	2,271	2,957	4,245	4,817
Principal (medium/long term)	187	278	644	837	1,230	2,191	3,000
Interest (total)	371	708	991	1,434	1,728	2,055	1,817
Medium/long term	257	535	693	925	1,098	1,282	1,210
Short term	114	173	298	509	630	773	606
Rwanda							
Total debt	152	193	209	237	250	288	298
Medium/long term	127	161	180	202	220	244	260
Official sources	123	155	171	189	220	244	260
Private sources	4	5	9	13	0	0	0
Short term	25	32	29	35	30	44	38
Total debt service	5	7	10	13	7	11	13
Principal (medium/long term)	1	1	2	5	2	3	7
Interest (total)	4	6	7	7	5	8	6
Medium/long term	1	2	3	3	2	3	3
Short term	3	5	5	4	3	5	3

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**Sub-Saharan Africa: External debt
and debt Service ^a (continued)***Million US \$*

	1979	1980	1981	1982	1983	1984	1985
Senegal							
Total debt	1,098	1,226	1,384	1,807	2,098	1,870	2,006
Medium/long term	835	929	1,055	1,518	1,834	1,662	1,755
Official sources	451	577	710	967	1,286	1,358	1,450
Private sources	384	352	345	551	548	304	305
Short term	263	297	329	289	264	208	251
Total debt service	158	225	162	149	158	141	183
Principal (medium/long term)	80	127	60	52	66	56	64
Interest (total)	78	98	102	96	92	86	119
Medium/long term	46	57	47	61	67	63	98
Short term	32	42	55	35	25	23	21
Seychelles							
Total debt	477	89	45	70	72	84	91
Medium/long term	18	32	37	60	65	67	74
Official sources	13	25	28	31	36	37	40
Private sources	5	7	9	30	28	30	34
Short term	459	57	8	10	7	17	17
Total debt service	56	10	4	8	9	11	13
Principal (medium/long term)	1	1	2	4	5	6	8
Interest (total)	56	9	2	4	4	6	5
Medium/long term	1	1	1	3	3	4	4
Short term	55	8	1	1	1	2	1
Sierra Leone							
Total debt	396	468	527	585	575	613	651
Medium/long term	361	389	392	432	389	529	523
Official sources	170	233	230	273	273	253	260
Private sources	191	156	162	159	116	276	263
Short term	35	79	135	153	186	84	128
Total debt service	64	64	79	44	34	71	83
Principal (medium/long term)	43	41	43	17	11	39	47
Interest (total)	20	23	37	26	23	32	36
Medium/long term	16	12	14	8	5	23	26
Short term	4	11	23	19	18	9	11

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(continued) ^a

Million US \$

	1979	1980	1981	1982	1983	1984	1985
Somalia							
Total debt	729	799	1,043	1,181	1,363	1,512	1,594
Medium/long term	679	749	1,027	1,151	1,314	1,441	1,522
Official sources	596	714	897	988	1,073	1,174	1,275
Private sources	83	35	129	163	242	267	247
Short term	50	50	16	30	49	71	72
Total debt service	29	25	50	23	47	85	102
Principal (medium/long term)	15	12	43	10	27	53	54
Interest (total)	14	12	6	13	21	32	48
Medium/long term	8	5	4	9	16	24	42
Short term	6	7	3	4	5	8	6
Sudan							
Total debt	3,847	4,547	5,656	6,071	6,274	6,208	6,303
Medium/long term	3,396	3,952	4,731	5,230	5,693	5,659	5,750
Official sources	2,679	3,133	3,312	4,026	4,682	4,713	4,800
Private sources	717	819	1,419	1,204	1,011	946	950
Short term	451	595	925	841	581	549	553
Total debt service	129	192	305	219	143	166	171
Principal (medium/long term)	32	62	58	99	50	43	50
Interest (total)	97	130	247	120	93	124	121
Medium/long term	43	47	92	17	37	65	75
Short term	54	83	155	103	56	59	46
Swaziland							
Total debt	182	219	195	249	287	263	289
Medium/long term	174	204	192	235	250	253	275
Official sources	118	142	144	159	175	170	175
Private sources	56	62	48	76	75	83	100
Short term	8	15	3	14	37	10	14
Total debt service	14	23	24	35	37	40	42
Principal (Medium/long term)	7	11	13	20	20	22	25
Interest (total)	7	12	11	15	18	18	17
Medium/long term	6	10	10	14	14	17	16
Short term	1	2	1	2	4	1	1

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**Sub-Saharan Africa: External Debt
and Debt Service ^a (continued)***Million US \$*

	1979	1980	1981	1982	1983	1984	1985
Tanzania							
Total debt	1,744	2,214	2,367	2,578	2,773	2,719	2,781
Medium/long term	1,592	2,091	2,249	2,451	2,642	2,645	2,650
Official sources	1,180	1,577	1,735	1,891	2,097	2,123	2,150
Private sources	412	514	514	560	545	522	500
Short term	152	123	118	127	131	74	131
Total debt service	107	112	109	93	91	94	136
Principal (medium/long term)	53	51	50	36	38	50	50
Interest (total)	54	61	59	57	53	45	86
Medium/long term	36	44	39	41	40	37	75
Short term	18	17	20	16	13	8	11
Togo							
Total debt	955	1,019	952	1,071	990	819	812
Medium/long term	874	924	871	995	952	780	775
Official sources	402	508	565	566	644	562	560
Private sources	472	415	305	429	308	219	215
Short term	81	95	81	76	38	39	37
Total debt service	52	78	66	90	82	100	98
Principal (medium/long term)	31	33	30	42	38	47	47
Interest (total)	21	45	36	48	44	54	51
Medium/long term	11	32	22	39	40	50	48
Short term	10	13	14	9	4	4	3
Uganda							
Total debt	566	642	626	637	688	737	765
Medium/long term	504	609	593	602	676	715	745
Official sources	399	475	429	499	543	606	630
Private sources	105	134	164	103	133	110	115
Short term	62	33	33	35	12	22	20
Total debt service	22	28	81	69	95	98	102
Principal (medium/long term)	12	21	68	55	72	60	71
Interest (total)	10	7	13	14	22	38	31
Medium/long term	3	3	8	10	21	36	30
Short term	7	5	6	4	1	2	2

Secret

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(continued) ^a

Million US \$

	1979	1980	1981	1982	1983	1984	1985
Zaire							
Total debt	4,374	4,417	4,417	4,254	4,570	4,297	4,681
Medium/long term	4,068	4,165	4,126	4,049	4,374	4,084	4,400
Official sources	1,892	2,603	2,808	2,808	3,501	3,372	3,700
Private sources	2,176	1,563	1,319	1,241	8,73	712	700
Short term	306	252	291	205	196	213	281
Total debt service	201	394	240	161	146	375	465
Principal (medium/long term)	69	164	66	64	39	143	150
Interest (total)	131	230	174	97	106	233	315
Medium/long term	95	194	125	72	88	210	292
Short term	37	35	49	25	19	23	23
Zambia							
Total debt	2,477	3,053	3,038	3,235	3,293	3,434	3,560
Medium/long term	2,106	2,366	2,458	2,422	2,643	2,802	2,990
Official sources	1,254	1,550	1,638	1,736	2,026	2,149	2,300
Private sources	852	816	820	686	617	653	690
Short term	371	687	580	813	650	632	570
Total debt service	365	413	438	275	185	181	249
Principal (medium/long term)	215	202	230	91	48	50	50
Interest (total)	150	212	208	184	137	132	199
Medium/long term	106	116	111	84	75	63	151
Short term	45	96	97	99	62	68	47
Zimbabwe							
Total debt	558	773	1,313	1,817	2,078	1,871	1,833
Medium/long term	524	697	893	1,256	1,609	1,523	1,535
Official sources	39	103	167	301	398	482	580
Private sources	485	594	726	955	1,210	1,041	955
Short term	34	76	420	561	469	348	298
Total debt service	19	55	144	216	480	314	364
Principal (medium/long term)	7	34	41	53	329	157	221
Interest (total)	11	20	103	163	151	157	143
Medium/long term	7	10	32	95	106	119	118
Short term	4	11	71	68	45	38	25

^a CIA estimates.

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