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Recent Economic Performance of Developing Countries

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Some (mainly Asian) developing countries prospered in the 1980s. Many (typically in Sub-Saharan Africa) regressed. The highly indebted countries stagnated. Perhaps a new Marshall Plan is needed to replace the tired marginalist approaches that are yielding such poor results.

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The GDP growth rate in the developing countries averaged 4.1 percent between 1980 and 1988. Many dynamic countries — chiefly in Asia — did exceedingly well during this period, but many others — typically in Sub-Saharan Africa — regressed. In general, the highly indebted countries have stagnated.

Domestic policies that appear to be critical to successful performance are investment rate, stability of incentives, and real effective exchange rates. Key external factors include buoyancy of the world economy, terms of trade, and a country's ability to adjust its export profile to take advantage of buoyant OECD market opportunities.

Highly indebted countries have generally been unable to achieve the critical investment level because they need to generate an export surplus to service their debt and are unable to provide a climate conducive to increased domestic savings — two problems compounded by political expediency in democratic regimes. Sub-Saharan countries seem to be mired in a poverty trap, with low investment levels and generally inappropriate exports.

If the prospects for the most deprived and highly indebted countries are to be improved, they will need to channel significant real flows into investments. This could be done through a combination of new external debt initiatives and growth-inducing domestic policies. Appropriate domestic policies are essential so that external inflows are not negated by higher consumption levels.

Perhaps it is time to reassess the Marshall Plan that reinvigorated the depleted post-war Europe or the more recent EEC institutional umbrella that provided stability for the economies in Italy, Spain, Greece, and Portugal. The Marshall Plan provided needed resources in a relatively short period, and since the aid did not carry an interest burden the authorities were not preoccupied with financial engineering. Quantum changes of some sort are needed to replace the tired marginalist approaches that are yielding such indifferent results in many developing countries.

This paper is a product of the International Economic Analysis and Prospects Division, International Economics Department. Copies are available free from the World Bank, 1818 H Street NW, Washington DC 20433. Please contact Mila Divino, room S12-053, extension 33739 (45 pages with charts and tables).

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A. Introduction

1. As the 1980s draw to a close it seems appropriate to review the economic performance of the developing countries during this decade. At the beginning of the decade many countries seemed to be recovering from the rather difficult conditions of the seventies when oil price shocks took a heavy toll on many oil importing economies. However, commodity prices (including non-oil) were at a peak in 1980 (1981 for oil prices) so that some developing countries had high expectations. Some did manage to make substantial strides during this period, and a number were able to take advantage of the OECD boom in recent years. The average growth in developing countries was 4.1 percent in the 1980-88 period, exceeding that in the industrial countries. However, when one removes China and India real GDP per capita remained constant for the group. An interesting question is of course what accounts for both the successes and failures and whether any lessons can be drawn for the coming decade.

2. This paper reviews the recent economic performance for developing countries in Section B.1/ This is facilitated by characterizing three distinct groups of countries; dynamic economies, largely in Asia; highly indebted, and for the most part stagnant economies, of Latin America and the retrogressing nations typically in sub-Saharan Africa. In an attempt to characterize the

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1/ The short-term outlook for developing countries is discussed in a recent World Bank document ("Short Term Outlook", January 1989).

differing performance of these groups the paper first considers external factors such as trade and financing in Section C. It then moves on to consider domestic factors in Section D such as investment, fiscal/monetary policy and real exchange rates. An alternative but complementary approach to understanding the differing performance is through sources of growth analysis discussed in Section E. Statistical tests are reported in Section F which generally support the conclusions of the earlier sections. The paper concludes with a brief assessment of certain factors which are likely to be critical for development prospects during the coming decade and indicates areas that warrant consideration.

B. Overview of Recent Performance

3. The broad patterns of growth for developing countries are summarized in Tables 1 and 2 and Chart 1.2/ One notes the average growth rate for the 90 country sample was 6.4 percent in the period before the first oil shock, 1965-73. It then declined to 5.3 percent during the rest of the seventies and for the period 1980-88 averaged 4.1 percent. The generally favorable external climate is expected to lead to some improvement during the last two years of this decade. The estimated GDP growth rate for the sample in 1988 is now expected to be 5.1 percent, about 0.7 percent above the estimate for 1987. This aggregate performance masks striking differences between regions and *a fortiori* between countries.

2/ The country classification used in this report is given in Annex 1.

4. Among regions, Asia at 7.3 percent was the best performer during the eighties to date, although some countries, such as Bangladesh and Nepal, have not shared in the general economic buoyancy of the region. The high growth rate for the region resulted mostly from a 10.4 percent growth rate in China, together with a continuing strong performance by the NIEs at 7.9 percent. The ASEAN countries other than the Philippines also exhibited high growth rates. The growth rate for sub-Saharan Africa continued its downward trend from the sixties though the unduly high weight given to Nigeria accentuates this downward trend.3/ The apparent recovery of growth in 1988 for this group can be attributed to the growth in Nigeria of 5.1 percent; in 1988, the rest of sub-Saharan Africa had a growth rate of 1.1 percent so that it continued to decline in per capita terms at a 2.1 percent annual rate. EMENA is averaging annual growth rates of 3.3 percent in the eighties, below the 6.5 percent average in the pre-oil-shock days and the 5.9 percent figure for the seventies. The most noticeable deterioration at the regional level has been in Latin America which has averaged 1.6 percent in the present decade compared with 6.4 percent in the pre-oil-shock period and 5.2 percent in the 1973-80 period.

5. An interesting question is why growth rates did differ so much and whether one can garner any useful information from the recent experience to help policymakers in the coming decade. Dennison (1967) discussed this same question in an earlier context and provided some detailed growth accounting for analyzing individual country performances. However, he did restrict his analysis to a

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3/ The base year used in the calculation of region aggregates of real GDP growth is 1980. This was the peak year for oil prices and therefore gives a high weight to oil exporting countries.

number of industrialized countries. Ideally one should examine the particular circumstances affecting each country in some detail to answer such questions. The paper does apply the Dennison style methodology to aggregate groupings of LDCs in Section E. Nevertheless there are certain factors that warrant consideration at a more aggregate level. Investment, trade, stability of incentives, and external debt seem to be keys to the different growth rates although the direction of causality is difficult to establish.

6. In the period 1980-87, most high performers had average GDI/GDP ratios of around 25 percent, while this ratio was often below 15 percent for those lower on the list. Exporters of manufactures also did well. Those able to take advantage of the sharp U.S. import increase in 1984, 1985 and 1986 and the later Japanese-led Asian boom were particularly successful. The debt-distressed countries of Latin America and sub-Saharan Africa did not realize the growth expected of them in recent years, and 1988 was for most of them yet another year of stagnation, further erosion of living standards and higher foreign debt obligations. Selected macroeconomic variables are summarized in Table 2.

7. The table shows unweighted averages of the various indicators for developing countries by different regions. An interesting pattern emerges. Countries which had higher investment ratios were able to grow faster for both the 1980-87 period as well as in 1988 than those with low investment rates. The higher investment ratios may have allowed countries a degree of flexibility in pursuing an aggressive export promotion policy. Such a policy is usually accompanied by an exchange rate policy which ensures that real effective exchange

rates are adjusted downwards though such a decline did not always lead to rapid export growth.4/ This is evident from the table which shows that all developing countries' regions had a downward trend of their real effective exchange rates (REERGR). However, success at implementing appropriate domestic policies, such as reducing fiscal deficits and eliminating price distortions, can be measured by using the stability of the REER as a proxy. For example, a country which did not make attempts at adjustment at an early stage will find its real effective exchange rates rising with the consequences of an even greater downward adjustment later. This will show up as an increase in the standard deviation relative to the mean for the period.

8. In the next section of this paper external factors are considered. These include mainly trade and financing while the following section considers domestic factors with principal emphasis on investment and the policy framework.

C. External Factors

9. Trade. World merchandise trade has increased in real terms in the eighties at an annual rate of about 4 percent although the variation from year to year has been high. The ability of various groups of developing countries to benefit from this, varied substantially. This depended not only on how well they held market share and how prices for their particular merchandise fared during this period, but also, on the commodity composition of exports and on the country's ability to change the export structure.

4/ This is elaborated on further in the discussion on domestic factors in Section D.

10. Commodity Prices. Commodity prices, which rose steadily during the sixties and seventies, but declined by 25 percent in the eighties, have recently shown some sharp increases. The current dollar price of 33 non-oil commodities rose by 20 percent in 1988 after declining during the 1980s (Table 3 and Chart 2).5/ Inspite of the recent gains, non-oil commodity prices in real terms at end-1988 are about 30 percent below the 1980 level, which was already about 10 percent below the 1965 level (see Chart 2). There are many reasons offered for this decline. These range from technology changes to changing world growth patterns. A recent paper by Duncan (1988) places more emphasis on cyclical factors. It is expected that the current price levels will be sustained for many commodities through 1989. The recent increase included virtually all commodity groups except cocoa and coffee, which in October 1988 were 40 percent below their 1980 level in real terms (Chart 2). In this group, robusta coffee, traditionally produced in some African countries, faces relatively inelastic demand with little prospect for improvement. For many minerals and metals the 1988 and early 1989 supply situation is tight, so that OECD growth above the 3 percent level (not likely, but quite possible) could boost prices further in the short term though they are still 20 percent below 1980 prices in real terms. The price for oil showed an average decrease of 12 percent in the eighties, after the spectacular rise of 170 percent from 1973 to 1980, as OPEC members were unable to achieve

5/ The purchasing power of commodity exports has also been eroded by the price increases for imports. Since imports of these countries have a high manufacture content their price is measured by the dollar MUV index. This index is a weighted sum for manufactures in the G-5 group. The dollar MUV index for 1988 is estimated to have gained 6.4 percent, consolidating the increases in 1986 and 1987.

the level of discipline that won them major increases in the seventies. The recent OPEC agreement suggests oil prices, that plummeted to the US$10-11 range in late 1988, would average above US$15 for 1989 (ex Rotterdam, or above US$18 for West Texas), allowing oil exporters to recover some ground from the depressed levels of recent years. However, with demand relatively inelastic, some expected increases in supply by non-OPEC producers will exert downward pressure on prices. When stresses within the OPEC group are factored in, there is some possibility oil prices may soften in the latter half of 1989; however, further supply shocks such as in Norway, Alaska and California could offset this.

11. <u>Terms of Trade.</u> The terms of trade for the developing country group deteriorated during the eighties at an annual rate of -1.9 percent (see Table 4). This reversed a pattern of gains, (albeit heavily weighted by oil exporters), of 2.5 and 1.4 percent per annum in the periods 1965-73 and 1973-80 respectively. The losses were higher in sub-Saharan Africa and Latin America where they averaged -5.1 and -3.3 percent respectively. This pattern was modified in 1988 largely reflecting higher prices for non-oil commodities and metal ores and lower prices for oil. Thus in 1988 oil exporters had a terms of trade loss of 17 percent. Stronger oil prices in 1989 are expected to reverse this pattern though not nearly offsetting the changes of 1988. On average non-oil primary goods exports had a favorable shift of 8 percent in 1988 in their terms of trade.

12. <u>Trade Orientation/Market Share</u>. The ability of countries to maintain or improve their market share of exports indicate their efficiency in mobilizing and using domestic resources in an internationally competitive manner. Comparing

export volume growth for groups of developing countries with the average for all developing countries will suffice to illustrate this point. Countries which exported mostly manufactured goods have consistently increased their market share relative to total developing countries' exports in the periods prior to the oil shock (1965-73), between the two oil shocks (1973-80) and in the eighties. Oil exporters, on the other hand, appear to have suffered from the "Dutch disease" whereby they lost their market share of other exports in favor of the benefits of high oil prices. At the same time higher prices and strong conservation measures in many of the industrial countries led to a decline in their energy consumption. Other exporters of primary goods have similarly exported at a slower rate than the aggregate of developing countries. This pattern of faster export growth, by exporters of manufactures, may have been due to the trade linkages of these countries with the industrial countries. Since 1973, the North American and Pacific industrial countries have grown much faster than their European counterparts and it is not surprising that some developing countries, such as Korea, China and Singapore, which have their strongest trade linkages to this continent, have increased their market share vis-a-vis other developing countries although Japan's imports from most of the other developing countries increased little until recently. The Asian exporters of manufactures along with Brazil in Latin America benefited more than other countries because of their linkage to the fast growing industrial centers. However, much of the explanation for the superior performance of Asian exporters is due to supply factors. The primary producing countries of Africa have fared the worst. EMENA appears to have benefited from growing markets in the Gulf countries such as Kuwait and Saudi Arabia. This pattern has been evident in recent years as countries with strong manufactures component in exports and those able to establish footholds in the U.S. and Asian markets have benefited most from trade (see Table 4). These countries laid the groundwork during the seventies by having a strong investment record and a policy regime favorable for exports. A group of NIEs in Asia--Hong Kong, Korea, Singapore, and Taiwan (China)--has been quite successful on both these counts. Latin America, on the other hand, partly because of low--and in some instances inefficient--investment, as well as major inflation problems, the latter due to some extent to its debt problems, and inappropriate incentive policies, has not been able to take advantage of the OECD boom. An indication of the lack of a stable incentive system is the relative instability of the REER noted earlier and given in Table 2. Its share of world exports declined to 5 percent last year, compared with 15 percent 30 years ago. The sub-Saharan Africa group with much of its trade specialized in commodities has the lowest GDI/GDP ratio. If investment levels in this group continue to be generally less than 15 percent of GDP, scarcely above replacement needs, their prospects for establishing a viable manufactures export position are limited.

13. If the U.S. market softens, due, for instance, to actions to sharply reduce the fiscal deficit or there are further increases in protectionism, the current strong demand for manufactured exports will fall. The Japanese expansion seems to have reached a level of maturity that would enable its demand to cushion, if not fully offset, the impact of a U.S. contraction on Asian exporters. But Latin America, which has traditionally focused on the U.S. market, would be greatly affected. There are also indications that as Europe advances on the implementation of the 1992 project and Pacific Basin country

links strengthen, new world trading blocks could emerge. Low growth in Europe would lead to slow growth of imports from developing countries. At the same time increased protectionism there would not only mitigate against improved competitiveness and efficiency, but would also reduce the opportunities for LDCs to earn foreign exchange, to service their debts. Thus, creditor countries could find themselves in the dilemma, of providing capital to developing countries for industrial development, but then denying market access to their products. The recent increase in non-tariff barriers is discussed by Laird and Yeats (1988). Further analysis is given by Yeats (1989) that producers in industrial countries can expect increased competition from the developing countries in clothing, footwear, leather products, and wood manufactures in the 1990s.

14. Availability and Cost of Capital. World capital markets revived strongly in 1988. However, flows to developing countries have fallen (see Table 7). Details are given in World Debt Tables (1988) and Quarterly Review (1988). Net flows to developing countries for 1988 are expected to be US$16 billion, similar to 1987's US$15.8 billion. The overall stock of external debt by end 1988 for these countries is expected to increase by US$24 billion. While this compares with US$100 billion in 1987, much of that increase (about US$70 billion) was due to the accounting impact of dollar depreciation; some of the rest was due to extension of maturity (short- to long-term debt), and interest capitalization. The net transfer of resources from the highly indebted countries (HICs) on account of long-term debt, US$21.8 billion in 1987, is estimated at

more than US$30 billion in 1988.6/ The commercial banks continue to reduce their share of total LDC debt. In 1987 their share fell from 59.2 percent to 56.2 percent while the multilateral institutions increased their share by 1.9 percentage points. In 1988 the commercial bank share is projected to fall further to 55.9 percent. This data also included trade credits guaranteed by industrialized countries so that the exposure to LDC risk is even lower. This pattern is accentuated in the highly-indebted group where voluntary commercial bank lending has virtually ceased. Net 1988 transfers from the HICs to private banks will be about US$30.5 billion. In 1987, it was US$20.8 billion, while multilaterals received US$0.9 billion. The latter figures included some early repayment of debt by countries such as Korea.

15. Economic indicators, such as poor growth rates, low investment levels, increasing debt suggest increased stress in the highly-indebted countries and indicate the debt crisis is entering an increasingly difficult phase. As these problems mount they receive widespread recognition. The perceived value of sovereign debt owed to commercial banks is now substantially below par for most debtors. An indirect indicator is the price of debt in the secondary market (Chart 3), which has fallen in recent months. Part of the volatility may be attributed to the US$400 billion of the LDC debt (public and publicly guaranteed long-term) held at variable interest rates in 1987 (Table 8). For each percentage point rise in LIBOR, the yearly interest rate burden on the LDCs rises by US$4 billion.

6/ Disbursements minus principal repayments minus interest on long-term loans.

D. Domestic Factors

16. On the domestic front, necessary but not sufficient conditions for long-term growth are adequate investment levels and a favorable policy framework to ensure a stable incentive climate. The two are closely interrelated.

17. Savings-Investment. A recent survey of World Bank economists shows the average GDI/GDP ratio for 90 developing countries in 1988 was 25.5 percent. This is close to that of the previous year (Table 5), and is consistent with historic levels in countries that experienced growth rates around 4 percent. Higher performers typically had shares closer to 30 percent or more. Sub-Saharan Africa, at less than 15 percent, similar to its average of 15.7 percent in the eighties, has too low an investment rate to offer any reasonable prospects for per capita income growth (at the aggregate level). This share compares to 21.4 percent in the 1973-80 period. In Latin America the share of investment in 1987 was 16 percent, and it is expected to be slightly lower for 1988. This continues a disturbing downward trend from 23.8 percent in the seventies to an average of 18.8 percent in the period 1980-87. Even though policy reforms should lead to efficiency gains, it seems unrealistically optimistic to expect annual growth rates of real output around 4 percent, for any sustained period, if investment ratio remains low in these countries. These levels contrast with average levels of 23 percent in EMENA and Asia over the period 1980-87.

18. Population trends accentuate the disparities in investment performance. For the Asian NIEs gross domestic investment per capita has been growing at an annual rate of 3 percent from US$769 in 1980. Investment per capita in sub-Saharan Africa (excluding Nigeria) has decreased by 3.7 percent annually from a low base of US$83 per capita in 1980. This suggests that even under the unlikely circumstance that Africa has strong growth rates it can, at best, recover its 1980 levels of per capita output by the year 2000.

19. For investment shares to be increased, domestic and/or net foreign saving must rise pari passu with an increasing demand for investment. Net real foreign saving is the net inflow of real resources from abroad (net transfers minus the trade and nonfactor service balance). For the highly-indebted countries, this component of savings is large and negative. In pure accounting terms, net foreign savings can be increased by cutting net debt service. However, for any such change to result in an increase in investment, domestic consumption has to rise less than one-for-one. Accordingly domestic economic policies will have to be supportive of domestic saving if cuts in debt service are to produce increases in investment. In many countries the level of gross domestic savings has remained relatively constant in recent years. In Latin America this has been around 22 percent. However, savings have been partly absorbed by a merchandise trade surplus (net outflow of real resources) of about 5 to 6 percent of GDP, needed to service debt. In addition to the need to make this transfer abroad there is a domestic transfer problem. Because most of the debt is now a public sector obligation, while most foreign exchange is earned by the private sector, the government must effect a domestic private/public

transfer. This is typically done by taxes, government bonds bearing high interest, and all too often by an inflation tax. These methods reduce investor confidence, push up the cost of capital, tend to depress the level of investment, incite capital flight, and reinforce a low level investment trap.

20. Policy Framework. The adjustment policies followed by most highly-indebted countries have sought sharp reductions in current account deficits that necessitated compressing imports to generate the net transfer abroad. Parallel efforts to reduce public sector deficits invariably resulted in reductions in public sector investment and smaller changes in the more politically sensitive current expenditures. Hicks (1989) provides quantitative evidence to support this for a number of countries. Thus the essence of the adjustment paradigm has been, on the domestic side, fiscal contraction that reduced aggregate demand and raised unemployment while at the same time a stable and competitive real exchange rate stimulated exports. If growth is to be restored then prompt resource reallocation is needed to move towards a more efficient and competitive economy. Unfortunately, in most instances, governments have proven unable to overcome resistance from groups benefiting from current government expenditure patterns or the rents from market imperfections.

21. There is a wide discussion on what constitutes an appropriate level for real exchange rates. Table 6 presents real effective exchange rates (REER) for selected countries. Perhaps equally important is the stability of the level as this provides a clear incentive for investment. Balassa (1987) emphasizes both points in a recent discussion of exchange rates. In Table 6 where 1980 is

taken as a base year, the levels indicate which countries did not allow their currency to appreciate significantly in real terms while the standard deviation provides a measure of stability. One notes, also in Table 6, that average values for the LAC Region indicate an anti-export bias through 1985 as average REER levels were high relative to 1978-80. The broad aggregate features are summarized in Table 2. It is noted that Asia and EMENA regions had the most stable REER over the period 1980-87 while the highly indebted group, HIC, had the most unstable. The HIC group had the steepest depreciation, an average value of -6 percent per year but with the associated high degree of instability it is difficult to assess the overall role of real effective exchange rates on economic performance for the group. The individual country values show wide divergencies in trend and stability. The problem is further compounded by not including in the analysis any measure of how "appropriate" the level was at the beginning of the period. It is notable (Table 6) that the four NIEs maintained relatively constant REERs. At the other extreme one finds countries such as Egypt and Sierra Leone that have allowed the REER to appreciate and the level to fluctuate in an unstable manner.

22. There is increasing recognition that many of the HICs are suffering from debt fatigue (see World Debt Tables). The cycles of rising expectations and failure of most stabilization plans followed by further erosion of living standards have now begun to impact on their political situations. Opposition to current policies and to the governments pursuing them has been gaining. It is becoming increasingly difficult to impose sacrifices. Short-term expedients tend to prevail while sustainable medium-term objectives continue to be

frustrated. If governments pursuing rational policies are to survive then stabilization plans need international support for them to succeed. This support will need to consist of continued official aid to the low-income countries together with official action, notably through tax and regulatory avenues, to facilitate debt and debt service reduction by private creditors. The recent Brady proposal seems to be a step in this direction. However, the details are not yet available--especially on where the needed resources are expected to come from and whether they will be large enough to make a meaningful difference. There is also a question of the extent to which commercial banks will be willing to take losses on old debt and also provide fresh money.

E. Contributions to Sources of Growth

23. An alternative approach to assessing economic performance and the seemingly diverging experiences between countries is through a sources-of-growth analysis. This procedure used by Dennison (1967) estimates the contribution to overall GDP growth by weighing each component share by its growth rate (see footnote in Table 9). The contributions of a number of factors to economic growth are given by country groupings in Table 9. The average GDP growth rate in the period 1980-87 amounted to 4.0 percent. Consumption (private and public) accounted for 2.4 percentage points (2.1 percent private), while investment and net trade each accounted for 0.8 percentage points. Overall, Asia had above average growth contributions from investment (China 5.7 percentage points) and trade (NIEs 1.7 percentage points), while EMENA was a little below average on

all counts. Latin America had a consumption contribution at 1.1 percentage points (2.5 percentage points for Brazil), with investment effect being -1.1 percentage points (contraction). Sub-Saharan Africa showed a small contribution by consumption, 0.6 percentage points, while investment and exports components were negative. It is also notable that a significant positive contribution to growth for sub-Saharan Africa (at this aggregate level) came from import compression. A cursory review of miscellaneous groups is given in Table 9. The period 1980-87 shows exporters of manufactures with a contribution of 0.6 percentage points from exports but an even more impressive 2.5 percentage points from investment. Strong investment performance makes a major contribution to growth in the short term through increased effective demand. Even more important, it expedites medium-term growth. Higher investment levels allow the economy to incorporate technical change more readily and become more competitive and efficient. This theme is elaborated in Fardoust (1989). In both the oil exporters and highly indebted countries, import compression contributed to growth. This may be expedient in the short term but continuation would be detrimental in the long run.

F. Statistical Tests

24. Statistical testing supports the relation between output growth and investment, trade balance, export performance and terms of trade. The model used was given by:

$$GR_i = a_1 + a_2 \ INV_i + a_3 \ EXP_i + a_4 \ TOT_i + E_i$$

where for each country i

GR_i : average annual growth rate 1980-87

INV_i : average investment/GDP share 1980-87

EXP_i : export effort, growth rate of real exports of country i less average growth rate of global exports

TOT_i : change in ratio of price of exports to imports

The choice of an appropriate model presents a number of problems. Inevitably one may devote further effort to elaborate on this statistical analysis. It seems reasonable to expect the trade balance to be a determinant of growth but it overlaps with the export effort variable and so was dropped from the equation. In particular, the inclusion of real effective rate (change in level and stability) variable was not very satisfactory as it seems to be strongly correlated with investment share. This was substantiated by separate regressions (not reported in this paper).

25. The results are summarized in Table 10 while the estimated contribution of each variable is given in Table 11. In order to adjust for heteroscedasticity, each country sample was weighted by the square root of the corresponding population (average over the period 1980-87).

- Pooled Sample. For the pooled sample of 84 countries the coefficients of the four independent variables all have the expected sign and three of them, investment share (INV), export effort (EXP) and terms of trade (TOT), are strongly statistically significant, 99 percent. The R^2 is .950. At the mean level the elasticity of growth with respect to investment share is close to 2 indicating the major role of investment on growth over the eight-year period. The estimated contribution of investment to growth is 151 percent (Table 11).

- Sub-Saharan Africa. The investment share was again the most significant component statistically (significant at the 90 percent level). Export effort and terms of trade were also statistically significant at the 90 percent level. Thus the overall picture that emerges for this group when compared to others is low investment share, 17.5 percent average, poor export effort, 1.4 percent below the average and deterioration in terms of trade, -2.3 percent per year.

- Asia. The regression for this group shows that investment share and export effort were statistically significant (at the 95 percent level). The average growth rate for the Asia group over the period 1980-87 was 4.7 percent. The strong investment share performance, an average of 23 percent, is estimated to have contributed 85 percent to the average growth rate. If one looks at individual countries some of the levels look quite remarkable such as China, 31.5 percent, Indonesia 30.0 percent. On trade effort one also finds above average performance by China 7 percent, Korea 10 percent, and Taiwan 9.5 percent.

- LAC. For Latin America export effort and terms of trade were statistically significant at the 95 percent level. The mean value for investment share was low, 16.2 percent, while on average the growth of exports was -3.6 percent (below average world growth) and terms of trade deteriorated at an annual rate of 2.2 percent. One might note, in passing, that the reduction in receipts due to price and quantity effects is comparable to the magnitude of debt service obligations.

- HIC. For the HIC group the investment share was not significant statistically but export effort and terms of trade were significant at the 95 percent level. Since both were strongly negative, -2.4 percent and -2.8 percent, they are major explanatory factors of the overall poor performance of this group.

- EMENA. This group had a slightly different result from the others. The coefficient for the investment share was statistically significant but negative! A closer examination of the data shows that some of the high investing countries did not have high growth rates. This, in turn, suggests that investment choices in these countries was not very productive. It also highlights the fact that strong investment shares need also to be accompanied by appropriate quality.

26. From these statistical exercises there is strong evidence that at the aggregate level and for most subgroups the principal factor explaining good performance has been investment. The other major explanatory variable is export effort. The direction of causality is not clear, but it seems that over a broad range of policy regimes, a strong level of investment share is a *sine qua non* for strong growth performance. Again for export effort one can argue whether export gains are a consequence of having the right policies in place or whether efficient competitive industries together with adequate investment levels lead to exports or some combination of the two. In any case, the countries that have had the best average growth rates over the period 1980-87 are in most instances those countries that achieved investment levels above average and succeeded in increasing their share of world exports. Similarly those countries which orient their exports towards manufacturers were able to benefit most from terms of trade effects.

G. Prospects and Risks

27. Given the likely continuation of a favorable global environment, countries with strong investment performance and appropriate policy milieu on the domestic front will continue to do well. However, even for these, it is important to have in place policy instruments that can be used to moderate overly expansionary economies in a timely manner when warning signs of shortages and inflationary pressures appear. While no specific minimal threshold can be identified for investment, the requirements must be related to population growth,

and viewed in light of history. The policy milieu requires a sustainable public sector deficit and a climate that facilitates the switching of expenditure towards high return areas. This does not necessarily imply a major reduction of government's role. Such a reduction was a feature of the Chile experience but a number of successful Asian countries benefited from enlightened government policy especially in the area of trade.

28. In addition, if sub-Saharan Africa is to move onto a growth track, a major increase in real resource availability will be required to support policy efforts. Proposals by Chancellor Lawson at the Bank/IMF Interim Committee Meeting in 1987 and, more recently, President Mitterand's initiative at the Toronto Summit to reduce the debt burden for some sub-Saharan countries are steps in this direction; while the Miyasawa plan of the Japanese is somewhat broader in scope, unless substantially greater real inflows result, the immediate prospects for sub-Saharan Africa are further stagnation or decline. Latin America needs a sharp reduction in real resource outflows and related trade surpluses, to achieve the import levels needed for growth. Then, eventually domestic savings could increase and provide a growing surplus for debt service after adequate provisions for investment. Meanwhile, unless the debt service burden is reduced, the low levels of investment will continue, resulting in further debt fatigue and raising the likelihood of social disorder. A debt burden reduction could come from specific international actions and/or a significant decline in international interest rates. The latter, however, is unlikely unless major fiscal imbalances are reduced.

29. Though favorable, the international environment continues to present risks.7/ These are partly financial: they are related to the continued international imbalances between major countries, but also to domestic developments like the increase in debt-equity ratios. Another sort of risk is that failure to resolve trade issues may endanger the multilateral trading system. Either of these developments would create major shocks in the high-income countries, further set back efforts to reverse the decline of sub-Saharan Africa and Latin America, and have adverse consequences even for the NIEs. But these are not random risks: policies can avert them.

H. Conclusion

30. The economies of the less developed countries seem to be following divergent paths. On the one side, are the dynamic newly industrializing countries, together with some countries at lower levels of development largely in Asia, and on the other extreme are the retrogressing economies typically in sub-Saharan Africa. In between are the stagnating economies of the highly-indebted countries. The divergent patterns are closely linked to appropriate domestic policy regimes to ensure adequate investment levels, stability of incentives, and the ability to take advantage of buoyant OECD market opportunities. Highly-indebted countries have generally not been able to achieve the critical investment level for a number of reasons: (a) the need to generate an export surplus to service the debt, together with a lack of credibility by

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7/ These are elaborated on further in the recent World Bank Short-Term Outlook (1989).

agents to increase domestic savings further, compounded by political expediency in democratic regimes; (b) sub-Saharan Africa countries seem mired in a poverty trap with low investment levels and generally inappropriate exports. This latter group will need broad-based externally generated real inflows if they are to reverse their decline. The highly-indebted group needs an adjustment plan that will both meet the resource needs for sustained growth and restore credibility. For both groups it is essential to have complementary domestic policies to ensure improved investment and not simply have external inflows negated by higher consumption levels.

31. The most obvious precedents for this are the Marshall Plan that reinvigorated the depleted post-war Europe or more recently the EEC institutional umbrella that seems to have provided the required stability for economies such as Italy, Spain, Greece, and Portugal. It seems timely to reassess the Marshall Plan and see what features may or may not be relevant to the present global situation. Certainly the success of that plan to transfer the needed resources over a relatively short period is quite appealing. Since the aid did not carry an interest burden the authorities were not preoccupied with financial engineering. However, there was a substantial production structure and human capital base. Such quantum changes seem to be needed to replace the tired marginalist approaches that are yielding such indifferent results in many developing countries.

Country Classification for Developing Member Countries

By Income Groups and Bank Regions

<table>
<tr><th></th><th></th><th colspan="2">SUB-SAHARAN AFRICA</th><th rowspan="2">ASIA</th><th rowspan="2">EMENA</th><th rowspan="2">LATIN AMERICA AND CARIBBEAN</th></tr>
<tr><th></th><th></th><th>EAST AFRICA</th><th>WEST AFRICA</th></tr>
<tr><td rowspan="3">LOW INCOME COUNTRIES</td><td>LARGE</td><td></td><td></td><td>China[s]
India[s]</td><td></td><td></td></tr>
<tr><td>SMALL</td><td>Burundi
Ethiopia
Kenya[s]
Lesotho
Madagascar
Malawi
Rwanda
Somalia
Sudan[s]
Tanzania[s]
Uganda
Zaire
Zambia[s]</td><td>Benin
Burkina Faso
Central African Republic
Gambia
Ghana
Mali
Mauritania
Niger
Senegal
Sierra Leone
Togo</td><td>Bangladesh[s]
Burma
Nepal
Sri Lanka</td><td>Pakistan[s]</td><td>Haiti</td></tr>
<tr><td>NOT INCLUDED IN WDR 90-COUNTRY SAMPLE</td><td>Comoros
Mozambique</td><td>Chad
Equitorial Guinea
Guinea
Guinea Bissau
Sao Tome and Principe</td><td>Afghanistan
Bhutan
Kampuchea
Lao
Maldives
Vanuatu
Viet Nam</td><td></td><td></td></tr>
<tr><td rowspan="2">MIDDLE INCOME COUNTRIES</td><td></td><td>Botswana
Mauritius
Seychelles
Zimbabwe
South Africa*</td><td>Cameroon[s]
Congo
Cote d'Ivoire[s]
Gabon
Liberia
Nigeria[s]</td><td>Fiji
Hong Kong*
Indonesia[s]
Korea[s]
Malaysia[s]
Papua NG
Philippines[s]
Singapore*
Taiwan, China*
Thailand[s]</td><td>Algeria[s]
Cyprus
Egypt[s]
Greece*
Israel*
Jordan
Malta
Morocco[s]
Portugal[s]
Syria
Tunisia[s]
Turkey[s]
Yemen AR
Yemen PDR
Yugoslavia[s]</td><td>Argentina[s]
Barbados
Bolivia[s]
Brazil[s]
Chile[s]
Colombia[s]
Costa Rica[s]
Dominican Republic
Ecuador[s]
El Salvador
Guatemala
Guyana
Honduras
Jamaica[s]
Mexico[s]
Nicaragua
Panama
Paraguay
Peru[s]
Trindad and Tobago
Uruguay[s]
Venezuela[s]</td></tr>
<tr><td>NOT INCLUDED IN WDR 90-COUNTRY SAMPLE</td><td>Djibouti
Namibia
Swaziland</td><td>Cape Verde</td><td>Kiribati
Macao
Solomon Island
Tonga
Western Samoa</td><td>Hungary
Iran
Iraq
Lebanon
Oman
Poland
Romania</td><td>Antigua and Barbuda
Bahamas
Belize
Dominica
Grenade
St. Christopher and Nevis
St. Lucia
St. Vincent and Grenadines
Suriname</td></tr>
</table>

NOTE: WDR-90 is the sample of 90-developing countries used by IEC for projection purposes.

[s]Countries marked with this sign are those included in the Short Term Survey.

*Countries marked with this sign are those excluded from the Long Term Survey (either because they have graduated from Bank borrowing or are not Bank members). All other countries in the WDR-90 sample are included in the Long Term Survey.

Country Classification for Developing Member Countries

By WDR Analytical Groups

	WDR-90 COUNTRIES NOT CONSIDERED TO BE HIGHLY INDEBTED		WDR-90 HIGHLY INDEBTED COUNTRIES	COUNTRIES NOT IN WDR-90	
EXPORTERS OF MANUFACTURES	China[a] Hong Kong* India[a] Israel*	Korea[a] Portugal[a] Singapore* Taiwan, China*	Brazil[a] Yugoslavia[a]	Hungary Poland Romania	
NON-OIL PRIMARY EXPORTERS	Bangladesh[a] Barbados Benin Botswana Burkina Faso Burma Burundi Central African Republic Cyprus Dominican Republic El Salvador Ethiopia Fiji Gambia Ghana Greece* Guatemala Guyana Haiti Honduras Jordan Kenya[a] Lesotho Liberia Madagascar Malawi Malaysia[a] Mali Malta	Mauritania Mauritius Nepal Nicaragua Niger Pakistan[a] Panama Papua NG Paraguay Rwanda Senegal Seychelles Sierra Leone Somalia Sri Lanka Sudan[a] Tanzania[a] Thailand[a] Togo Tunisia[a] Turkey[a] Uganda Yemen AR Yemen PDR Zaire Zambia[a] Zimbabwe South Africa*	Argentina[a] Bolivia[a] Chile[a] Colombia[a] Costa Rica[a] Cote d'Ivoire[a] Jamaica[a] Morocco[a] Peru[a] Philippines[a] Uruguay[a]	Afghanistan Antigua and Barbuda Bahamas Belize Bhutan Cape Verde Chad Comoros Djibouti Dominica Equitorial Guinea Grenada Guinea Guinea Bissau Kampuchea Kiribati Lao	Lebanon Macao Maldives Mozambique Namibia Sao Tome and Principe Solomon Islands Swaziland St. Christopher and Nevis St. Lucia St. Vincent and Grenadines Suriname Tonga Western Samoa Vanuatu Viet Nam
OIL EXPORTERS	Algeria[a] Cameroon[a] Congo Egypt[a]	Gabon Indonesia[a] Syria Trinidad and Tobago	Ecuador[a] Mexico[a] Nigeria[a] Venezuela[a]	Iran Iraq Oman	

NOTE: WDR-90 is the sample of 90-developing countries used by IEC for projection purposes.

[a]Countries marked with this sign are those included in the Short-Term Survey
*Countries marked with this sign are those excluded from the Long-Term Survey (either because they have graduated from Bank borrowing or are not Bank members). All other countries in the WDR-90 sample are included in the Long-Term Survey.

Statistical Appendix
Table 1
Page 1 of 2

REAL GDP GROWTH RATES FOR DEVELOPING COUNTRIES, 1965-1988

	Percent change p.a.						Share			
	1965-73	1973-80	1980-88	1986	1987	1988	1965	1970	1980	1988
90-COUNTRY SAMPLE	6.4	5.3	4.1	4.9	4.4	5.1	100.0	100.0	100.0	100.0
By Bank Regions										
Sub-Saharan Africa a/	6.1	3.2	0.5	3.2	-1.5	2.9	11.5	10.5	9.3	7.1
Nigeria	8.3	3.5	-1.3	2.3	-4.6	5.1	5.3	5.0	4.8	3.2
Other Sub-Saharan Africa	4.3	2.9	2.2	3.9	1.0	1.1	6.2	5.5	4.5	3.9
Eastern and Southern	4.3	1.8	1.9	3.7	3.3	2.2	3.7	3.3	2.5	2.2
Western	4.3	4.3	2.4	4.1	-1.8	-0.2	2.5	2.2	2.0	1.7
Asia	6.6	6.0	7.3	6.7	7.4	8.8	35.4	36.6	37.2	47.3
China	7.8	5.4	10.4	7.9	9.4	11.0	12.1	13.4	13.3	20.6
India	4.0	4.1	5.1	4.4	2.5	8.4	10.7	10.0	8.0	8.8
NIEs	9.9	9.1	7.9	10.5	11.4	8.3	4.1	4.8	6.6	8.9
Other Asia	6.2	6.6	3.5	3.4	4.5	5.0	8.4	8.4	9.2	9.0
EMENA, including Pakistan	6.5	5.9	3.3	3.8	2.6	2.9	16.0	16.1	16.5	15.5
Latin America and Caribbean	6.4	5.2	1.6	3.6	2.7	1.2	32.5	32.2	33.2	27.2
Brazil	9.6	6.8	3.4	8.0	3.0	1.0	7.7	8.3	11.1	9.9
Other Latin America	5.3	4.6	0.7	1.2	2.5	1.3	24.7	23.9	22.1	17.2
By Income Groups										
Low Income Countries	5.5	4.6	7.6	6.4	6.7	9.2	30.4	30.2	26.7	34.5
Large Low Income Countries	6.1	4.9	8.6	6.8	7.2	10.2	22.8	23.4	21.3	29.4
Small Low Income Countries	3.4	3.4	3.3	4.6	4.0	3.6	7.6	6.8	5.3	5.0
Middle Income Countries	6.8	5.6	2.7	4.1	3.4	3.1	69.6	69.8	73.3	65.5
By Miscellaneous Groups										
Exporters of Manuf. b/	7.4	5.9	6.5	7.3	6.5	7.3	40.2	42.0	44.7	52.6
Non-Oil Primary Exporters	5.2	4.2	2.6	4.1	4.0	3.7	34.5	33.3	29.5	26.4
Oil Exporters c/	6.5	5.6	1.2	0.7	0.4	1.7	25.4	24.7	25.8	20.9
Highly Indebted Countries d/	6.6	5.2	1.3	3.5	1.7	1.8	42.0	41.5	42.5	34.0
All LDCs, excluding NIEs	6.2	5.1	3.8	4.4	3.8	4.8	95.9	95.2	93.4	91.1
All LDCs, excluding China, India	6.5	5.4	2.7	4.2	3.4	3.1	77.2	76.6	78.7	70.6

a/ Excluding South Africa.

b/ Includes Brazil, China, Hong Kong, India, Israel, Korea, Portugal, Singapore, Taiwan (China) and Yugoslavia.

c/ Includes Algeria, Cameroon, Congo, Ecuador, Egypt, Gabon, Indonesia, Mexico, Nigeria, Syria, Trinidad and Venezuela.

d/ Includes Argentina, Brazil, Chile, Colombia, Cote d'Ivoire, Mexico, Morocco, Nigeria, Peru, Philippines, Venezuela, Yugoslavia, Uruguay, Ecuador, Bolivia, Costa Rica, and Jamaica.

Source: International Economics Department, World Bank

Statistical Appendix
Table 1
Page 2 of 2

REAL GDP PER CAPITA GROWTH RATES FOR DEVELOPING COUNTRIES, 1965-1988

	Percent change p.a.						Index			
	1965-73	1973-80	1980-88	1986	1987	1988	1965	1970	1980	1988
90-COUNTRY SAMPLE	3.8	3.1	2.1	2.8	2.4	3.0	100.0	119.1	163.6	191.8
By Bank Regions										
Sub-Saharan Africa a/	3.3	0.4	-2.6	-0.1	-4.7	-0.4	100.0	108.2	124.9	101.3
Nigeria	5.7	1.0	-4.5	-1.1	-7.8	1.6	100.0	111.2	144.2	99.9
Other Sub-Saharan Africa	1.5	-0.1	-0.9	0.6	-2.2	-2.1	100.0	106.0	111.5	103.6
Eastern and Southern	1.4	-1.1	-1.1	0.4	0.0	-1.0	100.0	104.7	102.8	95.2
Western	1.7	1.5	-0.6	1.0	-4.7	-3.2	100.0	108.6	126.3	118.1
Asia	4.0	4.0	5.5	4.9	5.6	7.0	100.0	123.2	174.5	266.3
China	5.0	3.8	9.0	6.4	7.9	9.4	100.0	130.7	186.0	356.6
India	1.6	1.8	3.0	2.4	0.5	6.3	100.0	112.0	122.5	157.5
NIEs	7.4	7.1	6.3	9.1	10.0	6.9	100.0	138.3	272.9	447.2
Other Asia	3.7	4.3	1.3	1.2	2.3	2.8	100.0	119.8	177.2	200.9
EMENA, including Pakistan	4.1	3.3	0.8	1.4	0.1	0.4	100.0	121.0	167.3	176.7
Latin America and Caribbean	3.7	2.6	-0.6	1.4	0.5	-0.9	100.0	117.5	162.8	153.6
Brazil	6.9	4.3	1.2	5.9	0.9	-1.0	100.0	127.8	231.9	239.1
Other Latin America	2.6	2.0	-1.5	-1.0	0.3	-0.9	100.0	114.2	141.1	127.0
By Income Groups										
Low Income Countries	2.8	2.5	5.7	4.4	4.7	7.1	100.0	117.9	144.1	220.7
Large Low Income Countries	3.5	3.0	6.9	5.0	5.5	8.4	100.0	121.8	156.0	260.1
Small Low Income Countries	0.7	0.7	0.5	1.7	1.1	0.7	100.0	106.2	108.8	113.9
Middle Income Countries	4.3	3.1	0.3	1.9	1.1	0.8	100.0	119.9	170.4	174.7
By Miscellaneous Groups										
Exporters of Manuf. b/	4.8	4.0	4.8	5.5	4.7	5.5	100.0	124.8	186.3	265.7
Non-Oil Primary Exporters	2.5	1.6	0.0	1.5	1.4	1.1	100.0	114.7	135.0	135.9
Oil Exporters c/	3.9	2.9	-1.4	-1.9	-2.1	-0.9	100.0	116.0	160.4	144.7
Highly Indebted Countries d/	4.0	2.7	-1.1	1.2	-0.7	-0.6	100.0	117.2	161.8	147.3
All LDCs, excluding NIEs	3.6	2.9	1.8	2.3	1.7	2.7	100.0	118.3	159.2	182.0
All LDCs, excluding China, India	3.9	2.9	0.2	1.7	0.9	0.6	100.0	118.4	162.6	165.5

a/ Excluding South Africa.

b/ Includes Brazil, China, Hong Kong, India, Israel, Korea, Portugal, Singapore, Taiwan (China) and Yugoslavia.

c/ Includes Algeria, Cameroon, Congo, Ecuador, Egypt, Gabon, Indonesia, Mexico, Nigeria, Syria, Trinidad and Venezuela.

d/ Includes Argentina, Brazil, Chile, Colombia, Cote d'Ivoire, Mexico, Morocco, Nigeria, Peru, Philippines, Venezuela, Yugoslavia, Uruguay, Ecuador, Bolivia, Costa Rica, and Jamaica.

Source: International Economics Department, World Bank

Statistical Appendix
Table 2

MEANS OF KEY MACROECONOMIC VARIABLES, 1980-87 a/
(percent p.a., in percentages, average for period)

	I/GDP	TB/GDP	REER	REERGR	XGR	TOTGR	GDPGR	GDPGR88
84 Developing Countries	19.1	-7.0	0.1567	-3.0	-1.4	-1.8	2.4	2.8
Sub-Saharan Africa	17.7	-12.4	0.1746	-3.7	-2.7	-2.3	2.3	2.2
Asia	23.0	-1.8	0.1038	-2.9	2.4	-1.1	4.7	5.7
Europe, Middle East and North Africa	23.2	-12.0	0.0962	-2.2	1.4	-0.4	3.7	3.3
Latin America and the Caribbean	16.2	-0.1	0.1993	-2.6	-3.6	-2.2	0.4	1.2
Highly Indebted Countries	16.1	1.2	0.2137	-6.0	-2.4	-2.8	0.7	2.5

Note: The acronyms above mean:

I/GDP - Investment to GDP ratio
TB/GDP - Net exports of goods and non-factor services to GDP ratio
REER - Stability of the real effective exchange rates (standard deviation divided by the mean)
REERGR - Trend growth of the real effective exchange rate
XGR - Export effort: merchandise export growth minus world trade
TOTGR - Terms of trade (export price/import price) growth
GDPGR - Real GDP growth
GDPGR88 - Real GDP growth in 1988

a/ Unweighted averages.

Source: International Economics Department, World Bank

Statistical Appendix
Table 3

COMMODITY PRICES
(percentage point changes, in US$)

	1965-73	1973-80	1980-85	1986	1987	Preliminary 1988	1989
Oil Price	106.4	172.2	-12.5	-49.4	27.4	-18.6	10.7
Index of 33 Non-Oil Commodities	60.9	82.1	-26.0	0.9	-0.1	19.9	-1.6
Components of the Index							
Agriculture	75.4	81.6	-25.3	3.5	-9.3	17.2	1.7
of which: Food	78.8	81.0	-23.4	6.1	-16.0	20.2	2.9
Cereals	118.3	27.2	-29.7	-12.7	-5.5	35.4	0.9
Fats & Oils	112.0	11.7	-23.7	-12.7	16.4	36.6	-4.3
Non-Food	63.4	84.5	-32.7	-6.9	22.0	7.4	-2.3
Timber	107.7	197.9	-30.4	11.1	46.4	38.4	7.4
Minerals and Metals (except steel)	32.3	70.2	-22.4	-7.8	14.9	31.2	-10.1
of which: Aluminum	35.6	160.9	-35.8	13.6	27.5	49.3	-12.5
Copper	38.5	22.2	-35.1	-3.0	29.8	35.7	-22.7
Zinc	173.6	-10.6	2.9	-3.7	6.0	37.7	-11.4
Nickel	94.4	93.3	-24.9	-20.8	25.5	162.1	-35.3
Memo Items:							
MUV (US$) a/	54.7	115.5	-4.1	18.3	9.8	6.4	8.2
Non-oil commodity price (Real) b/	4.3	-15.4	-22.8	-14.7	-9.1	12.7	-9.1
Oil prices (Real) b/	35.1	423.0	-8.7	-57.3	16.1	-23.5	2.3

a/ Manufacturers unit value (MUV) index of G-5 countries expressed in US$.
b/ Deflated by the MUV.

Source: International Economics Department, World Bank

TERMS OF TRADE, EXPORT AND IMPORT VOLUME GROWTH FOR DEVELOPING COUNTRIES ,1965-87
(percent change per annum)

	Terms of Trade				Export Volume				Import Volume			
	65-73	73-80	80-87	1988*	65-73	73-80	80-87	1988*	65-73	73-80	80-87	1988*
90 - Country Sample	2.5	1.4	-1.9	1.4	4.8	4.7	5.6	9.8	5.7	6.0	1.2	10.0
By Bank Regions												
Sub-Saharan Africa a/	-8.3	4.7	-5.1	-3.6	15.1	0.2	-1.6	3.6	3.8	7.5	-6.8	3.2
Nigeria	-11.2	13.9	-10.8	-24.9	27.0	-1.0	-4.9	9.1	6.0	21.1	-16.5	-7.7
Other sub-Saharan	-1.9	-1.3	-2.3	5.8	5.7	2.0	1.1	0.5	3.5	2.9	-2.0	5.7
Eastern and Southern	-2.0	-3.8	-0.9	20.2	5.2	0.7	0.0	-0.9	3.7	0.3	-1.8	10.3
Western Africa	-1.6	1.9	-3.5	-6.3	6.3	3.3	2.0	1.6	3.1	6.2	-2.2	0.3
Asia	5.0	-0.2	-0.8	2.1	8.3	9.0	9.2	14.6	6.4	8.3	6.0	13.4
China	3.2	-0.8	-2.7	-5.4	1.2	7.5	11.0	7.4	3.3	9.7	14.2	3.6
India	4.9	-3.5	3.2	4.1	1.7	5.6	3.6	3.5	-1.3	5.0	5.2	5.9
NIEs	2.6	-2.0	0.5	2.2	13.2	13.2	11.4	19.9	13.8	9.5	7.5	17.6
Other Asia	4.9	2.9	-4.0	3.8	8.1	5.2	5.4	8.1	2.2	7.0	-1.0	11.0
EMENA, incl. Pakistan	-1.1	1.1	-1.9	-2.1	6.2	3.9	5.8	3.0	6.2	5.1	1.7	5.6
Latin America and Caribbean	3.8	2.5	-3.3	0.5	-0.8	0.8	2.9	6.8	5.8	3.4	-5.6	8.3
Brazil	-2.7	-4.8	1.7	13.1	11.0	7.3	5.4	12.4	14.2	-0.2	-4.4	9.9
Other Latin America	3.0	4.2	-4.9	-4.1	-1.8	-0.4	2.1	4.7	3.4	4.9	-6.0	7.8
By Income Groups												
Low-Income Countries	7.5	-2.6	-0.8	-0.0	1.9	4.8	6.4	5.2	0.5	5.6	6.5	5.5
Large Low-Income	3.9	-2.2	-1.1	-2.9	1.4	6.9	9.1	6.5	0.6	7.5	10.7	4.3
Small Low-Income	9.1	-2.8	-0.7	7.5	2.2	2.1	1.2	1.9	0.3	3.6	-0.1	8.0
Middle-Income Countries	0.5	2.0	-2.0	1.7	5.2	4.7	5.5	10.5	6.9	6.1	0.2	11.0
By Miscellaneous Groups												
Exporters of Manufactures b/	1.7	-2.7	0.4	2.4	8.5	9.8	9.5	14.5	10.1	5.6	6.0	12.9
Non-oil Primary Exporters	2.7	-2.8	-1.9	8.0	3.3	6.7	3.6	5.7	2.6	4.3	-1.5	7.7
Oil Exporters c/	-0.0	10.0	-7.7	-17.4	4.1	-0.8	1.7	4.4	4.7	10.4	-5.8	3.8
Highly Indebted Countries d/	1.4	3.5	-2.9	-0.4	3.1	1.1	1.9	6.0	6.9	5.5	-5.9	8.0
All LDCs excl. Asian NIEs	2.1	1.9	-3.0	-0.2	4.0	3.2	3.8	5.5	4.5	5.2	-0.9	6.5
All LDCs excl. China, India	2.5	1.7	-1.9	1.9	5.1	4.6	5.3	10.1	6.1	5.9	0.2	10.8

a/ Excluding South Africa.
b/ Includes Brazil, China, Hong Kong, India, Israel, Korea, Portugal, Singapore, Taiwan (China), and Yugoslavia.
c/ Includes Algeria, Cameroon, Congo, Ecuador, Egypt, Gabon, Indonesia, Mexico, Nigeria, Syria, Trinidad and Tobago, and Venezuela.
d/ Includes Argentina, Brazil, Chile, Colombia, Cote d'Ivoire, Mexico, Morocco, Nigeria, Peru, Philippines, Venezuela, Yugoslavia, Uruguay, Ecuador, Bolivia, Costa Rica, and Jamaica.
* Preliminary
Source: International Economics Department

Statistical Appendix
Table 5

GROSS DOMESTIC INVESTMENT (GDI) FOR DEVELOPING COUNTRIES, 1965-87

	% OF GDP (1980 US$)			% OF GDP (CURRENT US$)			REAL GDI GROWTH (PERCENT P.A.)		
	1965-73	1974-80	1981-87	1965-73	1974-80	1981-87	1965-73	1973-80	1980-87
90 - Country Sample	21.0	25.8	25.1	21.5	26.0	23.7	9.3	6.8	3.1
By Bank Regions									
Sub-Saharan Africa a/	15.7	22.2	16.0	16.4	21.4	15.7	10.1	4.2	-8.1
Nigeria	12.6	23.0	14.0	15.5	22.3	13.0	15.2	6.6	-14.8
Other sub-Saharan	18.3	21.3	17.7	16.8	20.6	18.0	7.1	2.1	-2.9
Eastern and Southern	19.5	19.7	16.7	16.8	18.5	17.0	7.9	-0.7	-1.4
Western Africa	16.8	23.4	18.8	16.8	23.8	19.2	6.0	5.8	-4.7
Asia	21.2	27.0	31.5	22.4	27.8	28.0	9.8	9.0	9.9
China	22.7	29.3	38.2	26.2	31.1	33.4	12.9	8.1	19.0
India	19.5	21.9	23.0	18.3	22.8	24.5	3.9	5.7	3.7
NIEs	25.6	32.8	30.4	25.6	32.1	27.7	14.0	12.2	4.9
Other Asia	18.7	24.4	28.2	17.9	24.4	24.8	9.2	10.5	0.1
EMENA, incl. Pakistan	26.5	30.3	27.1	23.2	29.3	26.8	7.9	6.5	0.4
Latin America and Caribbean	19.8	23.2	17.5	20.2	23.4	18.5	8.4	5.8	-4.7
Brazil	21.1	24.4	17.0	20.9	23.4	18.3	14.1	4.4	-0.9
Other Latin America	19.4	22.6	17.7	19.9	23.4	18.6	6.2	6.4	-6.7
By Income Groups									
Low-Income Countries	20.3	24.6	30.3	21.3	25.6	26.9	8.1	6.9	13.3
Large Low-Income	21.3	26.4	33.1	23.2	28.0	29.6	9.1	7.3	14.9
Small Low-Income	17.3	17.9	16.8	14.5	16.9	16.3	4.1	4.3	0.4
Middle-Income Countries	21.3	26.2	22.8	21.6	26.2	22.5	9.8	6.8	-2.0
By Miscellaneous Groups									
Exporters of Manufactures b/	23.7	27.9	29.2	23.6	27.9	26.6	10.1	7.1	8.8
Non-oil Primary Exporters	20.3	22.9	19.6	19.8	23.2	20.2	7.4	4.5	-3.1
Oil Exporters c/	17.4	25.6	23.0	19.6	26.1	22.3	10.5	8.8	-4.0
Highly Indebted Countries d/	20.5	24.8	18.8	20.6	24.6	19.4	8.2	6.5	-5.3
All LDCs excl. Asian NIEs	20.8	25.3	24.6	21.3	25.6	23.3	9.0	6.4	2.9
All LDCs excl. China, India	20.9	25.6	22.3	20.8	25.5	22.1	9.4	6.7	-1.9

a/ Excluding South Africa

b/ Includes Brazil, China, Hong Kong, India, Israel, Korea, Portugal, Singapore, Taiwan (China), and Yugoslavia.

c/ Includes Algeria, Cameroon, Congo, Ecuador, Egypt, Gabon, Indonesia, Mexico, Nigeria, Syria, Trinidad and Tobago, and Venezuela.

d/ Includes Argentina, Brazil, Chile, Colombia, Cote d'Ivoire, Mexico, Morocco, Nigeria, Peru, Philippines, Venezuela, Yugoslavia, Uruguay, Ecuador, Bolivia, Costa Rica, and Jamaica.

Source: International Economics Department, World Bank.

Statistical Appendix
Table 6
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INDEX OF REAL EFFECTIVE EXCHANGE RATES FOR LATIN AMERICA AND CARIBBEAN, 1978-88

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1980-87	C.of V.
ARGENTINA	54.5	76.7	100.0	91.0	50.6	42.6	49.7	44.0	44.1	40.9	37.4	57.9	0.381
BARBADOS	101.0	101.2	100.0	108.9	117.9	123.8	130.6	133.3	124.3	117.1	113.7	119.5	0.087
BOLIVIA	87.3	91.6	100.0	125.9	136.6	125.4	162.6	279.6	82.2	79.2	75.1	136.4	0.441
BRAZIL	122.7	112.5	100.0	121.4	128.4	104.2	104.2	100.1	94.4	95.1	102.7	106.0	0.109
CHILE	85.2	86.1	100.0	118.0	106.7	86.8	85.3	68.8	58.2	53.9	50.5	84.7	0.255
COLOMBIA	95.0	97.6	100.0	107.6	114.7	114.2	104.6	91.3	68.1	60.7	58.5	95.2	0.202
COSTA RICA	86.6	90.9	100.0	63.5	72.5	83.4	81.9	80.9	72.7	66.0	60.4	77.6	0.140
DOMINICAN REPU	99.7	97.5	100.0	101.4	102.8	97.2	71.0	77.7	72.7	60.7	52.5	85.4	0.183
ECUADOR	99.4	98.6	100.0	111.8	109.4	104.1	85.9	89.3	71.9	55.2	41.5	91.0	0.202
EL SALVADOR	93.8	95.7	100.0	114.0	122.0	129.9	140.7	150.3	123.4	138.6	158.2	127.4	0.118
GUATEMALA	103.5	102.3	100.0	109.6	113.1	118.8	119.7	87.2	85.0	81.8	75.7	101.9	0.143
GUYANA	97.0	101.0	100.0	108.1	122.5	143.7	146.5	151.5	143.6	73.9	91.4	123.7	0.210
HAITI	93.5	95.1	100.0	106.0	112.7	124.3	131.7	143.6	135.5	118.3	116.4	121.5	0.116
HONDURAS	95.2	95.2	100.0	107.9	116.1	125.1	131.9	137.7	130.0	123.1	122.1	121.5	0.098
JAMAICA	96.0	89.9	100.0	106.5	110.5	104.3	72.9	63.8	68.5	67.7	68.2	86.8	0.218
MEXICO	84.0	89.2	100.0	113.6	81.6	71.7	83.8	86.3	60.4	55.6	68.6	81.6	0.221
NICARAGUA	91.4	90.2	100.0	124.5	126.2	153.0	176.1	251.1	301.2	441.0	386.9	209.1	0.519
PANAMA	101.0	97.6	100.0	102.6	105.4	106.2	106.8	107.7	98.7	92.1	85.4	102.4	0.048
PARAGUAY	79.4	90.0	100.0	107.8	95.1	88.7	83.5	72.3	72.7	58.3	60.6	84.8	0.181
PERU	87.8	90.3	100.0	118.5	122.6	114.3	114.3	93.8	104.8	118.9	108.2	113.9	0.086
TRINIDAD AND T	95.2	97.5	100.0	110.0	121.3	139.4	160.1	167.3	115.8	107.3	100.6	127.7	0.184
URUGUAY	71.9	79.4	100.0	112.3	117.5	72.2	69.2	66.9	65.9	64.2	60.5	83.5	0.252
VENEZUELA	90.8	91.7	100.0	111.9	121.1	110.3	93.6	89.9	75.1	53.8	60.0	94.5	0.216
Average	91.8	93.8	100.0	108.8	109.9	108.0	109.0	114.5	98.7	96.7	93.7	105.7	0.056

Source: IMF.

INDEX OF REAL EFFECTIVE EXCHANGE RATES FOR EAST AND SOUTH ASIA, 1978-88

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1980-87	C.of V.
BANGLADESH	97.8	97.5	100.0	99.8	95.0	94.1	104.4	107.0	93.0	89.7	87.3	97.9	0.057
BURMA	107.8	108.3	100.0	89.9	91.8	94.3	96.3	102.8	105.2	126.5	124.1	100.9	0.108
CHINA, PEOPLE	97.5	98.6	100.0	89.1	85.1	83.6	74.3	63.1	45.9	39.9	43.3	72.6	0.274
FIJI	96.5	96.0	100.0	102.6	103.1	102.5	103.7	105.1	94.5	80.5	67.9	99.0	0.077
HONG KONG	101.8	96.4	100.0	99.8	105.1	96.1	98.8	103.6	92.2	86.8	84.3	97.8	0.057
INDIA	90.1	90.1	100.0	103.7	100.0	102.9	102.4	98.8	84.5	76.3	71.1	96.1	0.098
INDONESIA	122.2	92.7	100.0	108.6	117.5	95.0	92.4	89.8	69.1	50.8	49.0	90.4	0.221
KOREA	97.6	107.4	100.0	104.4	106.9	102.7	101.3	95.5	80.6	80.2	88.9	96.5	0.101
MALAYSIA	101.2	103.8	100.0	100.4	106.7	111.8	116.1	110.3	92.6	87.8	79.6	103.2	0.089
NEPAL	106.0	100.4	100.0	106.1	115.8	117.8	109.1	107.9	95.9	94.7	91.4	105.9	0.076
PAPUA NEW GUIN	95.1	93.2	100.0	102.3	100.7	97.4	98.2	94.1	89.0	88.0	86.5	96.2	0.052
PHILIPPINES	87.7	95.0	100.0	103.2	107.1	90.1	89.2	97.6	76.2	70.1	68.2	91.7	0.133
SINGAPORE	99.6	100.4	100.0	105.6	110.7	112.0	113.9	111.1	94.7	88.9	86.9	104.6	0.082
SRI LANKA	80.6	86.9	100.0	106.3	112.8	112.2	124.9	116.7	103.9	93.0	90.9	108.7	0.086
THAILAND	91.2	92.4	100.0	102.8	105.8	108.6	107.2	95.3	85.0	79.9	77.3	98.1	0.101
TAIWAN, (CHINA)	89.1	92.7	100.0	108.9	107.4	104.0	104.7	102.8	92.5	100.4	103.6	102.6	0.047
Average	97.6	97.0	100.0	102.1	104.5	101.6	102.3	100.1	87.2	83.3	81.3	97.6	0.075

Source: IMF

INDEX OF REAL EFFECTIVE EXCHANGE RATES FOR EUROPE, MIDDLE EAST AND NORTH AFRICA, 1978-88

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1980-87	C.of V.
ALGERIA	*	*	*	*	*	*	*	*	*	*	*	*	*
CYPRUS	98.9	99.7	100.0	96.2	94.1	92.0	91.0	91.2	87.7	83.1	81.5	91.9	0.052
EGYPT	114.1	92.6	100.0	108.0	118.3	133.7	156.0	164.0	156.4	156.6	157.9	136.6	0.172
GREECE	98.1	102.1	100.0	103.2	107.0	99.4	96.5	93.0	87.2	89.2	91.4	96.9	0.066
ISRAEL	90.6	97.8	100.0	101.5	106.3	115.7	108.7	105.2	102.7	100.2	109.8	105.0	0.047
JORDAN	97.4	99.8	100.0	104.6	106.8	107.5	109.9	109.4	100.8	90.4	79.0	103.7	0.059
MALTA	95.5	95.0	100.0	108.2	111.8	108.9	107.5	104.2	98.7	95.5	94.4	104.4	0.051
MOROCCO	103.0	103.3	100.0	91.5	90.1	84.2	79.4	74.1	70.9	68.5	67.1	82.3	0.126
PAKISTAN	102.3	99.6	100.0	113.1	103.6	100.0	102.0	95.2	78.6	69.6	67.3	95.3	0.140
PORTUGAL	102.5	98.4	100.0	105.6	105.0	97.5	99.1	100.3	99.3	98.0	98.1	100.6	0.028
SYRIAN ARAB RE	*	*	*	*	*	*	*	*	*	*	*	*	*
TUNISIA	106.8	101.2	100.0	99.1	98.4	97.4	97.3	96.7	82.7	71.2	69.8	92.9	0.104
TURKEY	118.4	128.0	100.0	98.4	83.6	81.4	77.5	78.0	65.4	61.8	62.0	80.8	0.158
YEMEN ARAB REP	*	*	*	*	*	*	*	*	*	*	*	*	*
YEMEN, P.D. RE	*	*	*	*	*	*	*	*	*	*	*	*	*
YUGOSLAVIA	103.3	108.8	100.0	105.0	97.6	75.9	74.1	71.3	76.3	77.8	64.9	84.8	0.150
Average	102.6	102.2	100.0	102.9	101.9	99.5	99.9	98.5	92.2	88.5	86.9	97.9	0.048

Source: IMF.

INDEX OF REAL EFFECTIVE EXCHANGE RATES FOR SUB-SAHARAN AFRICA, 1978-88

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1980-87	C.of V.
BENIN	*	*	*	*	*	*	*	*	*	*	*	*	*
BOTSWANA	103.4	101.3	100.0	104.7	99.7	96.4	99.9	89.4	87.9	87.2	85.3	95.7	0.065
BURKINA FASO	93.4	99.4	100.0	90.6	88.6	85.7	82.0	83.6	82.1	78.7	78.6	86.4	0.072
BURUNDI	83.0	101.1	100.0	118.7	130.3	142.2	131.6	134.5	116.6	100.2	87.7	121.8	0.121
CAMEROON	102.7	101.7	100.0	91.7	89.8	93.2	94.5	98.8	109.5	122.7	118.7	100.0	0.103
CENTRAL AFRICA	90.5	96.5	100.0	96.8	95.8	93.3	90.8	93.1	99.1	99.2	92.5	96.0	0.033
CONGO	105.4	104.7	100.0	100.3	99.4	95.8	99.1	100.1	101.7	101.8	100.9	99.8	0.018
COTE D'IVOIRE	89.0	98.0	100.0	85.7	78.1	75.2	72.0	72.2	84.5	92.4	92.8	82.5	0.114
ETHIOPIA	103.6	106.5	100.0	109.1	118.5	120.9	136.2	162.4	120.1	102.3	102.5	121.2	0.157
GABON	97.3	98.6	100.0	88.8	89.7	88.1	84.1	86.7	94.4	92.9	82.8	90.6	0.052
GAMBIA, THE	97.7	98.7	100.0	95.6	96.1	96.7	89.9	98.3	70.6	74.5	80.6	90.2	0.117
GHANA	96.7	76.5	100.0	222.4	278.1	186.9	72.1	52.5	30.2	23.3	22.3	120.7	0.745
KENYA	104.2	101.0	100.0	96.7	100.3	95.0	101.7	100.3	87.0	78.6	72.7	95.0	0.080
LESOTHO	94.8	98.3	100.0	99.8	95.6	99.6	99.1	97.1	95.0	94.1	92.3	97.5	0.023
LIBERIA	93.7	95.7	100.0	106.4	114.8	120.2	124.0	123.5	107.6	99.9	100.9	112.1	0.083
MADAGASCAR	88.4	95.0	100.0	105.8	111.7	112.6	96.5	91.6	86.5	59.0	49.3	95.5	0.170
MALAWI	93.7	96.1	100.0	99.8	96.0	97.7	96.7	96.9	85.7	77.9	82.0	93.8	0.078
MALI	103.7	93.9	100.0	97.6	89.4	89.3	91.5	94.7	93.1	78.2	79.0	91.7	0.068
MAURITANIA	102.8	99.8	100.0	115.8	125.8	124.2	117.1	109.6	99.7	94.3	86.5	110.8	0.100
MAURITIUS	103.2	99.9	100.0	103.8	98.8	99.3	96.0	93.1	89.9	81.7	79.8	95.3	0.069
NIGER	102.5	101.1	100.0	104.7	103.1	89.8	88.8	83.9	79.0	71.8	68.1	90.1	0.123
NIGERIA	90.8	93.8	100.0	110.8	113.7	134.3	185.0	166.0	90.9	29.0	32.4	116.2	0.386
RWANDA	98.6	102.8	100.0	111.5	130.8	141.4	145.2	146.1	133.4	133.2	135.1	130.2	0.118
SENEGAL	104.9	104.7	100.0	89.1	91.7	92.2	94.4	103.1	111.9	106.1	100.1	98.6	0.076
SEYCHELLES	97.2	104.0	100.0	116.6	116.2	121.9	128.2	129.2	122.7	119.5	117.9	119.3	0.072
SIERRA LEONE	96.7	100.7	100.0	115.4	143.0	173.9	215.5	179.0	140.0	108.7	131.0	146.9	0.254
SOMALIA	64.4	70.7	100.0	118.4	95.2	105.1	167.8	92.6	61.0	51.5	64.3	99.0	0.337
SUDAN	113.3	111.7	100.0	105.7	96.7	84.6	106.9	99.4	94.3	83.8	94.1	95.2	0.091
TANZANIA	94.4	88.8	100.0	129.7	153.5	171.5	175.9	204.6	141.9	69.8	54.9	143.4	0.283
TOGO	100.0	99.6	100.0	98.9	94.9	94.4	84.3	80.6	87.1	86.5	77.7	90.8	0.074
UGANDA	31.9	56.3	100.0	70.3	24.5	19.3	13.0	17.1	18.0	22.3	20.9	35.6	0.837
ZAIRE	141.7	123.5	100.0	92.6	97.7	114.3	45.6	41.3	41.2	35.7	36.9	71.1	0.433
ZAMBIA	104.4	102.4	100.0	102.2	113.9	105.6	90.8	84.0	40.5	42.7	65.8	85.0	0.311
ZIMBABWE	100.5	100.6	100.0	107.1	116.0	103.1	103.2	91.8	119.6	161.4	149.8	112.7	0.178
Average	96.6	97.7	100.0	106.2	108.4	108.0	106.7	102.9	91.6	83.7	82.9	100.9	0.083

Source: IMF.

DEVELOPING COUNTRIES: DEBT STOCKS AND FLOWS, 1986-88 /a

(in billions of US$)

	All Developing Countries			Highly Indebted Countries b/			Sub-Saharan Africa c/		
	1986	1987	1988 d/	1986	1987	1988 d/	1986	1987	1988 d
Gross disbursement	87.8	86.7	88.0	24.2	23.4	28.2	8.9	9.0	9.5
Official	36.9	38.2	38.0	12.5	11.7	15.4	5.4	6.1	n.a
o/w: Multilateral	20.8	22.2	n.a	8.2	7.3	9.6	3.4	4.0	n.a
Private	50.9	48.5	50.0	11.8	11.7	12.9	3.5	2.9	n.a
Net flows	26.2	15.8	16.0	4.5	6.2	6.0	4.3	5.2	5.4
Official	19.3	17.6	n.a	6.3	5.3	6.8	3.8	4.5	n.a
o/w: Multilateral	13.4	12.3	n.a	5.2	3.4	4.1	2.6	3.0	n.a
Private	7.0	-1.8	n.a	-1.9	0.9	-0.8	0.5	0.7	n.a
Net transfers	-28.7	-38.1	-43.0	-25.8	-21.8	-31.7	1.7	2.5	2.2
Official	4.4	0.9	n.a	0.9	-1.0	-1.2	2.5	2.9	n.a
o/w: Multilateral	5.7	3.0	n.a	1.8	-0.9	-0.9	1.8	2.1	n.a
Private	-33.2	-39.0	n.a	-26.6	-20.8	-30.5	-0.7	-0.4	n.a
Debt outstanding and disbursed (DOD)	893.9	996.3	1020.0	420.8	457.7	460.8	90.7	109.3	118.5
Official	364.5	436.6	450.0	99.4	127.4	133.5	57.8	73.8	n.a
o/w: Multilateral	141.5	176.5	n.a	47.8	61.2	64.7	21.7	28.1	n.a
Private	529.4	559.7	570.0	321.4	330.3	327.3	33.0	35.5	n.a
Memo: DOD Composition (% of Total)									
Official	40.8	43.8	44.1	23.6	27.8	29.0	63.7	67.5	n.a
o/w: Multilateral	15.8	17.7	n.a	11.4	13.4	14.0	23.9	25.7	n.a
Private	59.2	56.2	55.9	76.4	72.2	71.0	36.4	32.5	n.a

a/ Covers both public and publicly guaranteed and private nonguaranteed debt for the 109 countries in the World Bank's Debt Reporting System.
b/ Argentina, Bolivia, Brazil, Chilè, Colombia, Costa Rica, Cote d'Ivoire, Ecuador, Jamaica, Mexico, Morocco, Nigeria, Peru, Philippines, Uruguay, Venezuela and Yugoslavia.
c/ Excludes South Africa.
d/ Estimated.

Source: World Debt Tables, Volume 1988/89 Edition.

Statistical Appendix
Table 8

PUBLIC AND PUBLICLY GUARANTEED DEBT HELD AT VARIABLE RATE IN 1987

	Percentage Share of DOD	Amount (in US$ billions)
All developing countries	43.6	395
Sub-Saharan Africa	21.7	23
Highly indebted countries	66.0	266

Note: Private non-guaranteed debt (another US$90 billion for all developing countries) is not included in above figures.

Source: World Bank, World Debt Tables, 1988/89.

Statistical Appendix
Table 9

SOURCES OF GROWTH FOR DEVELOPING COUNTRIES, 1965-87 a/

	Percent of GDP					Contribution to GDP Growth (percent per annum)											
	1980					1965-80						1980-87					
	CP	CG	GDI	X	M	GDP	CONSP	CONSG	GDI	XGNFS	MGNFS	GDP	CONSP	CONSG	GDI	XGNFS	MGNFS
90 - Country Sample	63	13	27	21	23	5.9	3.7	0.8	1.7	1.1	1.4	4.0	2.2	0.1	0.8	1.2	0.4
By Bank Regions																	
Sub-Saharan Africa a/	66	12	21	26	26	5.2	2.9	0.7	1.3	1.3	1.3	0.3	0.9	-0.5	-1.7	-0.3	-1.6
Nigeria	62	9	20	26	17	6.8	3.6	0.6	1.6	1.6	1.0	-1.9	-0.2	-0.1	-3.0	-2.0	-3.0
Other sub-Saharan	71	15	21	27	34	3.8	2.4	0.6	0.9	1.0	1.3	2.2	2.0	-0.9	-0.6	0.7	-0.8
Eastern and Southern	73	16	20	23	32	3.3	2.2	0.6	0.6	0.6	0.8	1.8	1.5	-1.0	-0.3	0.7	-0.7
Western Africa	69	14	23	32	38	4.5	2.8	0.7	1.3	1.5	1.9	2.7	2.7	-0.9	-1.1	0.8	-0.8
Asia	61	13	29	23	24	6.2	3.4	0.8	1.8	1.5	1.4	7.2	3.1	0.7	2.8	2.0	1.5
China	55	16	30	7	8	6.4	3.2	1.0	2.1	0.4	0.5	10.4	3.2	1.0	5.7	1.0	1.2
India	70	10	24	7	10	3.8	2.2	0.5	1.0	0.3	0.2	5.0	3.3	0.9	0.9	0.3	0.5
NIEs	60	12	34	64	69	9.5	5.7	1.0	2.8	4.4	4.9	7.6	3.7	0.4	1.7	6.2	4.6
Other Asia	61	11	26	30	28	6.6	3.7	0.7	1.7	2.1	1.7	3.4	2.3	0.3	0.0	1.4	0.5
EMENA, incl. Pakistan	61	17	30	22	30	6.3	3.9	1.1	2.1	1.3	2.0	3.3	2.6	-0.1	0.1	1.2	0.6
Latin America and Caribbean	67	11	24	14	16	6.0	4.2	0.7	1.5	0.2	0.9	1.5	1.3	-0.2	-1.1	0.6	-0.7
Brazil	70	9	23	9	11	8.9	6.2	0.8	2.1	0.7	0.8	3.3	2.4	0.1	-0.2	0.5	-0.5
Other Latin America	65	11	24	17	18	4.9	3.6	0.6	1.3	-0.2	0.9	0.6	0.7	-0.4	-1.6	0.7	-0.9
By Income Groups																	
Low-Income Countries	64	14	26	9	13	4.8	2.7	0.7	1.4	0.4	0.5	7.6	3.1	0.8	3.5	0.8	0.8
Large Low-Income	61	14	28	7	9	5.3	2.8	0.8	1.6	0.4	0.4	8.5	3.2	1.0	4.1	0.8	1.0
Small Low-Income	79	13	19	17	28	3.2	2.5	0.4	0.7	0.4	0.6	3.2	2.8	-0.3	0.1	0.4	-0.2
Middle-Income Countries	62	12	27	25	26	6.4	4.0	0.8	1.8	1.5	1.6	2.5	1.9	-0.2	-0.5	1.3	0.2
By Miscellaneous Groups																	
Exporters of Manufactures b/	62	13	28	18	21	6.7	4.0	0.9	2.0	1.2	1.4	6.4	2.9	0.5	2.5	1.6	1.2
Non-oil Primary Exporters	67	13	24	22	27	4.6	2.9	0.6	1.2	1.1	1.2	2.4	2.3	-0.5	-0.7	1.1	0.1
Oil Exporters c/	60	11	26	23	20	6.4	4.0	0.7	1.8	0.7	1.3	1.2	1.0	-0.1	-1.0	0.3	-1.0
Highly Indebted Countries d/	65	11	25	16	17	6.2	4.1	0.7	1.6	0.5	1.0	1.1	1.0	-0.1	-1.3	0.4	-0.9
All LDCs excl. Asian NIEs	63	13	26	18	19	5.8	3.6	0.8	1.6	0.8	1.1	3.7	2.1	0.1	0.8	0.8	0.0
All LDCs excl. China, India	64	12	26	24	26	6.1	3.9	0.8	1.7	1.4	1.6	2.5	1.9	-0.2	-0.5	1.3	0.2

a/ Excluding South Africa

b/ Includes Brazil, China, Hong Kong, India, Israel, Korea, Portugal, Singapore, Taiwan (China), and Yugoslavia.

c/ Includes Algeria, Cameroon, Congo, Ecuador, Egypt, Gabon, Indonesia, Mexico, Nigeria, Syria, Trinidad and Tobago, and Venezuela.

d/ Includes Argentina, Brazil, Chile, Colombia, Cote d'Ivoire, Mexico, Morocco, Nigeria, Peru, Philippines, Venezuela, Yugoslavia, Uruguay, Ecuador, Bolivia, Costa Rica, and Jamaica

e/ The contribution to GDP growth is calculated as the component's share of GDP in the base year times the component's growth in the period. The following growth identity holds:

GDP = Private Consumption (CONSP) + Govt. Consumption (CONSG) + Investment (GDI) + Exports of Goods and Non-Factor Services (XGNFS) - Imports of Goods and Nonfactor Services (MGNFS)

Statistical Appendix
Table 10

CROSS-SECTION REGRESSION RESULTS FOR GDP GROWTH RATES 1980-87

	84 Developing Countries	Sub-Saharan Africa	Asia	Latin America	EMENA	Highly-Indebted Countries
Independent Variables						
Investment/GDP	0.266**	0.114+	0.226*	0.109	-0.185+	-0.071
	(0.033)	(0.062)	(0.096)	(0.0[illegible])	(0.088)	0.062
Export Effort	0.374**	0.237**	0.511**	0.196*	0.075	0.252**
	(0.046)	(0.061)	(0.106)	(0.058)	(0.105)	(0.065)
Terms of Trade	0.143**	0.205**	0.181	0.276**	-0.281+	0.186*
	(0.051)	(0.064)	(0.137)	(0.057)	(0.151)	(0.063)
Constant	-0.944	1.298	-0.124	0.577	8.151*	3.103*
	(0.707)	(1.005)	(2.193)	(1.427)	(2.046)	(1.135)
R^2	0.947	0.582	0.982	0.819	0.918	0.778
No. of Observations	84	33	16	23	12	17

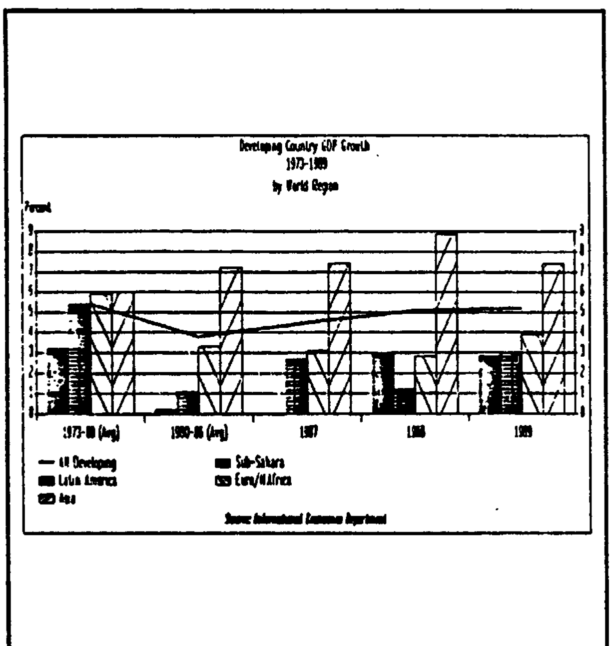
Note: Figures in parenthesis are standard errors

** Statistically significant at the 1% level.
* Statistically significant at the 5% level.
+ Statistically significant at the 10% level.

CONTRIBUTIONS TO GDP GROWTH RATES, 1980-87

	84 Developing Countries		Sub-Saharan Africa		Asia		Latin America		EMENA		Highly-Indebted Countries	
	Mean	Contribution to Growth	Mean	Contribution to Growth	Mean	Contribution to Growth	Mean	Contribution to Growth	Mean	Contribution to Growth	Mean	Contribution to Growth
Indepeutent Variables												
Investment/GDP	19.1	151	17.5	92	23.0	85	16.2	179	23.2	-106	16.1	-136
Export Effort	-1.4	-15	-2.8	-30	2.4	20	-3.6	-77	1.4	3	-2.4	- 74
Terms of Trade	-1.8	- 8	-2.3	-22	-1.1	-3	-2.2	-65	-0.4	3	-2.8	- 62
Constant		-28		60		-2		63		200		372
		100		100		100		100		100		100
Dependent Variable	2.4		2.3		4.7		0.4		3.7		0.7	

Chart 1


Developing Country GDP Growth
1973-1989
by World Region
Percent
1973-80 (Avg)
1980-86 (Avg)
1987
1988
1989
All Developing
Sub-Sahara
Latin America
Euro/N.Africa
Asia
Source: International Economics Department

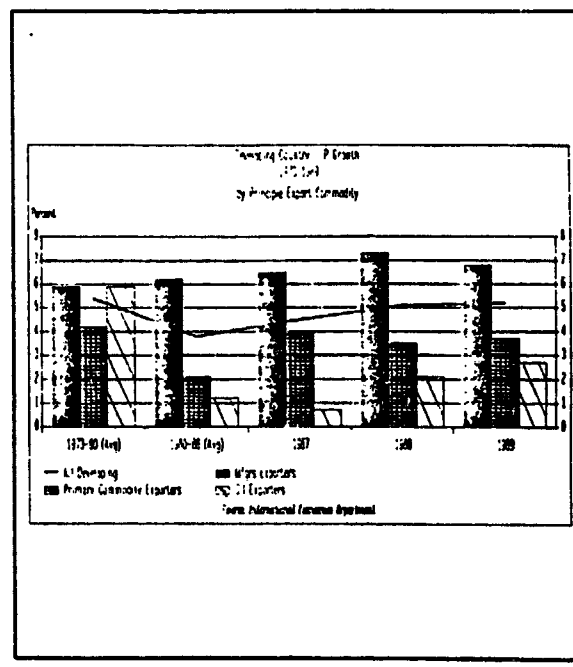
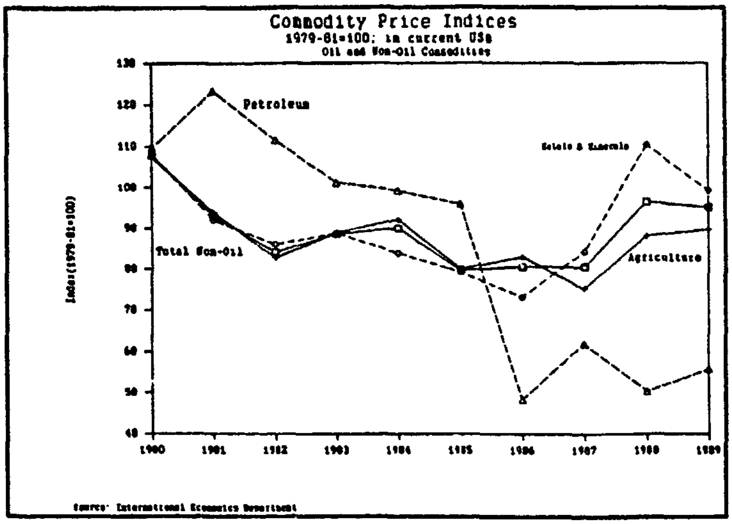
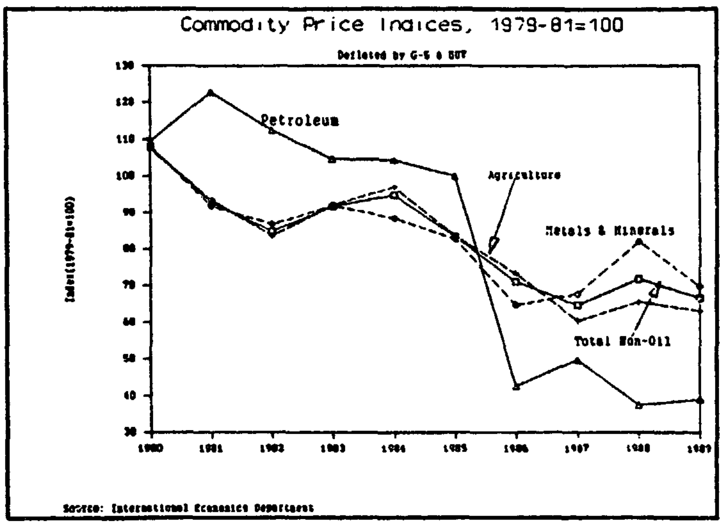


Chart 2


Commodity Price Indices
1979-81=100; in current US$
Oil and Non-Oil Commodities
Petroleum
Metals & Minerals
Total Non-Oil
Agriculture
Index(1979-81=100)
Source: International Economics Department


Commodity Price Indices, 1979-81=100
Deflated by G-5 & MUV
Petroleum
Agriculture
Metals & Minerals
Total Non-Oil
Index(1979-81=100)
Source: International Economics Department

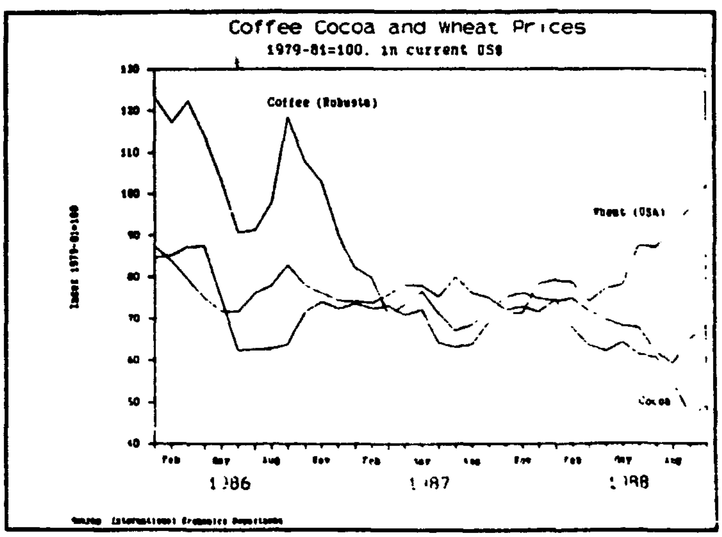
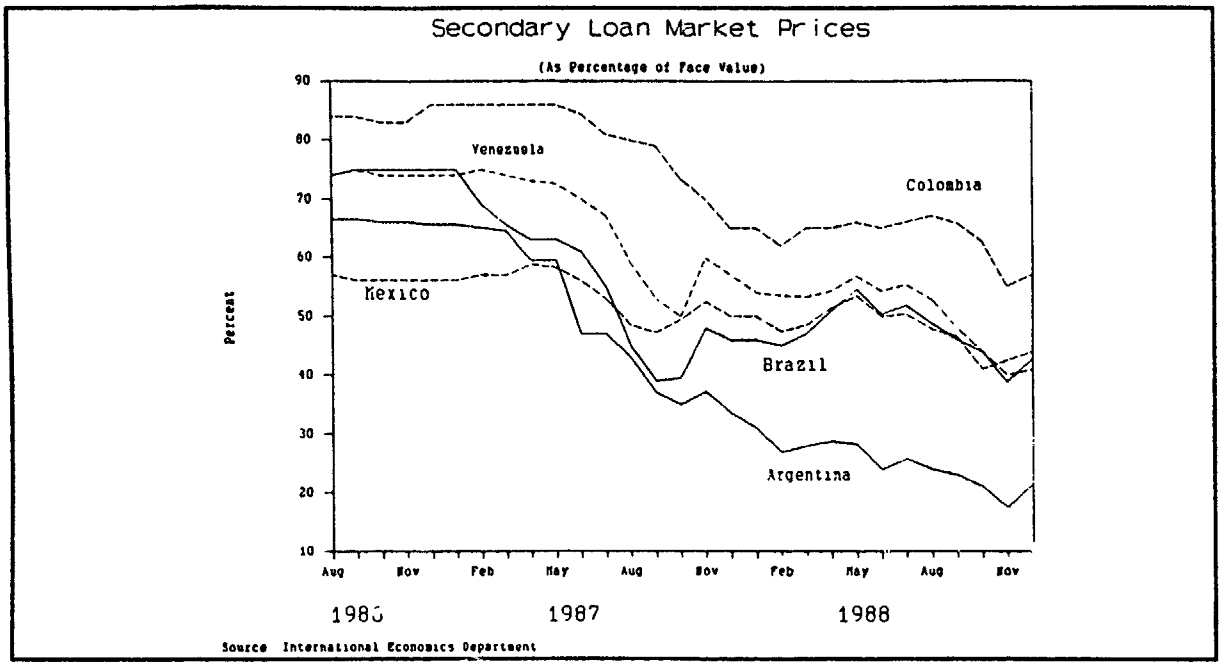
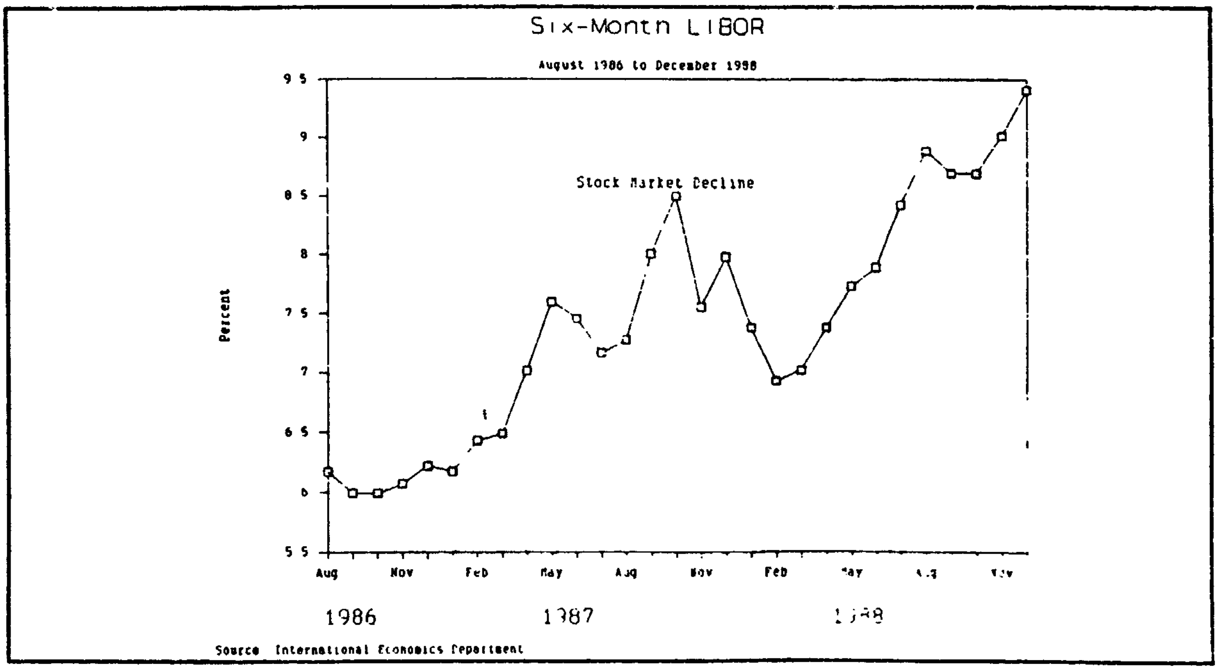

Coffee Cocoa and Wheat Prices
1979-81=100. in current US$
Coffee (Robusta)
Wheat (USA)
Cocoa
1986
1987
1988
Source: International Economics Department

Chart 3


Secondary Loan Market Prices
(As Percentage of Face Value)
Percent
90
80
70
60
50
40
30
20
10
Venezuela
Colombia
Mexico
Brazil
Argentina
Aug
Nov
Feb
May
Aug
Nov
Feb
May
Aug
Nov
1987
1988
Source International Economics Department


Six-Month LIBOR
August 1986 to December 1988
Percent
9 5
9
8 5
8
7 5
7
6 5
6
5 5
Stock Market Decline
Aug
Nov
Feb
May
Aug
Nov
Feb
1986
1987
Source International Economics Department

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