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UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990S

Mobilization of additional resources for African economic recovery and development: a study on overall resource flows to Africa

Report of the Secretary-General

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I. INTRODUCTION

1. For this decade and the next, Africa's development will require significant increases in external financial resources and debt relief measures. Most African countries continued structural adjustment programmes begun during the 1980s and are moving towards the structural transformation of their economies. However, even where performance has been satisfactory, the changes taking place are very fragile and, without increased aggregate transfers, these economies will not be able to sustain the momentum of reform.

2. Africa's economic recovery is still remote, despite prevailing signs of modest growth in the world economy. Real GDP growth in Africa in 1992 was 1.5 per cent, or half of the region's population growth rate. In the case of the non-oil exporters, the majority of African countries, total GDP declined by 1.1 per cent. Even the African oil-producing countries, 1/ which account for more than 58 per cent of the region's GDP, did not perform as well as they had in 1990. The GDP of the Organization of Petroleum-Exporting Countries, (OPEC) that belong to African countries, 2/ which increased by 2.8 per cent in 1992 compared with 2.7 per cent in 1991, is still far below the 4 per cent growth rate that they attained in 1990.

3. An important component of strategies and international initiatives adopted by the African countries and the international community has been to increase external financial flows to Africa. This emphasis on external finance stems from the consensus that there will be a considerable investment-savings gap in Africa that must be filled by external resources.

4. The United Nations New Agenda for the Development of Africa in the 1990s has set out desirable targets to be met during the decade. To achieve an average annual growth rate of real GNP of at least 6 per cent until the year 2000, it recommended a minimum of $30 billion in net official development assistance (ODA) in 1992, after which the real net ODA would need to grow at an average rate of 4 per cent per annum. This figure represents an addition to external debt relief. Since the beginning of the present decade, the net aggregate resource flows 3/ to Africa have declined and were 22 per cent lower in 1992 (in 1985 constant dollars) than in 1990.

5. Africa's share of net aggregate resource flows has been falling in spite of a rise in total flows to developing countries. The decline in the net aggregate resource flows in the 1990s seems to indicate that the continent has been bypassed (see figure I). By contrast net aggregate flows to Europe and Central Asia more than doubled, rising from $15.2 billion in 1990 to $31.9 billion in 1992. 4/ During the same period, net aggregate flows to East Asia and Pacific rose from $26.3 billion to $34.7 billion, Latin America and Caribbean from $15.6 billion to $18.4 billion and South Asia from $7.8 billion to $10.1 billion.

6. In the African economies that are undergoing adjustment, important macroeconomic policy measures were undertaken within the overall framework of budgetary restraint and the consolidation of reform programmes. Large currency devaluations were carried out in Ethiopia, Mauritania, Nigeria and Zambia. Privatization measures were introduced in Cameroon, Ghana, Kenya and Tunisia.

Figure I. Net resource flows to Africa and developing countries a/
(Current dollars)

Source: World Bank and ECA.

a/ Total Africa (49 countries) excludes South Africa, Namibia and Libyan Arab Jamahiriya.

Rationalizations of the operations of public enterprises were launched in Algeria, Central African Republic, Egypt and the United Republic of Tanzania. Considerable staff reductions and other actions calculated to increase the efficiency of the civil service were carried out in Chad, Congo, Equatorial Guinea, Mozambique, Uganda and Zimbabwe. Efforts to deal with the disequilibrium in the domestic economy and to re-establish financial stability have led many countries to continue to implement austerity measures.

7. These policy measures were pursued within extreme fiscal and budgetary constraints. The extent of this fiscal tightening was reflected in a sharp fall in the budget deficits of some countries; these fell from 12.5 per cent of GDP in 1987 to 4.9 per cent in 1991. It is significant to note that such measures continued to be applied in 1992, despite the fact that increasing resources had to be allocated to debt servicing. Government investment expenditures, especially social spending, have been severely affected by the fiscal

reductions. Education, health, sanitation and many other social services consequently have become increasingly inaccessible or suspended.

II. THE SAVINGS CRISIS AND AFRICA'S INCREASED EXTERNAL DEPENDENCE

8. At the international level, some key developments have emerged in external financial flows to developing countries during the last two years. 5/ The inclusion of the former Soviet Union in the aggregate statistics of the World Debt Tables, has made a major impact on both the reported stock of external debt and the net flows and transfers of external lending. Equity investments have also doubled over the past three years and are expected to rise to $46 billion in 1992. By contrast, because of constrained ODA budgets, there was a decline in the net flows to low-income developing countries that rely heavily on official concessional assistance.

9. The shortage of global savings in relation to the requirements for global investment has emerged as a major policy issue. Since the 1980s, the savings and investment balance in the developed countries 6/ has become negative. Consequently, the pattern in which savings normally flow from the developed to developing countries altered considerably with significant reductions for the latter. In addition, public sector savings have become significantly negative. The key contributions that the developed countries can make to the availability of capital to the developing countries are, first, to contain increases in real interest rates and, second, to promote public and private savings.

10. Africa has been experiencing a decline in its own savings rate (government, household and corporate), while net factor payments abroad have increased. During the last three decades, in a majority of African countries, the public savings rate hardly exceeded 5 per cent of GDP, thus reducing domestic investment by a minimal level. Moreover, the domestic savings ratio has been quite erratic in sub-Saharan Africa since 1980. From a high rate of 23.2 per cent of GDP in 1974, it declined precipitously to 9.8 per cent in 1983, the lowest level recorded to date. In subsequent years, there was a slight recovery, but the level remained very low. In the least developed countries of Africa, the share of gross domestic investment in GDP averaged 15.3 per cent against only 3.8 per cent for gross domestic savings. Domestic financing covered only 25 per cent of capital investment requirements. Hence the least developed countries of Africa depended heavily on external financial resources, which averaged 11.5 per cent of GDP. Overall, the rapid decline in the savings ratio was exacerbated by the increasing dearth of capital inflows to Africa.

11. This trend represents a situation in which savings have fallen well below the level necessary to finance even the maintenance and replacement of the existing capital stock, let alone net additions to productive capacity. The situation has been all the more grave with increasing claims on domestic savings by growing debt-servicing obligations. In many African countries, savings are as low as 10 per cent of GDP. In comparative terms, Africa's savings rates fell well below those of some other developing regions, where savings rates were well in excess of 20 per cent. If not addressed, low levels of domestic savings, will mean that African countries will have to resort to higher external borrowings to finance their development.

12. There was no change in Africa's share of global trade in 1992. Exports from Africa remained low, accounting for 2.1 per cent of world exports. In a framework of poor demand for African exports, exports have stagnated at $75-80 billion in 1992, despite a recovery in world trade, the same level as in 1990-1991. Africa's trade deficit widened following collapses in commodity prices. The terms of trade for African countries fell by 7.5 per cent, a decline much greater than elsewhere in 1992. In current dollars, Africa would have been able to purchase an additional $3.5 billion worth of imports with its 1992 exports 7/ had international prices not changed.

13. Another feature affecting savings and foreign exchange earnings is the continuing fall in Africa's terms of trade. If the continent's terms of trade losses were factored into the picture of world commerce, Africa would have been recognized as having a significant outflow of resources in 1992. It has been estimated 8/ (see table 1) that 25 sub-Saharan African countries experienced net trade loss terms amounting to $16.5 billion on the basis of 1990 exports, or the equivalent of 6.6 per cent of GDP. For Gabon and Nigeria, major oil exporters, the losses were estimated at $10.3 billion and $1.5 billion respectively. Major commodity exporters such as Cameroon, Cote d'Ivoire, Ghana and Kenya also suffered substantial terms of trade losses of between $500 million and $800 million. For the core group of adjusting countries, such losses amounted to the equivalent of 8 per cent of GDP. In the case of Nigeria, it was 29.1 per cent of GDP, and of Gabon, 30 per cent.

14. If economic reforms are to be effective in stimulating recovery and sustained growth, African countries must be able to import the raw materials, spare parts and investment goods needed to expand their production, income, and exports. With the deterioration in their terms of trade and the resulting decrease in domestic economic activity, most of them have experienced decline in both the quantity and value of exports over the past decade. 9/ This has resulted in import strangulation.

15. Underlying this weakness in commodity markets is the still-sluggish growth of the developed countries. However, in some cases, this weakness is aggravated by protectionism, particularly with regard to agricultural products. African countries, especially Mauritius, Botswana, Cape Verde and the continent's middle-income countries, need trade even more, and, most importantly, access to the markets of the developed countries.

16. It has been estimated that developing countries lose about $100 billion a year in export revenues as a result of market barriers in developed countries, 10/ or almost twice the ODA that developed countries provide. As a result, taxpayers in the developed countries pay both for economic assistance and for costlier imports, while developing countries lose more in trade than they gain in aid. Compared with the massive terms of trade losses, net increases in ODA to the sub-Saharan countries averaged only $2.5 billion (1989 constant dollars), between 1980 and 1990. This is one of the incoherencies in policies toward the developing world.

17. The continued deterioration in external terms of trade has significantly reduced the benefits arising from adjustment measures. Additionally, the servicing of foreign debt constitutes a large leakage of resources otherwise available for financing growth and development. To return to a path of

Table 1. Change in terms of trade, development assistance and export volume in sub-Saharan Africa, by country, 1980-1990

Country	Terms of trade, 1990 $ million 1980 = 100		Terms of trade loss gain, 1990 a/ Per cent of 1990 GDP	Increase (decrease) in annual ODA, 1980-1990 1989 constant dollars (million)	Annual export volume growth 1980-1990 Per cent
Countries with social unrest					
Ethiopia	58	215	3.5	401	-0.3
Liberia	108	(37)	...	(53)	-2.7
Rwanda	51	108	5.0	(33)	0.1
Sierra Leone	71	56	6.2	(73)	-1.4
Somalia	110	(12)	(1.3)	(232)	-3.3
Sudan	76	126	1.5	(240)	-9.0
Zaire	139	(280)	(3.7)	128	-11.2
CFA countries					
Burkina Faso	98	3	-	(31)	10.1
Cameroon	63	704	6.3	52	-1.3
Central African Republic	94	8	0.6	54	-1.3
Congo	70	484	16.9	59	5.0
Côte d'Ivoire	62	1 594	16.1	305	2.7
Gabon	63	1 451	30.1	43	1.4
Mali	-109	(29)	(1.2)	34	9.9
Niger	69	195	7.7	86	4.3
Senegal	102	(15)	(0.3)	296	5.6
Togo	72	117	7.2	72	2.4
Core group of adjusters					
Ghana	48	800	12.8	207	3.8
Kenya	75	344	3.9	449	1.0
Madagascar	85	59	1.9	(17)	-1.5
Malawi	98	8	0.3	224	4.3
Mauritania	93	35	9.5	(58)	3.8
Nigeria	57	10 313	29.1	142	-1.6
Uganda	55	124	4.1	415	-1.9
United Republic of Tanzania	77	90	3.8	104	-7.4

Source: G. K. Helleiner, "Trade, aid and relative price changes in sub-Saharan Africa in the 1980s", paper presented at the conference entitled "From Stabilization to Growth in Africa," Marstrand, Sweden, 6-7 September 1992.

a/ Loss or gain in 1990 due to change in the terms of trade since 1980, calculated on the basis of 1990 exports.

sustainable growth and development, Africa needs external resources to supplement domestic efforts in the short and medium term.

III. QUANTITATIVE TRENDS IN RESOURCE FLOWS

18. The aggregate net financial resources flows suggest different patterns to Africa and developing countries, especially since 1990. The aggregate net flows to developing countries increased by 11 and 21 per cent in 1991 and 1992 respectively, whereas they declined by 14 per cent and 43 per cent to Africa. In current prices, aggregate net resource flows to Africa increased from $15.8 billion in 1985 to $22.2 billion in 1990 and declined to $18.4 billion in 1992. In real terms (1985 constant dollars), aggregate net resource flows to Africa as a whole fell below the 1985 level, from $15.8 billion in 1985 to $14.7 billion in 1992. In current prices, the aggregate net resource flows to sub-Saharan Africa increased rapidly from $9.6 billion in 1985 to $17.3 billion in 1990 and remained at much the same level until 1992. In real terms (1985 constant dollars), aggregate net flows to sub-Saharan Africa climbed from $9.6 billion in 1985 to $14.6 billion in 1990 and declined to $14.2 billion in 1992.

19. Africa’s aggregate net financial transfer 11/ on long-term debt declined from $10.4 billion in 1990 to $5.3 billion in 1992 or by 22 per cent in real terms as illustrated by figure II. Aggregate net transfers to sub-Saharan Africa, in real terms, doubled between 1985 and 1989 and remained around $9.7 billion during the 1990s. The outflow stemming from profits on foreign direct investment (FDI) and interest on long-term debts from Africa has risen since 1985, averaging $8 billion, as shown in figure III. Annual average outflow from profits on FDI was $2.0 billion between 1985 and 1992. During the same period, annual average outflow from interests on long-term debts was $6.8 billion.

20. The major types of long-term financial flows to Africa can be broadly classified into three groups: official development finance (ODF); private loans; and FDI. Among these flows, ODF is the dominant source of financial support to Africa. Africa’s dependence on ODF has increased strongly over the last decade and is now nearly total due to limited access to private loans and FDI flows.

Figure II. Aggregate net long-term financial transfers to Africa and sub-Saharan Africa a/
(1985 constant dollars)

Source: World Bank and ECA.

a/ Total Africa (49 countries) excludes South Africa, Namibia and Libyan Arab Jamahiriya.

Figure III. Outflows from profits and interest on long-term debts from Africa a/
(1985 constant dollars)

A. Official flows: changing structure

21. Since the beginning of the 1990s, new patterns have emerged in the official flows to Africa. The ODA of the Development Assistance Committee (DAC) of OECD, which is the major official flow, declined. Similarly, economic assistance from Arab OPEC countries and the former Soviet Union also declined following the end of the Persian Gulf war and the cold war respectively. The official loan flows to Africa declined while official grants rose.

22. ODF has increased (in terms of current prices) faster than all other net financial flows. In 1985 it amounted to about $11 billion or 69 per cent of total net flows, climbing to $19 billion or 98 per cent in 1991. Further, in 1992, net aggregate flows were lower than the net ODF flows ($18.4 billion against $18.5 billion). In the case of sub-Saharan Africa, ODF in current prices was $7.7 billion or 80 per cent of total net flows in 1985 and reached $17 billion or 96 per cent in 1992. In addition the net aggregate flows were $17.8 billion as against ODF flows of $17 billion. In real terms, ODF followed similar patterns in Africa as a whole and sub-Saharan Africa in particular. These trends reflect the continent’s limited access to commercial funds and FDI and the growing recognition of the need for more international concessional assistance.

23. The backbone of the ODF flows, illustrated in figure IV is ODA. ODA to Africa in current prices rose from $8.9 billion in 1985 to reach a peak of $19.7 billion in 1990, followed by a decline. The decline in the momentum of the ODA flows during the early 1990s affected the economies that were highly dependent on such assistance for their economic development. Fluctuations in ODA flows to the North African countries since the 1980s reflected primarily the Arab donor contributions. In its peak years (1975-1981), Morocco received sizeable amounts. Following the Gulf war in 1990, Egypt was the largest recipient among the North African countries. But the flow tapered off after 1991. In 1992 ODA flows fell by 33 and 22 per cent for Africa as a whole and sub-Saharan Africa respectively.

24. Sub-Saharan Africa, with the exception of Nigeria, has become increasingly dependent on the ODA from bilateral and multilateral agencies. ODA now accounts for 80 per cent of all financial flows into the region, and amounts to 11 per cent in relation to the region’s entire GDP. This is far higher than in Latin America (0.5 per cent) and Asia (1 per cent). In the extreme case of Mozambique, ODA rises to 98 per cent of GDP. For the 32 least developed countries in Africa, ODA accounts for over a fifth of national income.

25. The total bilateral ODA flows from DAC countries in 1990 were $36.5 billion. France, Germany, Italy and the United States directed more than 10 per cent of their bilateral ODA flows to Africa as table 2 indicates. Bilateral ODA flows from France to Africa were the highest among DAC countries, accounting for 28.9 per cent of the total bilateral flows of such assistance from France. In addition to the traditional flows to the sub-Saharan Africa, France extended ODA to a number of North African countries. Bilateral ODA flows from Japan, the Netherlands and Sweden to Africa ranged between 5 and 9 per cent of their total bilateral assistance. Bilateral ODA flows from other DAC countries such as Australia, Austria, Canada, Ireland, New Zealand, Norway and

Figure IV. Net ODF and ODA flows to Africa
(current dollars)

Source: World Bank and ECA.

a/ Total Africa (49 countries) excludes South Africa, Namibia and Libyan Arab Jamahiriya.

Table 2. Geographical distribution and share of DAC countries' bilateral ODA to Africa in 1990

(Net disbursement basis: million dollars)

	Total bilateral ODA	Total percent of bilateral ODA	Africa	Africa (%)
United States	7 167.00	19.62	1 095.00	10.11
Japan	6 786.43	18.57	830.69	7.67
France	5 612.14	15.36	3 129.00	28.89
Germany	4 206.21	11.51	1 153.21	10.65
Italy	2 112.09	5.78	1 090.58	10.07
Netherlands	1 901.24	5.20	657.13	6.07
Canada	1 690.28	4.63	434.40	4.01
United Kingdom	1 474.43	4.04	538.32	4.97
Sweden	1 383.56	3.79	665.95	6.15
Norway	755.58	2.07	410.80	3.79
Australia	753.02	2.06	72.10	0.67
Denmark	695.03	1.90	295.72	2.73
Switzerland	550.70	1.51	242.24	2.24
Belgium	547.67	1.50	296.26	2.74
Finland	497.88	1.36	241.52	2.23
Austria	299.38	0.82	67.01	0.62
New Zealand	81.04	0.22	1.41	0.01
Ireland	22.91	0.06	15.16	0.14
DAC total	36 536.56	100.00	10 831.19	100.0

Source: Japan Ministry of Foreign Affairs, Outlook of Japan's Economic Cooperation, March 1993, p. 30.

the United Kingdom amounted to less than 5 per cent of their total bilateral ODA flows. A larger portion of Canadian bilateral ODA and that of the Nordic countries went to sub-Saharan Africa. Among DAC countries, Finland provided the largest concessional grant share of bilateral assistance, over 98 per cent.

26. The major sources of multilateral assistance came from the World Bank, the African Development Bank (AfDB), the European Economic Community (EEC) and the United Nations Development Programme (UNDP). The transfer of resources, especially to sub-Saharan Africa, that had increased during the late 1980s tapered off during the early 1990s. Multilateral disbursements are likely to slow down significantly in the second half of the 1990s unless the future replenishment of the International Development Association (IDA) and the African Development Fund (ADF) take place at relatively higher levels in real terms. Flows from the World Bank fell during the second half of the 1980s due to repayments on past loans. Transfers fell from $3.9 billion in 1990 to

$3.4 billion in 1991 to sub-Saharan Africa. A large proportion of the Bank's lending to Africa, more than 80 per cent, takes place through IDA, whose funds are primarily provided by donors as grants. EEC is the second largest multilateral donor; about half of its flows go to sub-Saharan Africa. However, flows from EEC have stagnated, with $1.6 billion in 1990 and $1.7 billion in 1991. Disbursements from AfDB declined from $3.4 billion in 1991 to $2.9 billion in 1992. Disbursements from UNDP to Africa (including cost sharing with the Government and a third party), which was $311 million in 1990, increased to an estimated $355 million in 1991, but in 1992 declined to an estimated $300 million.

27. Concessional assistance now exceeds 15 per cent of GNP in nearly half the African countries and is much higher in several others. Even more striking is the fact that two thirds of imports and as much as 100 per cent of the investment in low-income Africa are financed with foreign assistance. This dependence on ODA is such that unless it continues in substantial amounts, consumption, production, and investment in these countries would drop precipitously. Such a drop in Africa could cause considerable human suffering.

28. Studies 12/ have indicated that some donor countries have provided economic assistance for diverse and at times contradictory purposes. Some have deployed their economic assistance in support of geopolitical objectives regardless of the nature of the recipient Government. Other donor countries have used their assistance to promote commercial exports regardless of the impact on Africa's development needs. Where aid-giving agencies have supported African development, the effectiveness of assistance has often been disappointing, with donors promoting different visions of development and, at times, inappropriate projects requiring diverse and inappropriate equipment. 13/ Despite many discussion on aid coordination, little has been done to improve it.

29. Sub-Saharan Africa relies more heavily than Africa as a whole on concessional official financing. During the 1980s in particular, growing quantities of debt interest and principal constituted major outflows. For most years of the decade, the net inflow of economic assistance was insufficient to meet debt-service payments. Indeed, the gap would have been even greater had the sub-Saharan African countries not rescheduled significant quantities of debt owed. During the early 1990s, there was limited growth in this type of financing. Globally, sub-Saharan Africa has not participated in the overall increase in aggregate net resource flows and transfers for developing countries as a whole.

30. Approximately 90 per cent of multilateral assistance is concentrated on the low-income countries. In addition, the low-income countries receive about 60 per cent of the bilateral assistance. About 70 per cent of World Bank 14/ lending to Africa is earmarked for investment in human resources, agriculture, and physical infrastructure. The rest of the Bank's total lending to Africa, about 30 per cent, is directed to structural adjustment needs. The Bank's annual lending programme for sub-Saharan Africa has averaged about $3.5 billion in recent years.

31. Nearly half of bilateral assistance to developing countries is tied, with associated direct costs estimated at upwards of 15 per cent of the aid provided.

Untying all assistance flows would generate economic benefits of more than $4 billion annually 15/ to the developing countries. The bulk of external finance continues to be provided mainly by bilateral public institutions, which in 1990 accounted for $16.2 billion or 73 per cent of such flows. Low levels of multilateral lending and financial assistance are explained by the stringent eligibility criteria that many African countries are unable to satisfy. 16/

B. Private loans (net): limited access

32. Much of the growth in financial flows to developing countries can be attributed to increased private flows, to which Africa has very limited access. Compared with sub-Saharan Africa, the countries north of the Sahara continue to have some access to commercial bank finance.

33. During the early 1990s, the pattern of external financial flows to developing countries shifted from debt financing to equity financing and from bank to non-bank sources. 17/ Commercial bank loans have been replaced by bond and equity portfolio flows and greater foreign direct investment. Virtually all the growth in financial flows to developing countries in recent years has come from these non-bank private sources. Private companies have had improved access to international equity and bond markets, reversing the proportionate decline in private sector borrowing recorded from the 1970s through the mid-1980s. Within this overall pattern of new financing arrangements, there is a growing gulf between those developing countries that are credit-worthy, and thus can access the private capital markets, and those that rely primarily on loans and grants from official sources for external finance.

34. The increase in the net resource flows to developing countries in 1992 by a massive $42 billion stemmed from international bank lending, which increased from $11 billion in 1991 to $40 billion in 1992. However, commercial bank lending has never been a major source of external financing for most African countries. Flows of medium- and long-term commercial finance were directed largely towards a limited number of countries, of which only a limited subset can borrow on commercial terms. Africa’s access to private loan flows (1985 constant dollars) increased between 1985 and 1988 but has since fallen, becoming negative after 1990 as illustrated in figure V. Nearly 85 per cent of these net negative flows came from North Africa. The Maghreb countries such as Algeria, Morocco and Tunisia accounted for the larger proportion of these negative transfers.

35. Flows of net private lending to the sub-Saharan Africa region have been negative (1985 constant dollars) since 1989. Commercial banks had been the major lenders to Africa. The trend in the flows indicates an erratic movement, becoming highly negative in the early 1990s. The flow from bonds and suppliers’ credit was erratic and became increasingly negative in the early 1990s. There was also an erratic inflow of other non-guaranteed loans between 1985 and 1990 (constant 1985 dollars), which increased at an annual average of $2.6 billion during this period. From 1991, non-guaranteed loans flows took a negative turn, $0.4 billion increasing to $2 billion in 1992.

Figure V. Private loans (net) to Africa
(1985 constant dollars)

Source: World Bank and ECA.

a/ Total Africa (49 countries) excludes South Africa, Namibia and Libyan Arab Jamahiriya.

36. Commercial lending to sub-Saharan Africa has been highly concentrated, with some 15 countries accounting for 97 per cent of the total. Lending to the private sector, without host government guarantees, has exceeded sovereign lending in recent years. 18/ The larger part of the approximately $10 billion outstanding in the London Club reschedulings of 18 sub-Saharan countries are owed by Côte d'Ivoire and Nigeria. This tends to obscure the fact that a number of countries have performed well on their restructured debt.

37. In addition to reducing their cross-border lending to Africa, a number of commercial banks that had maintained local presences in the region, many of them since the colonial era, began withdrawing in the mid-1980s. However, most banks continue to do selected offshore risk-free business, such as providing correspondent services under donor-funded programmes. Since both good and bad performers have been affected by this slow exodus, it seems that the banks' departure has to do at least partly with the changing nature of their business objectives and target markets.

38. During the 1960s, commodity prices were strong and per capita income rose rapidly in Africa. However commercial bank lending, particularly to sub-Saharan Africa, was negligible. During the 1970s and early 1980s, however, commercial lending took a different turn for a variety of reasons. There were strong fluctuations in commodity prices. Requirements for petro-dollar recycling and commercial lending increased exponentially. After 1980, the stocks began moving in response to many factors, such as new lending as a function of perceived credit-worthiness of borrowing countries or entities; the viability of various forms of security for loans; the depreciation of the United States dollar and its effect on debt stocks; and debt reschedulings and debt service performance, and activity in the economic debt markets.

39. In recent years, commercial banks have become more passive, especially in medium-term lending. During the past few years, their African portfolios deteriorated. The banks appear to be waiting out the debt crisis, while relocating the financial and human resources they had once devoted to Africa.

40. The new enabling environment being promoted by many African countries in the 1990s offers vast commercial potential. However, African Governments, developed countries and multilateral agencies will have to take much of the initiative for restoring bankers’ interest and confidence.

41. Inflows of commercial loans and private investment, which accounted for approximately one third of the capital inflows during the 1970s, collapsed during the 1980s. They now represent less than 5 per cent of resource flows to the region. 19/ Regionally, international bank claims on African countries fell by a further $1.2 billion in 1992 after having decreased by $1.8 billion on average during the previous three years. 20/ At the same time, bank liabilities to African countries grew by $3.5 billion in 1992. 21/

C. Foreign direct investment: some new waves from privatization

42. During the early 1990s, FDI flows to developing countries continued to rise, with the exception of Africa. Not only has a small proportion of the flow gone to Africa; this type has not been sensitive to balance-of-payments needs.

43. Economic reform measures introduced by the developing countries resulted in the increase of the flows from $24 billion in 1990 to $38 billion in 1992. This serves as an important source of growth even in some countries that may not yet be able to borrow in global capital markets. Industrial competitiveness, management know-how, export marketing access and technology transfer were some of the benefits that came to developing countries through this rise in foreign capital.

44. Both exogenous and endogenous factors accounted for a lower inflow of FDI into Africa. 22/ The exogenous factors include the poor outlook for prices of African commodity exports and the increased competition from other regions. The endogenous factors are uncertainty regarding commitment to adjustment programmes, high levels of external debt and other conditions that limit short-term growth prospects.

45. The annual average inflow into Africa, illustrated in figure VI, was $2.5 billion during the late 1980s (1985 constant dollars). This fell to $2 billion in the 1990s. During the same period the annual inflow to Sub-Saharan Africa was $1.3 billion, which fell to $1 billion.

46. Over three quarters of the investment flows were directed to oil-exporting countries, although the share of non-oil producing countries has increased in recent years. Despite the presence of rich natural resources, Africa’s chief attraction, the continent’s slow economic growth, which remains well below the average for all developing countries, offsets even this considerable advantage. Hence, despite continued efforts to liberalize the regulatory framework for FDI and the introduction of a centralized investment centre in several countries, Africa has not succeeded in attracting sizeable investment flows.

47. However, the average share of total investment flows to Africa accounted for by non-oil producing countries increased from 20 per cent during the period 1986-1988 to 28 per cent during 1989-1991. The increase reflects primarily the more than quadrupling of investment inflows to Morocco, a trend attributed to domestic growth, combined with liberal legislation and duty free access to the European Community market of manufactured goods produced in Morocco with a minimum of 40 per cent local content. 23/

48. FDI in natural resources continues to be important for many countries in Sub-Saharan Africa. In 1991, for example, investment flows to Angola amounted to more than $660 million, which exceeded the total cumulative investment flows received by that country between 1985 and 1990. Most of these investments were in petroleum exploration and mineral extraction. There is considerable potential for investment in oil exploration in Sub-Saharan Africa. To exploit it, several countries are offering more favourable contract terms to oil companies than in the past. 24/ Transnational corporations view investments in petroleum exploration and development as part of their strategy of global expansion in the face of the growing demand for petroleum and oil products in Africa and other countries. Some countries have also encouraged FDI in the services sector with positive results. Mauritius, for example, has actively sought to attract foreign investors in banking and finance in recent years and is moving towards becoming an offshore banking centre. However, given the small size of the domestic markets of most countries in Sub-Saharan Africa and their low growth rates, investment flows to the manufacturing sector remain limited.

49. Overall, Sub-Saharan Africa receives only 3 per cent of global FDI, or somewhat less than Portugal. While some Latin American countries have experienced a sharp recovery in inflows of private capital, Africa has been by-passed.

50. With the new enabling environment that has been created in recent years by a large number of African countries, better prospects now exist for attracting enhanced inflow to the continent. Some of the countries that have implemented reforms to attract FDI flows are Cameroon, Côte d’Ivoire, Ghana, Kenya, Nigeria, Uganda and Zimbabwe, all of which have comparatively good transportation and communications infrastructures. Recent waves in privatization brought investments in Kenya and Nigeria amounting to 100 million, in addition to minor transactions in some other African countries. Some of the sectors that stand

Figure VI. Foreign direct investment flow to Africa
(1985 constant dollars)

Source: World Bank and ECA.

a/ Total Africa (49 countries) excludes South Africa, Namibia and Libyan Arab Jamahiriya.

out as most promising in Africa are agro-based industries, energy, minerals, tourism and manufacturing.

IV. WAYS AND MEANS FOR ENHANCING FINANCIAL FLOWS TO AFRICA IN THE 1990s

51. Basically, the need for financing Africa's economic recovery and development is growing critical. At the same time financial resources are shrinking. Over 30 African countries are pursuing the implementation of strong structural adjustment programmes and reforms and, at this juncture, the developed countries need to mobilize the external support to allow the African countries to continue courageously to carry out reform measures.

52. Disparities between Africa and the developed countries are growing every year, as is also the case between Africa and the other regions of the developing world. The number of least developed countries in Africa has risen from 21 in 1981 to 32 in 1993.

53. To stimulate growth, the World Bank estimates at $28.2 billion the annual financing in each of the next ten years to Sub-Saharan Africa. 25/ The financial resources required for Africa as a whole, estimated by AfDB, is an annual figure in excess of $56 billion. 26/ By contrast, the ECA estimates that, for the period 1993-2005, Africa will need $950 billion or $80 billion per year (in 1990 dollars) in external financial resources, of which $490 billion should be in debt relief or cancellation. 27/ Aggregate net transfers to Africa over the entire 12-year period, therefore, would be 140 per cent of Africa's aggregate GDP in 1990.

54. Africa's access to international finance is becoming increasingly limited with greater competition in the future from about 20 countries in other regions that are now or will soon become eligible to receive it. Africa's financing needs in the 1990s have to be addressed in the face of declining resources available. The following are the specific areas in which efforts could be made to meet Africa's needs.

A. Further debt reduction

55. African countries have suffered substantial losses of earnings since the 1980s due to adverse terms of trade. This situation has implied large transfers of real resources to Africa's trading partners. At the same time, many of the African countries are burdened with high external debt and high debt service payments, many of them accumulating arrears. For some, reducing debt burdens to sustainable levels looks increasingly difficult within existing official debt reduction schemes. The terms that have been progressively agreed to by the Paris Club for severely indebted countries known as the Venice, Houston, Toronto and Enhanced Toronto have provided temporary cash relief but have not resolved the debt burden of the African countries. The cash-flow savings attributable to the "Toronto terms" have amounted to $100 million annually, or about 2 per cent of the debt service obligations of beneficiary countries. The "enhanced Toronto terms", would benefit half of the 22 low-income potential beneficiaries, reducing their debt service obligations to a level compatible with their capacity to pay. For the other half, however, debt burden would still remain too high.

56. There is now a common agreement among African countries, the international community and international organizations that Africa's debt issue cannot be dissociated from that of financial resources necessary for the economic recovery and development of the continent. Therefore it is right time for a new initiative on Africa's debt. The elements of the new strategy should encompass action on all categories of external debt, bilateral, multilateral and commercial. Priority attention should be given to bilateral debt, given its predominance in Africa's external obligations.

(i) Measures for the reduction of official bilateral debt

57. A new approach in official bilateral debt calls for bolder measures in two key areas, debt reduction and the institutional framework for debt relief. In accordance with a resolution adopted in UNCTAD in 1978, there have been significant cancellations of Africa's ODA debt by donors on a unilateral basis, that is outside the Paris Club framework, amounting to about $10 billion.

Further efforts need to be made by donors to arrive at a write-off of ODA debt, which still amounts to $30 billion for Sub-Saharan Africa. As for the Paris Club, the concept of debt and debt service reduction has been more widely applied since 1988. There are, however, several aspects that require further improvement: the scale of debt reduction through the adoption of the Trinidad terms; eligibility criteria, i.e. inclusion of the heavily indebted countries that are IDA recipients; and the appropriate time-frame for implementation. Greater coordination is called for between the Paris Club and donor forums or even the shift to such forums of official bilateral debt rescheduling for low-income countries.

(ii) Measures for the reduction of official multilateral debt

58. Since the last decade, multilateral debt has grown rapidly; for Sub-Saharan Africa alone, it accounts for 25 per cent of total external debt and 40 per cent of total debt service payments. The multilateral financial institutions (MFIs) have already taken a number of measures to help avoid arrears and to deal with those that already exist. Further action is called for on both fronts, as multilateral debt issues are likely to loom large in the 1990s. In order to avoid the accumulation of arrears, the priority is a substantial increase in net transfers from the MFIs. This calls for adequate replenishments of IDA, ADF, and the early successor to the IMF's Enhanced Structural Adjustment Facility (ESAF) being endowed with sizeable resources. In order to deal with arrears when they emerge, a distinction should be made between arrears resulting from a liquidity crisis and those caused by a solvency crisis.

59. A menu of options should also be considered to alleviate the multilateral debt burden, while preserving the financial viability of the MFIs. A special, one-time SDR allocation to finance multilateral debt stock reduction; IMF gold sales, with proceeds being used to clear the arrears of low-income countries with the IMF, in the context of agreed programmes, as proposed by the Fraser Report on Africa's commodity problems; 28/ conversion of a portion of multilateral debt into equity investments, for example, a World Bank-International Finance Corporation debt equity swap type of arrangement.

(iii) Measures for the reduction of commercial bank debt

60. Although commercial bank debt accounts for only 15 per cent of the external debt of Sub-Saharan Africa, it is quite important in the middle-income countries and countries such as Nigeria. In all debt-distressed countries, arrears on commercial bank debt have had an adverse impact on badly needed trade financing. The slow progress in commercial debt reduction is due mainly to the banks' reluctance to reach agreement in cases in which they are highly provisioned, in which discounts are high, and which constitute a small portion of their loan portfolio. Delays in starting debt reduction facility (DRF) operations and in mobilizing sufficient bilateral donor support have compounded the problem. Action on the commercial bank front requires the following measures: appropriate regulatory and tax provisions and moral suasion by creditor Governments to induce banks to agree to debt reduction; an expansion of DRF with increased multilateral and bilateral resources and an extension of its eligibility to all affected low-income and middle-income countries.

B. Meeting aid targets and improving aid coordination

61. Fulfilment of the aid target of 0.7 per cent of GNP is called for in the 1990s. In addition, there is need for a new approach in allocations of ODA, further reduction in the tying of aid, and improvement of aid coordination and effectiveness.

62. The decline of the ODA flows during the last two years reflects the general pressure on aid budgets resulting from public spending cutbacks in developed countries. The 21 DAC countries continued to provide 0.33 per cent of their total GNP in ODA, a proportion unchanged over the past decade. This falls well short of the 0.7 per cent United Nations target adopted by the General Assembly in resolution 2626 (XXV) of 24 October 1970 on the International Development Strategy for the Second United Nations Development Decade. This target has been re-emphasized at the Second United Nations Conference on the Least Developed Countries, held in Paris in 1990, the United Nations New Agenda for the Development of Africa in the 1990s (General Assembly resolution 46/151) and the United Nations Conference on Environment and Development in 1992.

63. Only four countries - Norway, Sweden, Denmark and the Netherlands - have exceeded the 0.7 per cent target. Norway's ODA disbursement was $1.3 billion in 1992, an ODA/GNP ratio of 1.16 per cent, which is the highest among the DAC members. Finland, which made rapid strides in raising its ODA from 0.26 per cent in the early 1980s to 0.78 per cent in 1991, slipped back to 0.62 per cent in 1992 as ODA programmes were cut in the wake of devaluation and economic retrenchment. The United States and Japan remain the biggest donors, providing $11.7 billion and $11.1 billion respectively, representing 0.18 per cent and 0.3 per cent of their GNP. Some countries have made deep cuts, such as the United Kingdom, which in the late 1980s spent close to 0.45 per cent of its GDP on ODA, while reducing this figure in 1992 to 0.31 per cent. Economic assistance from Arab countries continued its downward trend to $1 billion, an all-time low, due to the fall in oil revenues. Overall flows from Arab countries in 1992 amounted to just $1.01 billion, of which $796 million came from Saudi Arabia.

64. Despite the recent trends in the fall of bilateral ODA to Africa, Japan intends to increase its ODA significantly over the next five years. From the beginning of 1993, Japan will extend $70 billion to $75 billion, 29/ making it the world's highest donor of ODA in absolute terms. In this context, Japan could provide an increased flow to Africa. France and Belgium plan to raise their ODA/GNP ratios to 0.7 per cent by the year 2000. Germany, Australia and Canada have renewed their pledge to reach an ODA/GNP ratio of 0.7 per cent as soon as possible. These countries also could direct a significant share to the African countries.

65. Development assistance needs re-thinking. In the new emerging global environment, it is important to recognize at least the following needs: 30/ first, the need to allocate ODA to the range of tasks for which there is no alternative form of financing, in particular from domestic and private sources; second, the need to facilitate the mobilization of private investment.

66. Donor countries need to reduce further tying their development assistance and should explore new ways to ensure that development assistance is

concentrated on the least developed countries. In these other developing countries, the improvement and enhancement of aid coordination could result in increased resource flows for development financing and a more effective use of available resources. This would involve concerted efforts by recipient and donor countries aimed at, inter alia, focusing on mutually agreed priorities; full integration of external support into national programmes; programming within a common framework of agreed priorities; reducing conditionalities, streamlining procedures and speeding up project implementation and aid disbursement; better use of domestic resources in relation to aid resources; and improved negotiations between recipient and development partners.

C. Assistance in tapping the export potential

67. Donor countries and international organizations need to develop a mechanism to assist in improving the trade competitiveness of the African countries that are striving to expand and diversify exports. One way is to support engaging experts to help African countries to prepare a marketing programme to reveal their own export opportunities. In addition, better trade access to markets, particularly for some middle-income countries, could do much to free aid resources for the least developed countries. In this context, the failure of Governments to seize the opportunity provided by the Uruguay Round, especially when the results are so close at hand, 31/ adds to uncertainty in the private sector of the African economies and makes recovery and development harder to achieve.

D. Transferring part of the peace dividends

68. With the end of the Cold War, the new environment presents opportunities for developed and developing countries to scale down military expenditures. An alternative is to try to transfer a part of the "peace dividends" as financial assistance to developing countries, especially to Africa. At the same time, African countries should increase the amount of scarce resources for development by reducing their military expenditures considerably. During the last few years, however, very little of this has been redirected.

E. Encouraging private sector development

69. In addition, Africa, with the support of enhanced foreign capital inflows, should look for more domestic resources to finance investment and development. Hence, financial sector reforms are important for improving the efficiency of financial intermediation and the use of credit resources, including the allocation of investment. Reforms of the financial sector involve attempts to allow the private sector and market forces determine the allocation of scarce financial resources. In particular, the international community is called for to encourage and support African countries to review the financial intermediation system to make it more responsive to the needs of domestic investors.

F. Facilitating commercial borrowings, especially for middle-income countries

70. Commercial finance remains extremely scarce; this constraint, too, also directly affects the availability of trade finance. International banks have reduced their loan exposure to Africa. According to the Bank for International Settlements (BIS), the continents's total commercial liabilities as of December 1990 stood at $52.5 billion compared with $59.3 billion at the end of 1987. 32/

71. During the 1990s, Africa will need to lay greater emphasis on commercial borrowings than on continued forms of external financing. Depending on official flows alone will not cater to long-term transformation. Large resources are needed to address inadequate physical and institutional infrastructures and the problems of weak productive base. An international initiative is called for to facilitate long-term borrowing for those countries that are emarking on fundamental economic restructuring and that can demonstrate returns on investment. A rough indicator for the latter should be the lines of growth of export revenues and the ability to service external obligations.

G. Support for FDI flows

72. Many African countries have taken steps to improve the investment climate in their countries. However, these countries should relax further the remaining policy and institutional constraints on FDI, which could provide multiple benefits. FDI could supplement domestic resources as it does in the developing countries of other regions that have recorded high economic growth rates. In addition, it could bring in the needed managerial skills and new technology with benefits far greater than those measured by the foreign exchange inflow. Debt-equity swaps are also useful in this regard. If these swaps are arranged in connection with privatization programmes, inflation can be minimized and the possible benefits from new management maximized. If privatization programmes are to be successful, African Governments should remove themselves from the management of the enterprises, as opposed to selling off minority ownerships, and should interfere less in market mechanisms.

73. While African countries continue to promote FDI at home, the international community should also take the initiative by taking a number of measures to support African efforts. These could include: investment promotion; fiscal and other measures; support for venture capital companies; making the Multilateral Investment Guarantee Agency (MIGA) more effective; support for institution building; and human resources development.

H. Promoting South-South Cooperation

74. In the new context of market-oriented reforms and export-oriented growth being pursued by African countries and developing countries from other regions, economic cooperation between them could be enhanced during the 1990s. Specifically, trade, investment, joint ventures, technology transfer and economic assistance are all areas of cooperation that call for rapid promotion between Africa and the other developing regions. While it is their own

responsibility to implement and strengthen economic cooperation, the international community, particularly the donor countries, could also play a significant role through its financial assistance, technical cooperation programmes and projects for interregional, regional and subregional integration groupings, as well as for regional infrastructure projects, to complement other efforts to strengthen South-South economic cooperation.

V. NEW CHALLENGES AHEAD

75. It is vital that the economic policies of the African countries aim at growth largely through mobilizing potential internal resources. Although an expanded inflow of external resources is essential to initiate economic recovery and development, growth over the longer term can be sustained only through the effective mobilization of ones own resources. Inflows of external resources at this juncture are crucial to relaunch the African economies and provide support in the difficult stages of redirecting economic policy and implementing political and economic reforms, in which many countries are now engaged.

Notes

1/ Algeria, Angola, Cameroon, Egypt, Gabon, Libyan Arab Jamahiriya, Nigeria, Tunisia.

2/ Algeria, Gabon, Libyan Arab Jamahiriya and Nigeria.

3/ The World Bank defines aggregate net resource flows as: loan disbursement - loan amortization + official grants + foreign direct investment. The World Bank's definition, also cited by the United Nations Economic Commission for Africa (ECA), will be used in this analysis.

4/ 1992 figures are estimates for Europe and Central Asia, East Asia and the Pacific, Latin America and the Caribbean and South Asia, as given in the World Bank's *World Debt Tables 1992-1993, External Finance for Developing Countries*, vol. 1, Washington, D.C., 1992.

5/ Ibid., p. 13.

6/ Organisation for Economic Cooperation and Development, *Development Cooperation 1992 Report*, Paris, 1992, p. 36.

7/ United Nations, *World Economic Survey 1993*, New York, p. 93.

8/ G. K. Helleiner, *Trade, aid and relative price changes in Sub-Saharan Africa in the 1980s*, paper presented at the conference entitled "From Stabilization to Growth in Africa", Marstrand, Sweden, 6-7 September 1992.

9/ For example, coffee prices fell from a high of over $3 per pound in 1978 to as low as $0.40 per pound or less in 1992. Countries like Uganda that in 1978 earned more than $400 million in coffee exports alone are today earning less than $100 million for export volumes that have more than doubled.

10/ "Camdessus cites ways to ease transition to market economies", IMF Survey, Washington, D.C., 28 June 1993, p. 195.

11/ The net transfer on financial resources is defined as the difference between net capital inflows and net international payments to capital. Different estimates on the annual transfers are given by the various international organizations, such as OECD, World Bank, the International Monetary Fund and other sources. The World Bank definition of net transfers as given in the World Debt Tables 1992-1993 is used in this analysis. According to this definition net transfer is disbursements minus total debt-service payments.

12/ Don P. Clark, "Distribution of official assistance among Developing Country Aid Recipients", The Developing Economies, Tokyo, Vol. XXX, No. 3, September 1992, p. 189.

13/ Carol Lancaster, African Economic Reform: The External Dimension, Washington, D.C., 1991, p. 9.

14/ Edward V. K. Jaycox, Africa: From Stagnation to Recovery, Washington, D.C., February 1993, pp. 12-14.

15/ World Bank, Global Economic Prospects and the Developing Countries 1993, Washington, D.C., 1993, p. 49.

16/ United Nations Economic Commission for Africa, Economic Report on Africa 1993, April 1993, p. 35.

17/ World Bank, Global Economic Prospects and the Developing Countries 1993, op. cit., p. 1.

18/ Ellen Johnson Sirleaf and Francis Nyirjesy, "Commercial Bank Lending: Outlook and Constraints", in Ishart Husain and John Underwood (Ed.), African External Finance in the 1990s: a World Bank symposium, Washington, D.C., 1991, p. 105.

19/ Africa Action for Recovery, An OXFAM Report, Oxford, May 1993, p. 18.

20/ "Global Banking Activity Rebounded in 1992", IMF Survey, Washington, D.C., 28 June 1993, p. 200.

21/ Ibid.

22/ Ishart Husain and John Underwood (Ed.), op. cit., p. 7.

23/ United Nations, World Investment Report 1993, New York, p. 54; Claude Clement, "US and Morocco expand commercial ties: Morocco gives priority to tourism development", Business America 112, 4 November 1991, pp. 2-8; and "Morocco’s investment rules", Middle East Executive Reports, 113, November 1990, pp. 16-21.

24/ Martin Quinlan, "Energy finance: Africa woos the energy giants", Euromoney, Energy Finance Supplement, June-July 1990, pp. 63-64.

25/ World Bank estimates of total Africa's financial requirements are not readily available.

26/ African Development Bank, The African Development Bank Group in the 1990s: Operational Programme for the period 1992-96, and Beyond, Abidjan, p. 48: African Development Bank, Strategic Elements of the Five-Year Operational Programme of the African Development Bank, 1992-1996, (ADB/BD/WP/91/17), Abidjan.

27/ United Nations Economic Commission for Africa, Strategies for Financial Resource Mobilization for Africa's Development in the 1990s, Addis Ababa, E/ECA/CM.19/5, 15 February 1993, p. 27.

28/ Group of Experts chaired by former Australian Prime Minister Malcolm Fraser, Africa's commodity problems: towards a solution, UNCTAD/EDM/ATF/1, Geneva, 1990.

29/ Statement by Prime Minister of Japan, at the 48th session of the General Assembly of the United Nations, New York, 22 September 1993.

30/ "Camdessus cites ways to ease transition to market economies", IMF Survey, Washington, D.C., 28 June 1993, p. 196.

31/ GATT Press Release, "World trade looked up in 1992, but GATT Economists see uncertain prospects this year", GATT/1570, 20 March 1993, Geneva, p. 8.

32/ African Economic Digest, London, 9 September 1991, p. 3.

ANNEX I

Aggregate net resource flows: total Africa
millions of dollars

(constant $US, 1985 = 100)

	1985	1986	1987	1988	1989	1990	1991	1992
Aggregate net resource flows - long term	15 776	16 463	17 321	17 899	17 278	18 802	15 829	14 697
Official development finance	10 924	11 835	11 840	11 802	12 213	17 782	15 550	14 768
Official grants	5 461	5 521	5 446	6 443	6 293	12 300	11 001	9 657
Official loans (net)	5 463	6 314	6 394	5 359	5 919	5 482	4 549	5 112
Bilateral	2 923	2 616	2 497	2 251	2 461	1 916	1 182	1 096
Multilateral	2 540	3 693	3 897	3 108	3 459	3 567	3 367	4 016
Private loans (net)	2 224	2 673	3 120	3 912	1 576	-367	-1 740	-2 619
Commercial banks	-687	1 119	238	999	-630	-1 063	-1 087	0
Bonds	389	19	-50	244	80	-90	-25	-96
Suppliers	-581	-782	-118	39	-10	-496	-224	-509
Other (including non-guaranteed)	3 103	2 317	3 050	2 630	2 137	1 281	-402	-2 014
Foreign direct investment	2 628	1 955	2 361	2 184	3 489	1 387	2 018	2 548
Memorandum item								
Net use of IMF credit	-21	-658	-505	-295	51	-455	149	-24
Technical assistance grants	3 999	3 418	3 704	3 824	3 713	3 171	2 959	2 987
Aggregate net transfers - long term	7 178	8 360	9 117	8 772	8 735	10 353	7 615	5 290
Interest on long-term debt	6 597	6 383	5 652	7 103	7 301	7 017	6 976	7 464
Profits on direct foreign investment	2 001	1 720	2 552	2 024	1 243	1 432	1 238	1 943

Source: Statistics made available from the ECA databank established in cooperation with the World Bank; World Bank, World Debt Tables 1992-1993.

ANNEX II

Aggregate net resource flows: Africa south of the Sahara
millions of dollars

(constant $US, 1985 = 100)

	1985	1986	1987	1988	1989	1990	1991	1992
Aggregate net resource flows - long term	9 618	10 731	12 589	12 557	13 983	14 622	14 637	14 213
Official development finance	7 684	9 534	10 159	10 178	10 689	13 807	13 200	13 576
Official grants	4 563	4 759	4 911	6 042	6 011	9 856	10 310	10 102
Official loans (net)	3 121	4 775	5 248	4 136	4 678	3 951	2 890	3 474
Bilateral	1 246	2 061	2 230	1 769	2 125	1 215	507	654
Multilateral	1 875	2 713	3 018	2 367	2 553	2 736	2 383	2 819
Private loans (net)	612	495	1 112	1 426	1 125	250	9	-385
Commercial banks	-948	-234	-219	35	-149	-392	-223	0
Bonds	-29	-24	-31	-54	-39	-26	-22	-42
Suppliers	-187	-384	62	246	110	-117	-166	-30
Other (including non-guaranteed)	1 776	1 137	1 301	1 199	1 202	785	420	-312
Foreign direct investment	1 322	702	1 318	953	2 169	564	1 428	1 022
Memorandum item								
Net use of IMF credit	-32	-468	-509	-163	-384	-184	-27	2
Technical assistance grants	3 348	2 868	3 030	3 318	3 268	3 720	3 642	3 307
Aggregate net transfers - long term	4 567	6 591	7 789	7 674	9 796	10 123	10 051	9 145
Interest on long-term debt	3 421	2 835	2 690	3 473	3 241	3 389	3 649	3 309
Profits on direct foreign investment	1 630	1 305	2 020	1 411	947	1 110	937	1 760

Source: Statistics made available from the ECA databank established in cooperation with the World Bank; World Bank, World Debt Tables 1992-1993.
