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Summary of
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"The Sub-Saharan African Debt Problem:
An Update" by Joshua Greene

This paper updates information on the external debt problem of sub-Saharan Africa reported in an article in *Staff Papers*, December 1989. More recent data confirm that the countries of sub-Saharan Africa remain severely indebted, both in absolute and in relative terms. At the end of 1990, external debt for the region totaled an estimated \$171 billion, more than three times the level of 1980, while debt-service payments and rescheduling rose by more than 150 percent to \$20 billion. Since the late 1980s, two key measures of distress for the region--the ratios of external debt to exports and external debt to GDP--have exceeded those for countries with recent debt-servicing problems and for the 15 heavily indebted countries singled out for attention by the U.S. Government's Baker initiative. At the same time, the region has suffered from weak export performance, leading to arrears or repeated debt rescheduling for many countries and a fall in per capita income that averaged about 1 percent a year during the 1980s.

Since the late 1980s, several major initiatives regarding the external debt of sub-Saharan Africa have emerged. Between 1988 and 1990, for example, bilateral creditors agreed to cancel more than \$6 billion in ODA debt for 26 countries in the region, some three times the amount of cancellation granted during the previous ten years. In addition, the so-called Toronto terms for providing debt relief to low-income countries have become the norm for most rescheduling of sub-Saharan African debt. There have also been several proposals to liberalize existing terms for debt relief, most notably the Trinidad terms for rescheduling proposed by U.K. Prime Minister John Major. Several other proposals have been offered to accelerate debt cancellation for sub-Saharan African countries and to ease the process of debt rescheduling by combining Paris Club rescheduling, consultative group meetings, and development roundtables into a single review body for each country. Although none of these other proposals has yet been adopted, the debt forgiveness granted to Poland and Egypt during 1991 may ultimately offer a precedent for providing debt forgiveness to other severely indebted countries in return for implementing serious economic adjustment programs.