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THE WORLD BANK

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The World Bank

1818 H Street NW

Washington DC 20433

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Meeting with Africa Team: Mr. Jack Kemp
(JDW Introductory Remarks)

Friday, June 27, 1997
9:00 - 9:15 a.m.
MC 11-401 Conference Room
(Facing the Atrium)

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President Wolfensohn - Briefings Books for Presidents Meetings - Meeting Material
Africa Team - Jack Kemp - June 27, 1997

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A. CLASSIFICATION

☒ Meeting Material
☐ Trips
☐ Speeches

☐ Annual Meetings
☐ Corporate Management
☐ Communications with Staff

☐ Phone Logs
☐ Calendar
☐ Press Clippings/Photos

☐ JDW Transcripts
☐ Social Events
☐ Other

B. SUBJECT: MEETING WITH AFRICA TEAM: MR. JACK KEMP [AGENDA: AFRICA] (N) // JDW TO INTRODUCE MR. KEMP DURING THE FIRST 15 MINUTES OF THE MEETING (RUNS FROM 9:00 TO 10:00 A.M.)
VENUE: MC 11-401 (CONFERENCE ROOM FACING ATRIUM)
CONTACT: ANN @ 82858 // KAREN FOR J. KEMP @ 452-6224 // FAX: 833-0555
IN ATTENDANCE: JDW (FIRST 15 MINS ONLY), SARBIB (WILL CHAIR THE REST OF THE MEETING), GELB, GANGULY(ACTING - SOUTH AFRICA), BONNELL (ACTING - ZIMBABWE)
EXTERNAL ATTENDEES:
MR. JACK KEMP, CODIRECTOR, EMPOWER AMERICA
DR. LAWRENCE HUNTER, CHIEF ECONOMIST, EMPOWER AMERICA
Mr. GREGORY FOSSEDAL, CHAIRMAN OF THE DE TOCQUEVILLE INSTITUTION (ADVISOR TO MR. KEMP ON AFRICA ISSUES).
6/25 CFMD VIA FAX
EXC: MM (FOR JDW) // LFG (6/24)
Brief Includes cover note from Marisela, June 26, 1997 and tabs:
- South Africa
- Zimbabwe
- US-G7 Africa Initiative
- Mr. Kemp's Press Articles

DATE: 06/27/97

C. VPU

Corporate

☐ CTR
☐ EXT
☐ LEG
☐ MPS
☐ OED
☐ SEC/Board
☐ TRE

Regional

☒ AFR
☐ EAP
☐ ECA
☐ LAC
☐ MNA
☐ SAS

Central

☐ CFS
☐ DEC
☐ ESD
☐ FPD
☐ FPR
☐ HRO

Affiliates

☐ GEF
☐ ICSID
☐ IFC
☐ Inspection Panel
☐ Kennedy Center
☐ MIGA

D. EXTERNAL PARTNER

A New Africa Is Generating Success and Hope

By Callisto Madavo and Jean-Louis Sarbib

WASHINGTON — Africa is on the move. From Mali to Uganda to South Africa, hope and real success are transforming the continent.

A new spirit of social and economic progress has energized much of the region. Gradually the rest of the world is beginning to take notice. Africa figures prominently on the Group of Seven's agenda this weekend.

Average GDP growth for sub-Saharan Africa was about 5 percent in 1996, with more than half of the continent's 48 countries growing at rates higher than population growth of 3 percent. African markets are opening, foreign investment is increasing, and economic performance is improving in a wide range of areas. These facts translate into better lives for millions.

Africa's social and economic progress is still fragile: 45 percent of the population still lives on less than \$1 a day. A legacy of social unrest and ethnic rivalry continues to slow development. And effective development in the region will require a hefty 8 to 10 percent annual GDP growth.

The challenge of poverty eradication is as large as the continent itself. But recent progress provides a platform on which to build a better future.

Despite recent events in Zaire/Congo and Sierra Leone, significant improvement in political stability and the shift to democracy have underpinned social peace in much of Africa, encouraging the participation of civil society in the development process,

and strengthening the legitimacy of governments. Also politically crucial is the new generation of African leaders who are committed, qualified and nonideological. No-nonsense, accountable pragmatism is now the rule.

These political changes have laid a foundation for better economic management. As in other developing regions experiencing impressive growth, the key factor driving economic progress in much of Africa is improved economic policy — liberalizing exchange rates, lowering or eliminating

We can see clearly the benefits of sound economic policies.

import and investment barriers, and dismantling price controls.

These policies have, in a relatively short period of time, made Africa an increasingly attractive market to investors. The U.S. president and Congress are considering a new policy to promote trade and investment in sub-Saharan Africa — a strong vote of confidence in the region's future.

Ivory Coast, Ghana, Uganda and South Africa are now moving toward joining Thailand, Malaysia and the Philippines as hot new markets for foreign capital. And in a world economy

in which capital, production and information are highly mobile, in which investors live by diversification and identifying untapped markets, Africa is increasingly referred to as the final frontier of global investment.

We at the World Bank can see clearly the benefits of sound economic policies in Ivory Coast, Uganda and Mali, where exchange rate reforms have improved export competitiveness without significant inflation.

Togo, Lesotho and Uganda have averaged 10 percent growth in the last two years. Policy reforms in the CFA franc zone countries have led to export expansion from negative 3 percent (1991 to 1993) to positive 6.6 percent (1994 to 1996).

Private capital is increasingly flowing to Africa, and seeing healthy returns. Private investment has increased more than 10-fold since the early 1990s, to \$11.7 billion in 1996.

From 1990 to 1994, rates of return on foreign direct investment in Africa averaged between 24 and 30 percent, compared with 16 to 18 percent for all developing countries.

Capital markets are seeing a broader range of investors, greater participation of private sector borrowers, and improved creditworthiness.

This progress is a good sign for many African countries. However, it remains fragile. There is still much to do before the continent secures the

broad-based economic growth that distinguishes the most dynamic parts of the developing world.

Governments must diligently set the pace for change by keeping their economies on a sound footing, improving the banking sector, building roads, water and sanitation facilities, and giving people access to basic health and education services. Africa's strengths must be harnessed in order to address the bottom-line human issues of poverty, illiteracy, unemployment and basic health services, which continue to require dramatic improvement.

The World Bank is working with African governments in these and many other areas, providing technical and financial support.

Our recent Highly Indebted Poor Countries initiative seeks to reduce the financial burden — a primary stumbling block for many African nations, which often spend more on servicing their debt than on providing basic social services. Forgiveness of millions of dollars' worth of debt to countries such as Uganda, which has made good economic reforms and is now seeing the benefits of sound policies, is central to assisting Africa's development.

Africa is on the move. The changes we are witnessing, building foundations for prosperity and welfare, are creating a new sense of hope in the future.

The writers, vice presidents of the World Bank, contributed this comment to the International Herald Tribune.

Meeting with Mr. Jack Kemp

Friday, June 27, 1997

9:00-9:15 a.m.

Conference Room MC-11-401

- At your request, a briefing session has been organized for Jack Kemp, in preparation for his trip to Africa. He will be traveling to Zimbabwe and South Africa next month, and has expressed interest in discussing the overall political and economic situation of the region. The Africa team has also prepared specific briefings on Zimbabwe and South Africa.
- Mr. Kemp and his associates (Dr. Lawrence Hunter, Chief Economist of "Empower America" and Mr. Gregory Fossedal, Chairman of the de Tocqueville Institution and advisor to Mr. Kemp on Africa issues) will arrive in the Bank at 9:00 a.m.
- You will introduce them to the Africa team (Jean-Louis Sarbib, Praful Patel, Alan Gelb, Rene Bonnel, Sushma Ganguly) in Conference Room MC-11-401, and share the first 15 minutes of the meeting with them. Then, Jean-Louis will take over and deliver the rest of the briefing to them, as you proceed to your next engagement (9:30 at MC-11-127: Discussion of the Environmental Oversight Unit).

Marisela
6/26/97

SOUTH AFRICA

Meeting Brief

Meeting Participants

World Bank

Mr. James D. Wolfensohn
Mr. Jean-Louis Sarbib
Mr. Praful Patel
Mr. Alan Gelb
Mr. Rene Bonnel
Ms. Marisela Montoliu Munoz

Empower America

Mr. Jack Kemp
Dr. Lawrence Hunter

***Overview:** South Africa's political transformation has been achieved. The historic national elections of 1994 were followed by successful local government elections and the adoption of a new constitution in 1996. The success of the political transition has only added to the urgency of transforming the political miracle into tangible economic results. The new government moved quickly on the macro economic front and has succeeded in providing a stable macro environment. But, a formidable development agenda still remains as poverty, inequality and an insufficiently high growth continue to characterise the economic situation. The challenge is to build on the success of the macro economic policies with reforms which will accelerate productivity growth and deliver on the pent up demand for services, infrastructure and assets. Even as Government seeks to address these challenges, it is already having to manage its second political transformation: the transition from President Mandela to President Mbeki.*

South African Reactions to Summit of 8 Focus on Africa

- overwhelmingly positive reaction to US/G7 focus on Africa.
- "trade for aid" theme generally well-received.
- skepticism about whether increased trade access to G-7 markets will actually materialise.

Key Economic Issues

- Despite a recovery from the recession of 1991-93 to a real GDP growth rate of 3% in 1996, *unemployment remains stubbornly high* at about 32%.
- Past inequities in infrastructure and social services provision mean over half of the population lies below the *poverty line*.

Population:	41.5 million
GDP (1996, \$US):	126 billion
GNP per capita (1996, \$US):	3,100
GDP growth: 3.5% (1996);	2.4% (1997f)
Fiscal deficit: 5.1% (1996);	4% (1997f)
Inflation: 8.7% (1996);	9.5% (1997f)
Non-gold export growth:	12%
IBRD budget per year:	US\$3.5 million
IFC portfolio:	US\$45.9 million
MIGA guarantees:	US\$28 million
Amount of first IBRD loan:	US\$46 million

- A long-term *strategy for poverty reduction and economic growth* must feature labour-intensive industrialisation, increased foreign direct investment and growth in services such as tourism, in addition to delivery of services.
- But South Africa's *industrial sector* has hitherto been heavily protected; industrial labour is viewed by domestic and outside investors as militant, high cost and hard to manage; and high crime rates and some uncertainty about a post-Mandela South Africa may be *dampening foreign investment*.
- *Macroeconomic management is tricky* with many needs and constraints, low domestic saving rates (16.7% of GDP); balancing redress of past inequities with the dangers of high populist spending; opening up to the global economy while minimising job losses associated with increased competition; attracting foreign capital towards investment and development while minimising the policy management difficulties and risks associated with those flows.

Major Macroeconomic Targets and Achievements

- *Inflation* has steadily declined, falling to a 24 year low of 5.5% in April 1996. Despite the rand's depreciation in 1996, the authorities continue to have inflation under control - at 9.2% oya, November CPI was below expectations and it is unlikely to reach double digits in 1997.
- The *fiscal deficit* has declined in each year of the new Government and the 1997 *fiscal target* of 4.1% of GDP is likely to be met.
- *GDP growth* is targeted at 6% by 2000. This is feasible *but will be difficult to attain*. It will depend critically on: an *increase in the domestic savings rate* from the current level, *accelerated export growth*, *increased tourism receipts* and *higher foreign direct investment*.

Comments

Internal debate still persists over the course of economic policy. In 1996 the ANC often differed with its traditional alliance partners (labour unions and the South Africa Communist Party) on crucial issues such as privatisation, labour market flexibility and the role and scope of government spending. So far these differences have been finessed but the time is approaching for concrete steps and decisions, which will likely lead to more open confrontation.

Regional Challenge

- With South Africa contributing 80% of the sub-region's GDP of US\$ 150 billion, it is the largest and most prosperous market in sub-Saharan Africa.
- Under South Africa's leadership, regional infrastructure projects in transport, power, and water are increasing. In this context, the issue of regional economic integration is an important aspect of the economic debate with SADC countries.
- But issues remain of South Africa's openness in terms of trade with neighbouring countries, immigration policies, and potential domination of smaller countries.

Key Political Issues:

With the signing of the new constitution, South Africa has completed the transition to a full democratic state. But concerns about the political transition remain:

- *Who will succeed Mr. Mandela?* During the National Conference of the ANC in 1997, Thabo Mbeki, the current Deputy President, is expected to be nominated and endorsed as the ANC's candidate for the 1999 presidential elections.
- *Will the ANC split?* ANC is the dominant party, having captured 63% of the vote in the last elections and currently controlling seven of the nine provincial governments. Several factors have, however, weakened the unity of the ANC: (i) The competition for Mr. Mandela's position; (ii) the Government's inability to deliver on the promises of the RDP; and (iii) labour's opposition to Government's macro policies.

As long as Mr. Mandela continues to unify the party, a split is not expected. Many, however, feel that this may not be the case after 1999.

A leading member of the Nationalist Party, Roelf Meyer, who played a nationally acclaimed role in the constitutional reforms in RSA, and General Bantu Holimisa, a former ANC member with strong grass roots connection, have united in an attempt to form an opposition party that can appeal to a broader constituency.

- *Will the alliance with Labour and the Communist party survive?* Increasingly labour and the communist party have challenged the economic strategies of Government. Without the support of labour, in particular, Government may find it hard to implement its economic program. At risk, for example, is the pace and extent of privatisation.

Comment

These political tensions suggests that the implementation of the economic agenda will not be easy for the next President. This is well recognised within the ANC and in its recent retreat, the party has undertaken a serious self-evaluation. The ANC has committed itself to reinvest in its alliance with labour and go back to the grass-roots. The retreat revealed once again the strong sense of self-criticism and open debate that has characterised the ANC. Whether these will be sufficient to overcome political problems that the ANC faces in the implementation of its economic strategies, remains to be seen.

International Politics:

- As the ANC establishes itself domestically in the context of a democratic South Africa, it is being tested in the international arena. The key issue it faces is to define its role as a regional power.
- ANC does not wish to play too visible a role in regional politics fearing that it will confirm the suspicion of many that it is a "regional bully." At the same time, the ANC feels that it has a new vision to offer in international politics under the moral authority of Mr. Mandela. e.g. South-South partnerships (India and Malaysia) and a role of mediator (Zaire)

- ANC is keen to establish its autonomy in global politics and this includes showing loyalties to countries that supported the ANC during the apartheid era (e.g. Cuba and Syria).

South Africa and the World Bank

- The relationship has been path breaking - driven by the South Africa's demand, focused on accessing the Bank's knowledge of international development rather than money and based on widespread consultation. Good partnerships have been formed through technical assistance and co-operation on key policy issues (macro, poverty, land reform, water, urban, and fiscal).
- South Africa has been cautious about accessing IBRD finance. Incurring large foreign debt is an issue as is, on the part of some groups (labor, NGOs in particular), suspicion of the Bank. But, the relationship is shifting. One area of growing need- where the Bank could provide experience and assistance - is *implementation*, as government strives to meet needs for services. In this context, South Africa has accessed its first loan (Industrial Competitiveness and Job Creation Project, \$46 million) to improve the competitiveness of small and medium enterprises, especially in the export sector.
- To date, IFC has invested over \$46 million and MIGA has provided \$26 million of guarantees.

ZIMBABWE
Mr. Wolfensohn's Meeting with Mr. Jack Kemp
June 27, 1997

INITIAL REACTION TO US/G7 INITIATIVE

- ◇ Press reaction is favourable. Indications are that Zimbabwe would be interested in participating in US/G7 initiative.
- ◇ However, country seems to be unclear whether they would qualify.

BACKGROUND

- **High investment in education and health** have resulted in Zimbabwe being a "success story" as concerns health and education.
- **Asset redistribution** (land and firm ownership) is becoming a major factor in political debate. However, poverty is not as widespread (25%) as in many other African countries.
- **Economic growth has been slow**: per capita income declined in 1980-93. Main reason was focus on import-substitution strategy, which is inadequate for a country with a small domestic market like Zimbabwe. In recent years, private firms, particularly small and medium indigenous firms, have been crowded out due to high interest rates resulting from large government borrowing.

RECENT DEVELOPMENTS

- **After several years of reform, Zimbabwe is enjoying an economic revival.** Growth averaged 2% p.a. in 1990-95, but rose to 8% in 1996. Key factors:
 - ◇ Two good rainy seasons: agricultural output increased by 40% in 1996;
 - ◇ The economy is private-sector based; parastatals are not a key constraint on growth;
 - ◇ Export-based growth: 29% increase in exports (US\$) in 1994-96.
 - ◇ Credit worthiness is not an issue: the country has never recheduled its external debt.
- **The Government is now committed to tackling main remaining constraint to growth (large fiscal deficit)** and has formulated a well conceived strategy for the next stage of economic reform.

Economic Indicators

Population:	11 million (1995)
Population Growth:	2.4%
GDP (1996, US\$):	7,507 million
GNP per capita (1996, US\$):	610
GDP growth:	2% (1991-1995); 8.1% (1996)
Investment as % of GDP:	18% (1996)
Fiscal Deficit (% of GDP):	10.6% (FY1997)
Inflation(%):	23%(1995); 16%(1996)
Export Growth:	7%(1996); 12% (1997)

Social Indicators (1995)

Literacy rate:	85%
Gross primary enrollment:	119%
Gross secondary enrollment	45%
Infant mortality rate:	55%
Access to health services	82%
Life expectancy at birth (years):	58

Zimbabwe's Trade

Zimbabwe's trade balance is positive. Exports (US\$2.5 billion) consist of agricultural products (58%) (mineral products (31%) and manufactured products (33%). Imports amount to US\$2.2 billion.

Main exports are tobacco, cotton lint, gold, mineral products (nickel, platinum), ferro-alloys, and other manufactured products. Success story includes horticulture exports. Exports and imports to the US are about US\$100 million

Direction of Trade: Most dynamic market is South African countries. Exports to African countries increased by 64% in US\$ in 1994-96. They are now nearly equal (US\$1 billion) to exports to industrialized countries (US\$1.1 billion).

- ◇ An IMF/Bank mission has just reached understanding on the FY98 budget to be announced in July, which can provide the basis for negotiating a new IMF program.
- ◇ The Government is moving ahead with privatization. The creation of a Privatization Agency is expected to be announced soon. The offer of Dairy Board to the general public in June 1997 signals that the Government is moving ahead with the much delayed implementation of its privatization program.

MESSAGES:

1. Zimbabwe has the potential to become one of the leading countries in Africa

- ◇ Assets include: well educated labor force; good infrastructure, developed financial sector; a relatively large industrial sector (39.8% of GDP); and developed legal system.
- ◇ Within SADC, South Africa and Zimbabwe could become a strong center of economic development.

2. Macroeconomic stability is the key for sustained growth

- ◇ Agreement on a macroeconomic program would enable increased flow of low cost donor and Bank resources that could be swapped for more expensive domestic debt, and thereby help reduce public debt service (currently one third of public revenues).
- ◇ This would also reassure investors, and permit interest rates and inflation to decline.

3. Trade: needs to become more "export-oriented"

- ◇ Further restructuring in tariff rates are needed for sound economic development. (The tariff structure was revised in March 1997, but rates still range from 0% to 85%).
- ◇ Zimbabwe is a participant in the Cross Border Initiative and it signed the SADC agreement providing for free trade within eight years. A timetable for further tariff reform is to be introduced by December 1997.

4. Foreign investment is essential for Zimbabwe.

- ◇ Strong government interest: Government does not have the needed resources to finance the needed investment in infrastructure.
- ◇ Two main areas: Infrastructure (power, telecommunications, railroads); and export-oriented investment (mining, agro-industries, manufacturing).
- ◇ Potential: Foreign investment has been small (US\$30-50 million per year) but is increasing (applications have reached US\$1 billion).
- ◇ Issues: Foreign investment has been adversely affected by indigenisation issues (e.g. Union Carbide) and perceived lack of transparency in privatization. However, Government's objective of expanding indigenous ownership of firms is now being achieved through with National Investment Trust (Malaysian model).

5. Bank/IDA support for Zimbabwe could be increased

- ◇ The World Bank could provide up to US\$100 million from IDA, US\$40 million from IBRD, as well as guarantees for private sector investment.
- ◇ Increased absorption of foreign exchange inflows: issue is to avoid appreciation of the real exchange rate, which would be harmful to exporters and long-term growth. This could be achieved through a combination of tariff reduction and exchange rate depreciation.
- ◇ Increased exports would be facilitated by easier access to foreign markets.

Zimbabwe

The import substitution strategy imposed by sanctions during the Unilateral Declaration of Independence period—1965 to 1980—resulted in Zimbabwe having a relatively diversified economy at independence in 1980. The manufacturing sector was the most developed in Sub-Saharan Africa, providing more than 25 percent of GDP. In the early 1980s mining, manufacturing, and agriculture each accounted for over 20 percent of export earnings. However, land and other increase productive assets were heavily concentrated in the hands of the white minority, less than 2 percent of the population. The indigenous majority had gained political power but little participation in the formal economy.

To improve equity following independence, Zimbabwe gave priority to human resource investments and support for smallholder agriculture. As a direct consequence of these initiatives, smallholder agriculture expanded rapidly during the first half of the 1980s and social indicators improved quickly. By 1990 life expectancy was 64 years and Zimbabwe had a lower infant mortality rate, and higher adult literacy and school enrollment rates than the average for developing countries.

However, overall economic growth remained below population growth. GDP per capita steadily declined and an increasingly large number of school graduates could not find formal employment. The scope for further growth and employment expansion through import substituting manufacturing diminished over time and fiscal constraints forced a reduction in support to small farmers in the late 1980s. In an effort to attain a higher growth path and expand employment within a fiscally sustainable framework, Zimbabwe embarked upon a program of structural adjustment in 1991 supported by the World Bank and IMF.

Recent Economic Developments

Since 1991 the array of structural reforms introduced by Zimbabwe to increase the role of markets has been impressive. However, public enterprise reform has been slower than anticipated and the fiscal deficits have remained large. The resulting large public sector borrowing and the severe droughts in 1992 and 1995 have

prevented the anticipated supply response to structural adjustment from materializing. On average, GDP per capita fell by about 2 percent a year from 1991 to 1995.

Public sector borrowing of over 10 of GDP a year since 1991 has resulted in high real interest rates and a rapid rise in public debt. Interest payments rose to 22 percent of government expenditure in fiscal 1995 and now severely constrain discretionary expenditure. Non-interest expenditure fell from 38 percent of GDP in fiscal 1991 to 28 percent in fiscal 1995. As a result, the ratio of central government expenditure on education and health to GDP has been compressed, though its share of discretionary expenditures has increased.

Inflation rose from below 20 percent in 1990 to 42 percent in 1992 as a result of drought-induced shortages of agricultural materials, relaxed monetary policy, the removal of price controls, major increases in the price of parastatal outputs such as power, and exchange rate depreciation. Relatively tight monetary policy and good agricultural recovery reduced inflation to below 20 percent by the end of 1993, but it crept back above 20 percent in 1994 and 1995. The real exchange rate fell by about 30 percent in 1991, increased by about 20 percent in 1992, and has remained relatively stable since then.

Outward-oriented sectors such as horticulture, mining, and tourism have responded well to the new policy environment by attracting new investment and achieving vigorous growth. In 1995 Zimbabwe received more than 1 million tourists who generated approximately \$250 million in foreign exchange earnings. Buoyant tobacco exports, and favorable international commodity prices have resulted in a substantial increase in foreign exchange reserves to about five months of imports. The balance of payments position is expected to strengthen further in 1996 and 1997 as a result of the good rainy season in 1996 and the commencement of platinum exports that are projected to add upward of \$200 million to annual export earnings. Preliminary projections suggest that the economy will grow by about 7 percent in 1996.

Social Indicators

Zimbabwe's achievements in the social sectors are impressive, in spite of low economic growth, drought,

fiscal constraints on the provision of social services since 1991, and the rising incidence of AIDS. Food relief and supplementary feeding programs have prevented a rise in malnutrition. School enrollment rates have been maintained, and infant mortality is still only about 50 per 1,000. However, this is bound to rise over the next few years, as over 5 percent of babies born are now HIV positive at birth. The progress achieved in human resource development since independence is now under pressure because of fiscal constraints, the need to spread limited social sector resources among an ever widening array of high level health and education options, and the spread of AIDS. Real per capita spending on health and education has declined since 1991.

About 25 percent of the people in Zimbabwe were poor in fiscal 1991, and 7 percent were very poor, with insufficient purchasing power to secure access to an adequate basic food basket. The average rate of poverty for Sub-Saharan Africa as a whole is 47 percent. The overwhelming majority of Zimbabwe's poor live in semi-arid communal and resettlement areas, and there has been virtually no growth in these areas since the mid-1980s. Production in these areas is now threatened by the environmental fragility of the natural resource base and the unsustainability of existing farming practices. Hence, improved access to better quality land for small-scale farmers and changes to farming systems to avoid further environmental degradation are pressing issues. The highly unequal distribution of agricultural land and a poorly functioning land market reduce the efficiency of land use and labor demand in rural areas. Unequal access to water and subsidies for water on large farms exacerbate inequality and contribute to the ineffectiveness of the land market.

In the longer term, sustained poverty reduction depends very heavily on expanding non-farm employment. Formal sector employment has only increased 1.5 percent a year since independence, so the majority of new entrants to the work force have had to seek income earning opportunities in small-scale farming and informal sector activities. Though the structural adjustment program was in large part motivated by a desire to generate additional employment opportunities, this has yet to be realized because of the limited supply response.

External Environment

Zimbabwe's economy continues to be vulnerable to external shocks from weather and world prices for export commodities. Low and erratic rainfall has severe adverse effects on overall economic performance and food security. To address the food security issue in the short to medium term, an early warning system is in operation in collaboration with the other members of the Southern Africa Development Community, and Zimbabwe is holding a strategic grain reserve. A long-term solution depends on the development and promotion of more drought resistant crops, improvements in water resource management, and further diversification of agriculture.

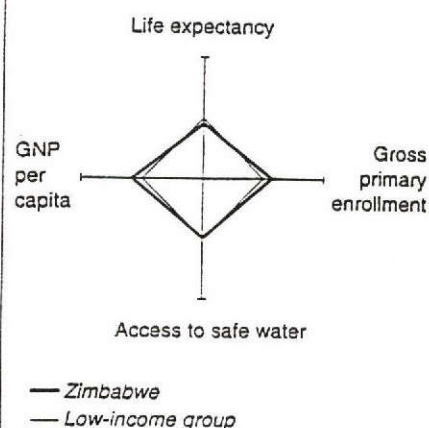
Though exports are more diversified than in many other countries in Africa, a few primary products still comprise large shares of total exports; tobacco and gold each constitute about 15 to 20 percent. Three encouraging recent developments have been development of platinum mining, an increase in tourism, and continued expansion of horticulture exports.

Zimbabwe at a glance

POVERTY and SOCIAL

	Zimbabwe	Sub-Saharan Africa	Low-income
Population mid-1995 (<i>millions</i>)	11.0	589	3,188
GNP per capita 1995 (<i>US\$</i>)	540	490	460
GNP 1995 (<i>billions US\$</i>)	5.9	289	1,466
Average annual growth, 1990-95			
Population (%)	2.4	2.8	1.8
Labor force (%)	2.4	2.8	1.9
Most recent estimate (latest year available since 1989)			
Poverty: headcount index (% of population)	26	..	..
Urban population (% of total population)	32	31	29
Life expectancy at birth (<i>years</i>)	57	52	63
Infant mortality (<i>per 1,000 live births</i>)	55	92	58
Child malnutrition (% of children under 5)	16	..	38
Access to safe water (% of population)	74	47	75
Illiteracy (% of population age 15+)	15	43	34
Gross primary enrollment (% of school-age population)	119	71	105
Male	123	77	112
Female	114	64	98

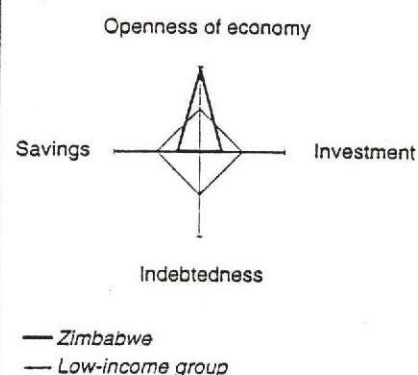
Development diamond*



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1994	1995
GDP (<i>billions US\$</i>)	3.5	4.5	5.8	6.3
Gross domestic investment/GDP	26.3	17.2	18.4	15.5
Exports of goods and non-factor services/GDP	29.5	31.2	39.8	39.0
Gross domestic savings/GDP	25.1	21.3	18.3	16.5
Gross national savings/GDP	20.4	21.3	14.0	12.6
Current account balance/GDP	-6.7	-3.4	-4.5	-3.0
Interest payments/GDP	0.1	2.8	3.3	3.3
Total debt/GDP	5.3	53.4	75.4	72.8
Total debt service/exports	0.7	32.7	..	..
Present value of debt/GDP	..	..	60.3	..
Present value of debt/exports	..	..	..	..
(average annual growth)				
GDP	3.4	2.5	5.2	-1.1
GNP per capita	0.0	-0.8	-0.2	-3.5
Exports of goods and non-factor services	1.9	4.8	15.3	5.0

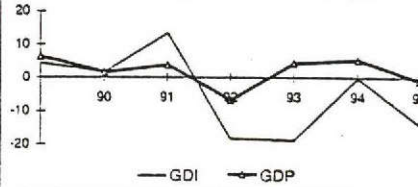
Economic ratios*



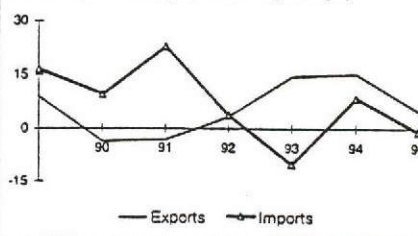
STRUCTURE of the ECONOMY

	1975	1985	1994	1995
(% of GDP)				
Agriculture	17.0	20.2	16.3	16.3
Industry	38.0	30.2	35.4	35.4
Manufacturing	23.5	22.9	26.4	26.4
Services	45.1	49.5	48.3	48.3
Private consumption	62.1	50.1	63.0	65.1
General government consumption	12.8	28.6	18.6	18.5
Imports of goods and non-factor services	30.7	27.1	39.9	38.0
(average annual growth)				
Agriculture	0.2	3.2	3.0	-12.0
Industry	-0.2	2.7	9.9	0.9
Manufacturing	3.1	2.4	10.0	-2.0
Services	5.5	2.5	3.1	1.7
Private consumption	3.8	4.4	-1.1	-1.4
General government consumption	13.2	0.2	3.6	0.8
Gross domestic investment	0.2	-1.5	-0.4	-14.0
Imports of goods and non-factor services	5.6	4.2	8.5	-0.9
Gross national product	3.1	2.0	4.2	-0.8

Growth rates of output and investment (%)



Growth rates of exports and imports (%)

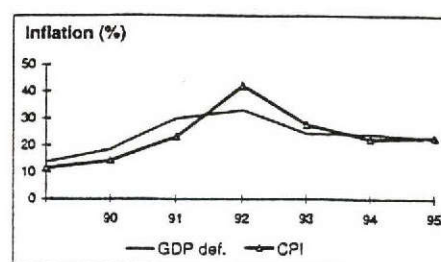


Note: 1995 data are preliminary estimates. Figures in *italics* are for years other than those specified.

* The diamonds show four key indicators in the country (in *bold*) compared with its income-group average. If data are missing, the diamond will be incomplete.

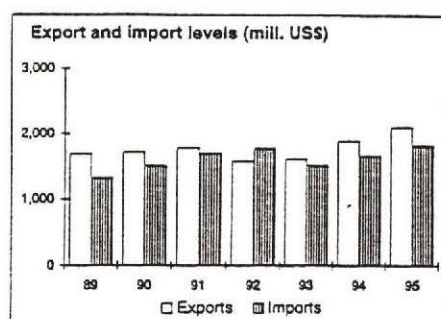
PRICES and GOVERNMENT FINANCE

	1975	1985	1994	1995
Domestic prices				
(% change)				
Consumer prices	10.0	14.2	22.3	23.0
Implicit GDP deflator	9.5	7.3	24.2	22.6
Government finance				
(% of GDP)				
Current revenue	..	33.0	29.2	29.1
Current budget balance	..	-5.8	-3.3	-5.0
Overall surplus/deficit	..	-8.9	-11.2	-12.1



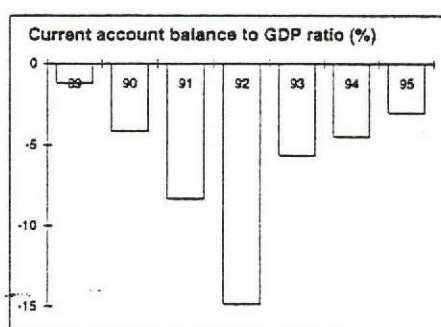
TRADE

(millions US\$)	1975	1985	1994	1995
Total exports (fob)	..	..	1,891	2,104
Tobacco	..	..	425	490
Gold	..	..	252	271
Manufactures	..	..	682	727
Total imports (cif)	..	..	1,665	1,824
Food	..	..	50	51
Fuel and energy	..	..	201	217
Capital goods	..	..	608	725
Export price index (1987=100)	..	..	88	97
Import price index (1987=100)	..	..	108	118
Terms of trade (1987=100)	..	..	81	82



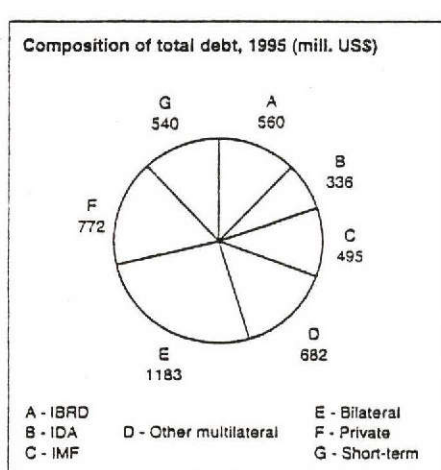
BALANCE of PAYMENTS

(millions US\$)	1975	1985	1994	1995
Exports of goods and non-factor services	1,002	1,229	2,305	2,555
Imports of goods and non-factor services	1,088	1,211	2,311	2,490
Resource balance	-86	18	-6	65
Net factor income	-63	-126	-309	-333
Net current transfers	-84	-45	56	79
Current account balance, before official transfers	-233	-153	-259	-189
Financing items (net)	225	253	421	261
Changes in net reserves	8	-100	-162	-72
Memo:				
Reserves including gold (mill. US\$)	129	345	492	672
Conversion rate (local/US\$)	0.6	1.6	8.1	8.7



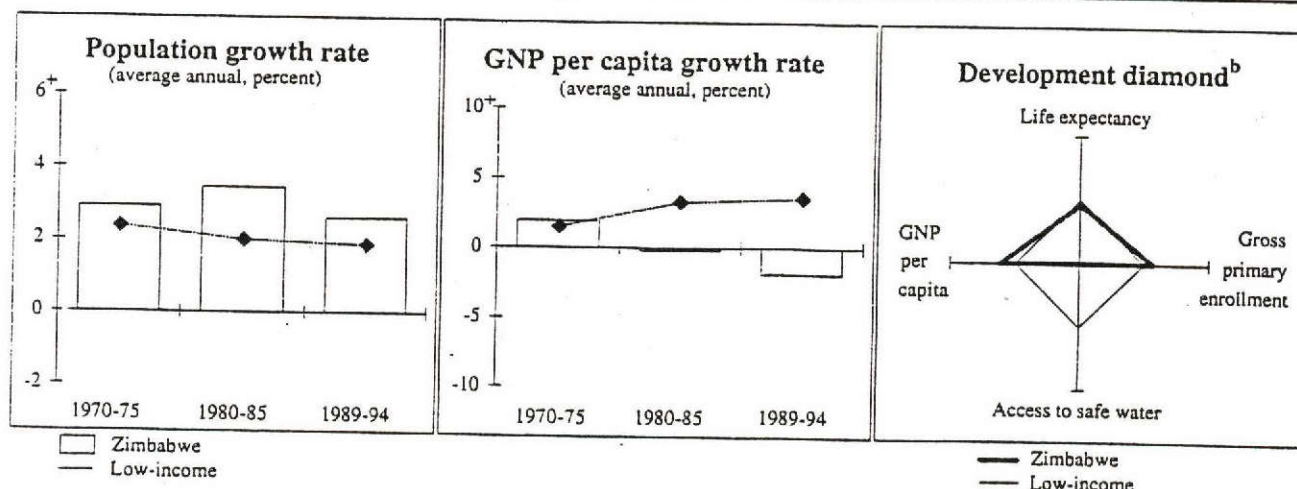
EXTERNAL DEBT and RESOURCE FLOWS

(millions US\$)	1975	1985	1994	1995
Total debt outstanding and disbursed	187	2,415	4,368	4,568
IBRD	19	205	556	560
IDA	0	30	313	336
Total debt service	8	422	608	689
IBRD	5	16	84	94
IDA	0	0	3	3
Composition of net resource flows				
Official grants	0	114	264	220
Official creditors	-6	115	146	117
Private creditors	0	-68	-155	-130
Foreign direct investment	0	3	35	40
Portfolio equity	0	0	50	50
World Bank program				
Commitments	0	10	90	0
Disbursements	0	46	135	47
Principal repayments	5	0	42	48
Net flows	-5	46	93	-1
Interest payments	1	17	46	48
Net transfers	-5	29	47	-49



Zimbabwe

Indicator	Unit of measure	Latest single year		Most recent estimate 1989-94	Same region/income group Sub-		Next higher income group
		1970-75	1980-85		Saharan Africa	Low-income	
Priority Poverty Indicators							
POVERTY							
Upper poverty line	local curr.	..	..	400	..	..	..
Headcount index	% of pop.	..	..	26	..	..	..
Lower poverty line	local curr.	..	..	242	..	..	..
Headcount index	% of pop.	..	..	8	..	..	..
GNP per capita	US\$	590	620	490	500	390	1,670
SHORT TERM INCOME INDICATORS							
Unskilled urban wages	local curr.	..	..	..	..	..	..
Unskilled rural wages	"	..	..	..	..	..	..
Rural terms of trade	"	..	..	..	..	..	..
Consumer price index	1987=100	24	78	389	..	..	..
Lower income	"	..	78	177	..	..	..
Food ^a	"	..	..	..	..	..	..
Urban	"	..	..	..	..	..	..
Rural	"	..	77	184	..	..	..
SOCIAL INDICATORS							
Public expenditure on basic social services	% of GDP	..	..	..	..	..	..
Gross enrollment ratios							
Primary	% school age pop.	73	135	119	71	105	104
Male	"	79	140	123	77	112	105
Female	"	67	131	114	64	98	101
Mortality							
Infant mortality	per thou. live births	93	80	54	92	58	36
Under 5 mortality	"	..	..	81	161	101	47
Immunization							
Measles	% age group	..	78.0	87.0	51.4	86.2	77.4
DPT	"	..	72.0	89.0	53.5	89.1	82.0
Child malnutrition (under-5)	"	..	14.0	15.5	..	38.2	..
Life expectancy							
Total	years	52	56	58	52	63	67
Female advantage	"	3.5	3.6	2.5	3.5	2.4	6.4
Total fertility rate	births per woman	7.5	6.6	4.0	5.9	3.3	2.7
Maternal mortality rate	per 100,000 live births	..	145	80	..	..	..
Supplementary Poverty Indicators							
Expenditures on social security	% of total gov't exp.	..	4.4	3.8	..	..	..
Social security coverage	% econ. active pop.	..	..	..	..	..	..
Access to safe water: total	% of pop.	..	31.4	..	..	..	..
Urban	"	..	100.0	..	..	..	..
Rural	"	..	10.0	..	..	..	..
Access to health care	"	..	71.0	..	..	..	..



a. See the technical notes, p.387. b. The development diamond, based on four key indicators, shows the average level of development in the country compared with its income group. See the introduction.

Zimbabwe

Indicator	Unit of measure	Latest single year		Most recent estimate	Same region/income group		Next higher income group
		1970-75	1980-85	1989-94	Sub-Saharan Africa	Low-income	
Resources and Expenditures							
HUMAN RESOURCES							
Population (mre=1994)	thousands	6,065	8,319	10,778	571,902	3,182,221	1,096,881
Age dependency ratio	ratio	1.07	0.96	0.85	0.94	0.66	0.63
Urban	% of pop.	19.6	25.2	31.4	30.6	28.3	55.9
Population growth rate	annual %	2.8	3.4	2.3	2.8	1.7	1.3
Urban	"	5.6	5.8	4.6	4.9	3.2	2.7
Labor force	thousands	2,762	3,832	5,051	254,250	1,590,533	488,647
Agriculture	% of labor force	75	70	68	65	67	36
Industry	"	12	10	8	9	14	26
Female	"	44	44	44	41	39	40
Labor participation rates							
Total	% of pop.	46	46	47	44	50	45
Female	"	20	20	21	37	41	36
NATURAL RESOURCES							
Area	thou. sq. km	390.76	390.76	390.76	24,273.83	40,391.42	40,594.43
Density	pop. per sq. km	15.52	21.29	26.96	22.90	77.44	26.66
Agricultural land	% of land area	19.18	19.82	19.99	50.61	52.42	41.05
Change in agricultural land	annual %	0.00	0.03	0.03	0.01	0.16	-1.38
Agricultural land under irrigation	%	0.94	1.96	2.50	0.86	17.84	11.40
Forests and woodland	thou. sq. km	..	95.06	88.97	5,323.14	7,632.00	5,969.25
Deforestation (net)	% change. 1980-90	..	..	0.66	..	..	..
INCOME							
Household income							
Share of top 20% of households	% of income	..	..	62	..	..	..
Share of bottom 40% of households	"	..	..	10	..	..	..
Share of bottom 20% of households	"	..	..	4	..	..	..
EXPENDITURE							
Food	% of GDP	..	25.6	..	..	..	..
Staples	"	..	5.8	..	..	..	..
Meat, fish, milk, cheese, eggs	"	..	12.0	..	..	..	..
Cereal imports	thou. metric tonnes	57	153	538	14,051	36,922	68,936
Food aid in cereals	"	..	131	900	5,079	8,516	5,771
Food production per capita	1987 = 100	147	133	84	102	115	102
Fertilizer consumption	kg/ha	19.8	22.2	20.6	5.3	58.5	46.3
Share of agriculture in GDP	% of GDP	16.2	18.0	13.4	19.5	27.6	14.0
Housing	% of GDP	..	8.0	..	..	..	..
Average household size	persons per household	..	..	..	..	..	..
Urban	"	..	..	..	..	..	..
Fixed investment: housing	% of GDP	..	0.8	..	..	..	..
Fuel and power	% of GDP	..	3.2	..	..	..	..
Energy consumption per capita	kg of oil equiv.	441	391	432	251	373	1,602
Households with electricity							
Urban	% of households	..	..	..	..	..	..
Rural	"	..	..	..	..	..	..
Transport and communication	% of GDP	..	3.9	..	..	..	..
Fixed investment: transport equipment	"	..	2.0	..	..	..	..
Total road length	thou. km	81	78	91	..	..	..
INVESTMENT IN HUMAN CAPITAL							
Health							
Population per physician	persons	6,300	5,942	..	..	..	3,064
Population per nurse	"	645	990	..	..	..	..
Population per hospital bed	"	300	693	1,959	1,316	1,034	592
Oral rehydration therapy (under-5)	% of cases	..	..	77	37	38	..
Education							
Gross enrollment ratios							
Secondary	% of school age pop.	9	41	45	24	48	63
Female	"	7	33	40	23	42	62
Pupil-teacher ratio: primary	pupils per teacher	41	40	38	40	39	..
Pupil-teacher ratio: secondary	"	18	28	30	..	20	..
Pupils reaching grade 4	% of cohort	80	85	77	..	..	..
Repeater rate: primary	% of total enroll	..	1	..	..	..	..
Illiteracy	% of pop. (age 15+)	..	38	15	53	35	..
Female	% of fem. (age 15+)	..	45	20	54	46	..
Newspaper circulation	per thou. pop.	19	24	19	12	..	236

World Bank International Economics Department, April 1996

U.S./G7 Africa Initiative

Summary

- Initiative would support African countries willing to deepen reforms and integrate into the world economy. G7 would review their programs to offer increased market access, support increased private investment flows, work with African countries to ensure well-targeted assistance to countries with the greatest need and which carry out necessary reforms. .
- Bank is fully supportive of the Initiative. Its thrust is consistent with the direction of policy reforms we encourage, in Africa and elsewhere. Recent news from Africa has been encouraging, with income/head rising over the last three years. But deepening reform is essential. Without raising efficiency and sustaining growth at over 6 percent, Africa cannot hope to make a major dent in poverty. Evidence from Africa shows that, as elsewhere, sound economic policies are reflected in better performance.
- Bank and Fund urge G7 to improve market access for poor countries; phase out the subsidization of agricultural exports which compete with their production; provide temporary and targeted financial assistance; and help reduce riskiness of private investment.
- We also agree that a narrow “trade” focus should be avoided; “aid for trade and investment” not “trade in place of aid”. Foreign assistance will need to play a key role in facilitating reforms and supporting basic services including education and health, which are vital for both poverty alleviation and long-term growth.
- The G-7 Communique recognises the important role of the IFIs in supporting reform in SSA. Bank/Fund program are central both to supply complementary resources and encourage reform. The IFIs can offer increased access to ESAF and IDA policy-based lending, maximum debt relief under HIPC initiative and support to African capacity-building to strengthen economic management. In addition, improved management will facilitate the absorption of resources provided for education, health and essential infrastructure.
- The Initiative has already brought welcome attention to positive aspects of African development and heightened commercial interest. This is essential if the improved economic performance and management of the last three years is to be sustained.

- But it is essential that Africans lead the process and truly own any new initiatives. There are encouraging signs of a new emerging leadership, ready to take responsibility for economic management.
- The G7 Denver meeting is therefore a useful step in a process that will lead to an Africa-led strategic initiative, supported by all partners and stakeholders. In the follow-up to Denver, the Bank is willing to help this emerge by playing a central facilitating role.

I. Description

- Africa was on the agenda of G7 (June 20 and 21, Denver, Colorado).
- Initiative notes recent progress in Africa on economic and political fronts. It would support African countries which would be willing to commit to comprehensive reform efforts, including improved trade regimes and environments for private sector activity, effective public expenditure programs including human resource development, and good governance. .
- G7 undertakes to increase market access, encourage investment flows and work with African countries to ensure adequate and well-targeted assistance to those with the greatest need and which are also undertaking essential reforms. .
- Bank/Fund program are seen as central both to supply competing resources and encourage reform.

II. Key messages

- Bank is fully supportive. The Initiative has already brought welcome attention to positive aspects of African development and heightened commercial interest.
- But Africans need to lead the process and truly own any new initiatives.
- A narrow "trade" focus should be avoided; "aid for trade and investment" not "trade in place of aid"
- G7 Denver meeting can be the starting point for a process that will lead to an Africa-led strategic initiative, supported by all partners and stakeholders.

III. Next Steps

- At Addis Economic Commission for Africa (ECA) meetings AFRVPs informally contacted a group of African economists to provide intellectual leadership to Africa initiative.
- Following G7 meeting, Bank will need to work with African clients to help further develop the general recommendations towards concrete actions.

IV. Issues Likely to be Raised and Suggested Responses

- Should Bank support a G7 initiative that could cause trade diversion from other members? Partnerships should be made available to all developing countries.
- Is the proposal compatible with sub-regional trading arrangements in Africa? Unilateral reforms by a subset of African countries could conflict with sub-regional trading arrangements.
- Is a proposal involving selective trade policy concessions acceptable under WTO trading rules? Are likely to be objections, but WTO rules are likely flexible enough to argue consistency of such arrangements.
- Will potential African partners participate? Risks should be mitigated by up-front consultation with African governments and effective followup.
- Could initiative dilute support for other initiatives (HIPC)? Possibly. But the project must be seen in perspective and total grant components must be taken into account.

V. Background.

- The Initiative builds on the New Partnership for Development initiated in Lyon. It also follows increasing domestic bi-partisan momentum in the US to support Africa with a 1990s "Marshall plan". There are at present two initiatives:
 - Congressmen McDermott, Rangel and Crane have introduced The End of Dependency Act to that effect. Main US "offer" is to open up its currently highly protectionist, quota-regulated textile market, and allow increased imports, aiming towards a free trade area between the US and at least some African countries by 2020. Bank staff provided background analysis to assess US job loss effect of textile import liberalization. Effect was deemed negligible, but degree of opening in this area uncertain.
 - US Administration Partnership for Economic Growth and Opportunity in Africa. (Treasury Dept. Sec. Lawrence Summers. April 29, 1997), outline of proposal presented May 27 to African Development Bank. Main elements: 1) expanded access to US markets, 2) support for FDI through OPIC funds of \$150 million for equity and \$500 million for infrastructure, 3) sharpening focus of existing programs to support trade and investment, 4) additional TA, 5) targeted commodity assistance to reformers, 6) support for HIPC and also calls for extinction of bilateral concessional debts owed by reformers, 7) high-level dialog with African counterparts including annual ministerial-level meetings. IFI involvement is seen as essential for such a program.

- US Treasury requested and obtained a think-piece from Jeffrey Sachs (Harvard Institute for International Development). On behalf of G-7, US Sec. Treasury, Robert Rubin, requested Bank inputs regarding how Bank and IMF could contribute. Joint response/strategy note sent to Rubin from JDW and MC.
- Joint IMF/BANK strategy note: "Towards Sustainable Growth in Africa: A Note Prepared by the World Bank and the International Monetary Fund":
 - Fund and Bank have welcome these initiatives, but stressed African leadership and ownership. Basic elements of an initiative involving Fund and Bank to include: speed up liberalization; increase private sector role; redefine government role.
 - Fund and Bank offered increased access to ESAF and IDA policy-based lending; maximum debt relief under HIPC; support to African capacity-building in macroeconomic policy and management.
 - Fund and Bank urged US and G7 to improve market access; phase out the subsidization of agricultural exports; provide temporary and targeted financial assistance; and help reduce riskiness of private investment.
- Germany, France and Japan are also preparing new Africa initiatives. Prospective renegotiation of the Lome Convention offers the prospect of a reappraisal of the Ecs policies on aid and trade.

VI. Special Issues (to know, not to raise)

- Some G7 members have been irritated because they see the US as trying to move debate away from its low aid levels.
- Some are also skeptical and suspect that the thrust is backed by US business interests. In general, the stance of the Europeans appears to have been skeptical.

**Jack Kemp's Article in The Journal Of Commerce:
"Africa's Promising Change"**

Jack Kemp's article (June 26, 1997) echoes many of the Bank's views regarding recent improvements in Africa's economic and political situation.

- Economic policy has improved, (lower inflation and a start to privatization) and fatalism over Africa's economic prospects is not justified. Interest in Africa is increasing from private investors.
- Returns to foreign investment in Africa are high, and many African leaders welcome the thrust towards trade and investment promoted by the US.

Kemp also criticises IMF-led "austerity policies", many of which are co-financed by the Bank. However, a sound macroeconomic stance is an essential ingredient for the improved economic performance he endorses, and African countries have had to correct major macroeconomic imbalances, many of which have owed a great deal to poor policies.

- Macro balances have indeed improved a great deal recently. As macroeconomic equilibrium is secured, the agenda can, and must, shift to the pro-growth agenda advocated by Kemp. Foreign assistance should be targeted towards successfully reforming countries.

This item appeared on page 7A of the June 26, 1997 issue of

The Journal of Commerce

Africa's promising changes

BY JACK KEMP
& DONALD M. PAYNE

For many Americans, the legacy of a \$13 billion debt left by former President Mobutu in Zaire, now Congo, represents yet another African country wrecked by a corrupt dictatorship. Writing the continent off so easily would be a mistake.

Africa certainly has its share of problems. From 1972 to 1997, per capita gross domestic product for the continent actually declined slightly.

Yet, there's nothing intrinsic to Zaire, or any other country in Africa, to suggest they can't enjoy prosperity if they are allowed to adopt sound economic policies. Not long ago, the same things one hears about Africa were said about Latin America. Today, most of Latin America is at peace, people enjoy the rights of self-government and the economies of Chile, Brazil, Argentina and other parts of the continent experience brisk economic growth.

Africa doesn't yet approach the transformation achieved in Central and South America. But at least half a dozen countries have adopted liberal economic policies, democratic political reforms, or both. If Laurent Kabila and his economic adviser, Penn State-educated Mawapanga Namba, are looking for budding prosperity zones to emulate, they need only to look a short distance to such countries as Botswana, Uganda and Kenya.

From 1988 through 1994, at least seven African countries achieved asset privatizations exceeding 5% of industrial output per year — Tanzania, Mozambique, Uganda, Togo, Benin, Zimbabwe and Ghana. No Latin or Asian country matched this pace through the 1980s. Ghana's sell-off of the Ashanti gold fields topped 3% of GDP in one year alone, and set a new standard for African privatization.

Between 1990 and 1995, the pace of privatization offerings in sub-Saharan Africa doubled. In 1997, it's expected that there

will be 800 significant offerings in 17 countries.

Africa lived most of the 1960s, '70s and '80s under tax codes designed with very little concern for domestic development — in some cases, aimed at low-wage, commodity-based production. In 1991, the average top tax rate in Africa exceeded 50%.

In recent years, though, the country-average highest rate of taxation in Africa has declined nearly 8%. The rate of taxation at a per capita average income is down 7%.

African capitalism is becoming significantly more democratic.

African capitalism is also becoming significantly more democratic. Recently, the Alexis de Tocqueville Institution adapted the Freedom House annual freedom rankings into a 100-point scale. On that scale, the average African country stood at just 16 points in 1985. It improved to an average of 31 by 1995, and is getting close to 40.

Most important is the improvement in some of Africa's investable debt and equities markets, including South Africa (21 to 64), Ghana (7 to 36) and Madagascar (21 to 57). These improvements are on a par with those of Latin America and Asia, and comparable to the improvement in Eastern Europe — all areas that have enjoyed significant bull markets in debt and equities in recent years.

Africa has some solid assets in the competition for capital, and not just its natural and human resources. One is a steady monetary policy: From 1970 to 1990, Africa's continental inflation rate was virtually indistinguishable from that of Asia, and a fraction of the level of annual price increases in Latin America.

A 1994 history of sovereign debt defaults by Salomon Brothers shows Africa's record

is no worse than that of other developing regions, despite higher rates of interest. Hence, it offers a greater level of return for a given level of risk. African profit margins by major Western corporations are running at close to 25%.

African leaders aren't, for the most part, asking for more official development assistance, or even for special consideration on debt. They don't need more International Monetary Fund austerity policies which promote devaluations of the currency and high tax rates. The IMF's record of failure in Africa is monumental. By now, the United States should know better than to rely on the well-intended but poisonous policy mix coming from the IMF and other international creditors.

They'd like expanded trade as well as aid from the West, and there are moves in that direction in the U.S. Congress. A coalition including Republicans Phil Crane and Bill McCollum and Democrat Charles Rangel now back a bill for U.S.-Africa trade liberalization.

Many African leaders also wouldn't mind if the IMF and other members of what George Soros calls "the debt collective" took a more pro-growth stance regarding tax and spending policies. Some propose a special facility to help African countries reduce their bloated military budgets. The United States is helping to slash military spending by the creation of the African Crisis Response Force.

Many African leaders would welcome if investors simply took notice of the high rates of return in their countries. And of the policy changes that are making Africa a place to invest — not just for minerals but for people, and not for sentiment, but profit.

Jack Kemp was the Republican nominee for vice president in 1996 and co-chairs the Alexis de Tocqueville Institution. Rep. Donald M. Payne, D-N.J., is chairman of the Congressional Black Caucus international relations task force.

☐	IMF
☐	UN
☐	MDB/Other IO
☐	NGO
☐	Private Sector

☐	Part I
☐	Part II
☐	Other

E. COMMENTS:

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