

✓ 46 328

12



UNITED NATIONS  
ECONOMIC AND SOCIAL COUNCIL



Distr.  
LIMITED

E/CN.14/ECO/153  
1 September 1978

ENGLISH  
Original: FRENCH

ECONOMIC COMMISSION FOR AFRICA

Executive Committee  
Nineteenth meeting

Arusha, 23-25 October 1978

EXTERNAL DEBT PROBLEMS:  
POSSIBLE IMPACT ON THE AFRICAN COUNTRIES OF  
THE RECOMMENDATIONS OF THE FIRST MINISTERIAL SESSION  
OF THE TRADE AND DEVELOPMENT BOARD

## Introduction

1. The debt problem of numerous African countries has grown steadily worse. Their balance-of-payments deficit has contributed appreciably to their need for additional loans. These loans have been obtained on increasingly unfavourable terms and the proportion of loans granted at market conditions has been increasing. An analysis of the data shows that there has been a significant increase in the external public debt between 1970 and 1976.
2. The Executive Committee in resolution ECO (XVIII)/Res.8 adopted at its eighteenth session, held in Khartoum from 2 to 4 May 1978, requested the Executive Secretary to work out the implications for Africa of the conclusions reached at the ninth special session of the Trade and Development Board, and to submit his findings to the next meeting of the Conference of Ministers.
3. This report is a follow-up to this resolution. The first part consists of a review of the present external public debt situation of the African countries, its recent evolution and future prospects. The second part deals with international action to ease the difficulties created by the external indebtedness of the developing countries. In the third part, an attempt is made to assess the possible implications of the measures that have been proposed to alleviate the debt of the African countries.

### I. PRESENT DEBT SITUATION, RECENT EVOLUTION AND FUTURE PROSPECTS

#### General trends

4. The data available for 39 developing African countries show that the over-all debt of these countries, including amounts not disbursed, rose from 13 billion dollars in 1970 to over 39 billion dollars in 1976. (see annex II, table 1).
5. The total disbursed debt rose from 8.6 billion dollars in 1970 to 23.8 billion dollars in 1976, while debt service rose from 0.8 billion dollars to 5.2 billion dollars during the same period. (see annex II, table 2). These figures represent an average annual growth rate of approximately 18 per cent of the debt disbursed during the period 1970-1976. The corresponding rate for debt service was 35 per cent.
6. The total disbursed debt of the non-oil-exporting countries increased at an average annual rate of approximately 15 per cent, rising from 7.3 billion dollars in 1970 to 16.5 billion dollars in 1976, whereas their debt service rose from 0.7 billion dollars to 4.1 billion dollars during the same period, an average annual increase of 33 per cent.
7. As for those oil-exporting countries for which data are available, (Algeria, Gabon and Nigeria), their total disbursed debt rose from 1.5 billion dollars in 1970 to 7.3 billion dollars in 1976; this represents an average annual increase of approximately 30 per cent. The debt service of those countries increased even faster, rising from 108 million dollars in 1970 to 1.1 billion dollars in 1976.

CONFIDENTIAL

8. The increase in the external debt naturally reflects the general increase in the prices of goods imported by the countries concerned, particularly, goods originating in developed market-economy countries (which are by far their main suppliers) and the growing current-account deficits caused by the deterioration of the terms of trade and, to some extent, the reduction in external demand for exports.

9. Another trend which has been noted is the increase in undisbursed balances. These rose from 32 per cent of total commitments in 1970 to over 40 per cent in 1976.

#### Structure

10. The evolution of the debt structure is characterized by a faster increase in debts owed to private banks and other private financial institutions than those owed to public bodies. Whereas the over-all external public debt (including the amount of non-disbursed loans) increased at an average annual rate of 25 per cent between 1970 and 1975, the debt to the private sector increased at a rate of 32.9 per cent during the same period. Thus, the ratio of private debts to the total external public debt rose from 27 per cent in 1970 to 37 per cent in 1975.

11. The increase in indebtedness to private creditors seems largely due to a very rapid increase in the debt of the oil-exporting countries.

#### Effects of world inflation

12. It is generally thought that world inflation is a factor that alleviates the debt burden of the developing countries by reducing the real cost of debt service. In fact, this theory does not take account of the adverse effects that inflation can have on the import capacity of the developing countries because of the deterioration in their terms of trade and the drop in demand for exports from those countries that may result.

13. The effect of inflation on the debt burden can be considered to be favourable only if there is an increase in the import capacity of the debtor country.

14. In a recent note, the secretariat of UNCTAD tried to gauge, by means of a cost/benefit analysis, some aspects of the impact of inflation on the debt of the developing countries during the three years from 1973 to 1975.

15. Using the available data it was possible to calculate these effects for 34 non-oil exporting African countries. <sup>1/</sup>

16. The number of countries on which inflation had an adverse impact was 9 in 1973, 15 in 1974 and 29 in 1976.

<sup>1/</sup> UNCTAD, Some aspects of the impact of inflation on the burden of debt of developing countries, (TD/AC.2/4), June 1977.

17. By way of comparison, we should point out that, if we consider the 71 developing countries for which results were available, the percentage of countries on which inflation had an adverse impact rose from 25 per cent in 1973 to 46 per cent in 1974 and to 76 per cent in 1975.

Effects on the short-term position of the current balance of payments

18. Debt service payments have an effect not only on the net transfer of resources but also on the short-term position of the current balance of payments of the debtor countries. They account for a large proportion of external payments. Thus, if we take the example of 29 countries for which full data are available for the year 1976, we see that the external debt came to 2.8 billion dollars while the current-account deficit was 5.3 billion dollars; this means that debt service payments accounted for 53 per cent of all current payments.

19. The widening current-account deficit resulting from the increase in the external debt is also illustrated by the unfavourable evolution of the average coefficient of debt-servicing compared to exports of non-factor goods and services. <sup>1/</sup> In the case of the 29 countries in question, this average coefficient increased from approximately 6 per cent in 1970 to 8 per cent in 1976. Thus, it is clear that debt service payments increased faster than exports.

20. The rapid increase in loans from the private sector has, of course, had repercussions on the debt service schedule. According to World Bank estimates, the average debt settlement factors of African countries shows that 9 per cent of the outstanding debt in 1974 would have to be repaid in two years, 25 per cent in five years and 46 per cent in ten years.

Prospects concerning the debt

21. With the exception of specific cases, any further increase in the debt of the African countries would seem to be contingent basically upon the evolution of their current deficit and on the amount and type of external financial resources they will be able to secure in order to satisfy their need for external capital.

22. According to provisional estimates, it is expected that the non-oil-exporting countries will need somewhere between 28 and 33 billion dollars in 1985.

---

<sup>1/</sup> The coefficient in question is the ratio of the debt service to the value of goods and services exported, excluding income from direct investments.

23. In any event, it should be pointed out that the obligations that will devolve upon the African countries in respect of debt service payments during the next few years have already been determined to a large extent by the level and composition of the current debt outstanding. Even if current deficits were to increase only slightly between now and 1980 or 1985, projections made by the World Bank show that, in 1975, service of the total debt outstanding of the 39 African countries considered in this study, will increase at an average annual rate of 5 per cent between 1976 and 1980 and then decrease at the rate of 13 per cent between 1980 and 1985.

24. In absolute terms, over-all debt service payments will increase from 3 billion dollars in 1976 to 3.8 billion dollars in 1980 and then fall to 2 billion dollars in 1985. During the same period, debt service payments to the public sector will increase from 1.3 billion dollars in 1976 to 1.6 billion dollars in 1980 and then decrease to 1.4 billion dollars in 1985. Debt service payments to the private sector, will increase from 1.8 billion dollars in 1976 to 2.2 billion dollars in 1980 and then drop to 0.7 billion dollars in 1985 (annex 2, table 3).

## II. INTERNATIONAL ACTION

25. It is well known that the growing indebtedness of the developing countries as a whole has been a subject of major concern to the entire international community for some time.

26. At its fourth session, held at Nairobi from 5 to 31 May 1976, the United Nations Conference on Trade and Development adopted resolution 94(IV) on the debt problems of developing countries. In this resolution it invited, in particular, appropriate existing international forums to determine, before the end of 1976, what features might usefully be discerned from past operations, together with others that might be identified in the light of the present situation of the least developed countries, the most seriously affected developing countries and other countries in need, which could provide guidance in future operations relating to debt problems as a basis for dealing flexibly with individual cases.

27. The Conference also requested the Trade and Development Board, at its ministerial session to be held in 1978, to review the action taken in pursuance of that resolution, and requested the Secretary-General of UNCTAD to convene an intergovernmental group of experts to assist as necessary in that task.

28. During the first part of its sixteenth session, held from 5 to 23 October 1976, the Board decided [decision 149 (XVI)] that at its ministerial session it should, *inter alia*, review measures taken in accordance with resolution 98(IV) of the Conference concerning the debt and related development and financial problems of the least developed, island and land-locked developing countries.

29. The question of the external indebtedness of developing countries was also considered at the Paris Conference on International Economic Co-operation. A number of proposals were submitted at that Conference but no agreement was reached on any of them.

30. The General Assembly of the United Nations for its part in resolution 32/187 of 19 December 1977, called on the Board at its ministerial sessions to reach satisfactory decisions on:

(a) Generalized debt relief by the developed countries on the official debt of developing countries, in particular of the most seriously affected, least developed, land-locked and island developing countries;

(b) Reorganization of the entire system of debt renegotiation to give it a developmental orientation;

(c) The problems created by the inadequate access of the majority of developing countries to international capital markets, in particular the danger of the bunching of repayments caused by the short maturities of such loans.

31. Finally, the first ministerial session of the Trade and Development Board was held in Geneva from 6 to 11 March 1978. Prior to that session, the Board had met twice at the level of senior officials to examine the report of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries.

32. While the Group of Experts was meeting, the Group of 77 proposed that the bilateral public debt of the least developed, land-locked and island developing countries owed to the developed countries should be converted to grants.

33. So far as the other most seriously affected countries are concerned, it was proposed that the same regime should be applied to them or, at least, that their outstanding bilateral public debt owed to the developed countries should be recomputed at present International Development Agency (IDA) terms.

34. At the close of its ministerial session, the Trade and Development Board adopted resolution 165(S-IX) on debt and development problems of developing countries (see annex I).

35. In this resolution, the Board agreed on two recommendations concerning the debt problems of developing countries. They concerned, firstly, immediate measures to alleviate the external public debt burden and, secondly, the provision of guidance in future operations relating to debt problems.

36. So far as immediate measures to alleviate the debt burden are concerned, the Board's proposals are designed to improve the situation of the poorest developing countries, particularly the least developed among them, that are facing serious development problems and serious debt service difficulties.

37. The Board recommended an adjustment of the terms of bilateral official development assistance (ODA) in order to bring them into line with the currently prevailing softer terms. The developed donor countries were invited to seek to adopt measures for such an adjustment or other equivalent measures.

38. The Board did not come to any decision on specific action regarding guidance in future operations concerning reorganization of the public debt, and simply noted certain basic concepts that were common to the various proposals made by the Group of 77 and the group of developed countries.

### III. POSSIBLE IMPACT OF MEASURES PROPOSED TO ALLEVIATE THE DEBT BURDEN

39. It is difficult to present specific data concerning the possible consequences, for the African countries, of measures to be taken by the developed countries, in implementation of the recommendations of the Trade and Development Board, to adjust the conditions the external public debt, for the simple reason that it is not possible to foresee what these measures will be. Moreover, comprehensive data on the indebtedness of all countries and detailed projections concerning debt service are not available.

40. The following estimates are simply intended to give a rough idea of the impact that an adjustment of the terms of the debt is likely to have, based on a specific hypothesis which will be outlined below.

#### Least developed and most seriously affected countries

41. Table A shows the situation with respect to the external debt and current balance of payments of the least developed, most seriously affected, land-locked and island developing African countries in 1975.

42. In the case of the 23 such countries for which comprehensive data are available, the total disbursed debt at the end of 1975 amounted to 13.8 billion dollars, of which 2.9 billion dollars had been supplied in the form of ODA by DAC members.

43. So far as the relative size of their debt is concerned three countries, namely, Egypt, the Sudan and Zambia, each have a debt of over 1 billion dollars. Together, their debt amounts to 7.4 billion dollars which represents 53.9 per cent of the total debt of the 23 countries.

44. Four other countries, Ivory Coast, United Republic of Tanzania, Ghana and Kenya, each have a total debt of between 0.5 and 1 billion dollars. Their share of the over-all debt of the 23 countries amounts to 3.2 billion dollars in absolute terms, that is, 23 per cent.

45. Taken as a whole, the debts of these 7 main debtors come to 10.7 billion dollars, that is 77.7 per cent of the total debt of the 23 countries under consideration.

46. So far as their current balance of payments is concerned (including net public transfers), the 23 countries had an over-all deficit of 4.1 billion dollars in 1975.

47. The total current-account deficit of the 7 principal countries came to 3.2 billion dollars in 1975, in other words 79 per cent of the over-all deficit of the 23 countries.

48. Total disbursements in debt-service payments by the 23 countries in 1975 came to 1.4 billion dollars, of which 191 million dollars was for ODA granted by DAC members. This amount represents 35.6 per cent of the current over-all balance-of-payments deficit. The 7 main countries bear 78.3 per cent of this burden which corresponds to a total of 1.1 billion dollars.

49. In order to evaluate the possible impact of measures to adjust the terms of past ODA obtained by the 23 countries in question, we will consider the most favourable hypothesis according to which the DAC members would seek to adopt uniform measures in order to convert ODA to grants. We do not have data for the volume and terms of the public debt owed to other developed non-DAC countries.

50. According to the above hypothesis, there would be a savings of 191 million dollars in 1975 resulting from the waiver of debt-service payments for ODA owed by the 23 countries taken together. This relief would represent 13 per cent of total debt-service payments in 1975.

51. In order to understand the impact that this relief would have on the external balance of payments of the beneficiary countries, it should first be stated that any alleviation of the debt burden reduces the current-account deficit of the beneficiary country - if, indeed, there is a deficit - and increases the current-account surplus if there is a surplus.

52. In this case alleviation of the debt by 191 million dollars, in 1975, of the 23 countries under consideration would result in a 5 per cent reduction in their over-all current balance-of-payments deficit for that year.

53. In the case of the seven principal countries, the savings would amount to 119 million dollars; this figure corresponds to a 10 per cent reduction in their over-all debt service and to a 4 per cent improvement in their over-all current balance-of-payments deficit.



Table A : Conversion of the bilateral official development assistance (ODA) to grants by member States of the Development Assistance Committee. Impact on the least developed, most seriously affected, land-locked and island developing African countries-Simulation for 1975

	Total debt as % of GNP 1976 a/	Debt (disbursed) end 1975 b/		Debt service in 1975 b/		Current-account position 1975 c/	Annual debt relief in 1975	Impact of debt relief as % of	
		Total debt	of which ODA/DAC	Total debt	of which ODA/DAC			Total debt service	Current balance of payments
Millions of dollars									
1. Egypt (MSA)	48,1	5 135	571	532	34	1 397,0	34	6	2
2. Sudan (MSA, LDC)	27,4	1 191	116	158	8	430,2	8	5	2
3. Zambia (LL)	53,7	1 132	95	126	6	611,0	6	5	10
4. Ivory Coast (MSA)	27,2	984	168	140	17	340,0	17	12	4
5. United Republic of Tanzania (MSA, LDC)	35,7	839	309	38	9	237,5	9	24	4
6. Ghana (MSA)	7,5	742	361	53	25	1,8	25	47	x
7. Kenya (MSA)	22,2	626	287	53	20	215,3	20	21	9
8. United Republic of Cameroon (MSA)	23,3	413	132	47	15	152,5	15	32	9
9. Ethiopia (MSA, LDC)	14,9	387	156	32	5	46,4	5	16	11
10. Mali (MSA, LDC, LL)	49,5	327	30	6	2	52,8	2	33	4
11. Senegal (MSA)	17,0	294	80	44	9	85,8	9	20	10
12. Malawi (LDC, LL)	37,5	262	144	17	5	78,4	5	29	6
13. Somalia (MSA, LDC)	70,9	257	38	5	2	(51,7)	2	40	4
14. Uganda (MSA, LDC, LL)	6,8	209	86	29	2	56,1	2	7	3
15. Sierra Leone (MSA)	27,7	182	48	21	4	63,0	4	19	6
16. Madagascar (MSA, I)	10,2	180	74	21	10	(24)	10	5	41
17. Mauritania (MSA)	76,7	173	30	25	5	43,1	5	14	12
18. Niger (MSA, LDC, LL)	16,1	114	76	13	4	8,7	4	31	46
19. Benin (MSA, LDC)	23,2	99	28	9	1	22,2	1	11	4
20. Central African Empire (MSA, LDC, LL)	18,7	92	40	11	2	37,3	2	18	5
21. Chad (MSA, LDC, LL)	19,7	70	14	6	1	60,2	1	17	2
22. Upper Volta (MSA, LDC, LL)	12,4	63	29	8	3	41,6	3	37	7

Table A: Conversion of the bilateral official development assistance (ODA) to grants by member States of the Development Assistance Committee. Impact on the least developed, most seriously affected, land-locked and island developing African countries-Simulation for 1975 (cont'd)

	Total debt as % of GNP 1976 a/	Debt (disbursed) end 1975 b/		Debt service in 1975 b/		Current-account position 1975 c/	Annual debt relief in 1975	Impact of debt relief as % of	
		Total debt	of which ODA/DAC	Total debt	of which ODA/DAC			Total debt service	Current balance of payments
Millions of dollars									
23. Mauritius (I)	...	57	26	11	2	+ 17,7	2	2	1
Total (23 countries)	...	13 827	2 938	1 455	191	-4 082,9	191	13	5
24. Botswana (LDC)	...	263	81	20			1	5	...
25. Guinea (MSA, LDC)	99,1	211	133	24	9	...	9	37	...
26. Swaziland (LL)	...	46	35	5	3	...	3	60	...
27. Mozambique (MSA)	...	38	-	20	...	-	...	...	...
28. Rwanda (MSA, LDC, LL)	8,1	22	2	1	-	- 110,3	...	...	...
29. Burundi (MSA, LDC)	5,1	15	2	2	-	...	...	...	...
30. Gambia (MSA, LDC)	...	14	9	-	-	+ 11,9	...	...	...
31. Lesotho (MSA, LDC, LL)	8,5	13	1	-	-	...	...	...	...
32. Cape Verde (MSA, I)	...	...	...	...	...	...	...	...	...
33. Guinea-Bissau (MSA)	...	-	-	-	...	...	...	...	...

Sources : a/ The World Bank, World Development Report, 1978 - August 1978.  
 b/ UNCTAD, TD/B/685/Add.1, TD/AC.2/10/Add.1, Annex I, Table 2.  
 c/ IMF, International Financial Statistics, Vol. 31 No 7, July 1978.

Note: MSA = most seriously affected countries  
 LDC = least developed countries  
 LL = land-locked countries  
 I = island countries

#### Other countries

54. In its resolution 165(S-IX), the Trade and Development Board did not recommend any specific measure to alleviate the debt burden of developing countries other than the least developed and most seriously affected countries.

55. Nevertheless, we have sought, for whatever purpose it may serve, to estimate the impact of a decision by the DAC members to cancel the ODA debt owed by developing African countries other than the least developed and most seriously affected countries.

56. In the case of 8 of these other countries for which comprehensive data are available (see table B), the disbursed amount of their external public debt at the end of 1975 amounted to 14.7 billion dollars of which 2.2 billion dollars was owed to DAC members for ODA.

57. The over-all balance-of-payments deficit of the 8 countries amounted to approximately 3 billion dollars. The over-all debt service payments came to a little less than 2 billion dollars, of which 126 million dollars was for ODA.

58. Cancellation of the ODA debt would thus have meant a savings, in 1975, of 126 million dollars (the amount of the payment due for ODA supplied by DAC members) for the 8 countries in question. This would have represented a 6 per cent reduction in their over-all external debt burden and a 4 per cent reduction in their over-all current balance-of-payments deficit.

#### All countries

59. At the end of 1975, the disbursed public external debt of the 31 countries examined above came to a total of 28.5 billion dollars. The amount of the ODA debt owed to DAC members came to 5.2 billion dollars.

60. Debt service payments represented 3.4 billion dollars of which 317 million dollars was for ODA. In 1975, the over-all current balance-of-payments deficit came to 7.1 billion dollars.

61. Under the circumstances, cancellation of the ODA debt owed to DAC members by the 31 countries would have reduced debt service payments by 317 million dollars in 1975; this would have meant a 9 per cent reduction in the over-all external public debt burden of the 31 countries concerned and a 4 per cent improvement in their over-all current balance-of-payments deficit.

#### General remarks

62. It was stated in the beginning that the purpose of the above exercise was to give an idea of the possible impact on the African countries of an adjustment of the terms of their external public debt.

63. Under the most favourable hypothesis envisaged in this document - cancellation of the ODA debt - the savings that would thus have ensued, in 1975, in terms of

**Table B: Conversion of bilateral official development assistance (ODA) of DAC members to grant: Impact on the other developing African countries - simulation for 1975**

	Total debt as % of GNP 1976 a/	Debt (disbursed) end 1975 b/		Debt service in 1975 b/		Current-account position 1975 c/	Annual debt relief in 1975	Impact of debt relief as % of	
		Total debt	of which ODA/DAC	Total debt	of which ODA/DAC			Total debt service	Current balance of payments
Million of dollars									
1. Algeria	37.4	9 100	291	1 030	16	- 1 661	16	2	1
2. Zaire	63.8	2 233	146	213	7	- 599.5	7	3	1
3. Morocco	24.6	1 814	619	173	31	- 535	31	18	6
4. Nigeria	3.3	1 253	360	250	23	+ 42	23	9	55
5. Tunisia	30.3	1 153	606	144	32	- 183	32	22	17
6. Gabon	...	619	70	111	10	+ 58.0	10	9	17
7. Congo	56.5	373	64	46	4	- 248.7	4	9	2
8. Togo	28.5	140	52	22	3	+ 131.6	3	14	2
Total (8 countries)	...	14 675	2 208	1 989	126	- 2 995.6	126	66	4
9. Liberia	25.7	1 981	83	267	5	...	5	2	...
10. Djibouti	...	27	24	4	2	...	2	50	...

Sources: (a) The World Bank, World Development Report, August 1978.  
 (b) UNCTAD, TD/B/685/Add.1, TD/AC.2/10/Add.1, Annex I, table 2.  
 (c) IMF, International Financial Statistics, Vol. 31, No. 7 July 1978.

the waiver of debt-service payments, would have meant a reduction of only 13 per cent in the over-all external public debt of the least developed and most seriously affected countries and a 5 per cent improvement in their over-all current balance-of-payments deficit. The impact of this measure on the other countries would have been 6 per cent and 4 per cent respectively.

64. So far as developing African countries as a whole are concerned, the savings would probably have represented less than 10 per cent of their total external public debt in 1975 and less than 5 per cent of their net current balance-of-payments deficit during that same year.

65. The above results would seem to indicate that any measure to alleviate the terms of the external public debt of developing countries that is confined to the debt owed for bilateral ODA would have only a very small impact on the over-all indebtedness and current balance-of-payments deficit of the African countries.

66. Some developed countries have already taken steps to cancel the external public debt owed to them by certain developing countries and have decided in future to provide ODA to the least developed and most seriously affected developing countries in the form of a grant. These countries include, inter alia, Sweden, Switzerland, the Netherlands, Canada, the United Kingdom and Federal Republic of Germany.

#### Conclusion

67. Far more important than the problem of alleviating the terms of the debt, worrying though it may be, is the question of justification of the debt, both in terms of its degree of unavoidability and in terms of its real impact on the development of the countries concerned.

68. It would be nice to know for a fact that the debt in question corresponds mainly, in most cases, to imports of capital equipment or really vital goods which it is almost impossible to produce in the countries concerned on conditions that would make it worthwhile or which cannot be obtained from other African countries, or that it corresponds to payment for services which it is generally agreed are necessary and which can be supplied only by sources outside Africa. Unfortunately, it appears that although in a number of cases, the debts contracted seem entirely justified to the extent, inter alia, that they are likely to lead in the medium and long-term to self-reliant and self-sustained economic development, in many other cases this is far from being true.

69. It therefore seems highly desirable that governments in the region, while actively seeking an alleviation of the terms of their debt at the international level, should ponder more carefully than ever before on what they can do to reduce this debt or, at the very least, to limit its increase as far as possible and, above all, to ensure that they derive maximum profit from its utilization.

ANNEX I : RESOLUTION ADOPTED BY THE TRADE AND DEVELOPMENT BOARD AT THE THIRD  
(MINISTERIAL) PART OF ITS NINTH SPECIAL SESSION

165 (S-IX) Debt and development problems of developing countries

The Trade and Development Board,

Recalling Conference resolution 94 (IV) of 31 May 1976 on the debt problems of developing countries, and Board decision 149 (XVI) of 23 October 1976,

Recording with appreciation the valuable contribution made by the reports of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries a/ in analysing the debt problems of developing countries, and the Report of the Meeting of Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries, b/

Noting the pledge given by developed countries to respond promptly and constructively, in a multilateral framework, to individual requests from developing countries with debt-servicing difficulties, in particular the least developed and most seriously affected among these countries,

Recognizing the importance of features which could provide guidance in future operations relating to debt problems as a basis for dealing flexibly with individual cases,

Recalling further the commitments made internationally by developed donor countries to increase the volume and improve the quality of their official development assistance,

Aware that means to resolve these problems are one of the urgent tasks before the international community,

Agrees to the following decisions:

A.

1. Members of the Board considered a number of proposals made by developing countries and by developed market-economy countries.
2. The Board recognized that many poorer developing countries, particularly the least developed among them, face serious development problems and in some instances serious debt-service difficulties.

a/ TD/B/670 and TD/B/685 and Add.1-3 and corrigenda.

b/ TD/B/681 and Add.1

3. The Board notes with interest the suggestions made by the Secretary-General of UNCTAD with respect to an adjustment of terms of past bilateral official development assistance in order to bring them into line with the currently prevailing softer terms.
4. Developed donor countries will seek to adopt measures for such an adjustment of terms of past bilateral official development assistance, or other equivalent measures, as a means of improving the net flows of official development assistance in order to enhance the development efforts of those developing countries in the light of internationally agreed objectives and conclusions on aid.
5. Upon undertaking such measures, each developed donor country will determine the distribution and the net flows involved within the context of its own aid policy.
6. In such a way, the net flows of official development assistance in appropriate forms and on highly concessional terms should be improved for the recipients.
7. The Board recommends that at its fifth session the Conference should review measures taken in pursuance of the above.
8. In accordance with Conference resolution 94 (IV), the Board reviewed the intensive work carried on within UNCTAD and other international forums on the identification of those features of past situations which could provide guidance for future operations relating to debt problems of interested developing countries.
9. The Board notes with appreciation the contributions made by the Group of 77 c/ and by some members of Group B. d/
10. Common to the varying approaches in this work are certain basic concepts which include, inter alia:
  - (a) International consideration of the debt problem of a developing country would be initiated only at the specific request of the debtor country concerned;
  - (b) Such consideration would take place in an appropriate multilateral framework consisting of the interested parties, and with the help as appropriate of relevant international institutions to ensure timely action, taking into account the nature of the problem, which may vary from acute balance-of-payments difficulties requiring immediate action to longer term situations relating to structural, financial and transfer-of-resources problems requiring appropriate longer term measures;

---

c/ TD/B/670, annex II.

d/ TD/B/L.498, reproduced in annex II below.

- (c) International action, once agreed by the interested parties, would take due account of the country's economic and financial situation and performance, and of its development prospects and capabilities and of external factors, bearing in mind internationally agreed objectives for the development of developing countries;
- (d) Debt reorganization would protect the interests of both debtors and creditors equitably in the context of international economic co-operation.

11. The Board requests the Secretary-General of UNCTAD to convene a meeting of an intergovernmental group of experts to recommend to the Board at its tenth special session prior to the fifth session of the Conference detailed features for future operations relating to debt problems of interested developing countries, taking into account the above-mentioned concepts and in the light of proposals made on this issue.

494th meeting  
11 March 1978



ANNEX II: TABLE 1 - EXTERNAL PUBLIC DEBT OUTSTANDING AT 31 DECEMBER 1975  
(in millions of US dollars)

Country	1970		1973		1976
	Total Debt	Amount Disbursed	Total Debt	Amount Disbursed	Amount Disbursed
1. Algeria	1 465.5	937.0	4 919.0	2 931.6	5 853.0
2. Benin	59.2	43.9	114.9	60.7	95.0
3. Botswana	46.8	13.1	162.0	110.0	144.2 2/
4. Burundi	9.5	7.3	9.1	7.2	24.0
5. Central African Empire	30.2	19.9	72.3	53.9	79.0
6. Chad	43.9	32.1	73.3	38.5	94.0
7. Congo,	170.3	127.4	427.0	177.5	405.0
8. Egypt	1 866.2	1 428.9	2 311.8	1 710.5	5 042.0
9. Ethiopia	275.4	169.1	480.4	299.2	431.0
10. Gabon	124.7	90.8	382.6	346.2	454.0 2/
11. Gambia	10.6	5.1	16.4	8.9	13.2 2/
12. Ghana	565.5	490.2	667.7	612.9	594.0
13. Guinea	472.0	320.0 1/	506.0 1/	320.0 1/	872.0
14. Ivory Coast	424.3	256.1	923.4	576.6	1 183.0
15. Kenya	393.4	283.7	608.1	405.4	688.0
16. Lesotho	8.0	7.1	13.4	7.2	15.0
17. Liberia	176.1	155.8	195.1	155.1	191.0
18. Madagascar	139.9	92.9	202.1	155.3	181.0
19. Malawi	159.6	121.1	266.8	201.2	258.0
20. Mali	288.1	236.6	398.4	281.8	376.0
21. Mauritania	40.3	27.3	131.9	65.2	354.0
22. Mauritius	43.0	27.9	99.3	29.2	43.1 2/
23. Morocco	952.6	712.8	1 342.3	996.6	2 131.0
24. Niger	85.5	35.8	115.4	70.7	112.0
25. Nigeria	703.7	487.9	1 148.3	738.2	954.0
26. Rwanda	11.6	1.9	45.8	8.4	35.0
27. Senegal	144.4	102.7	363.0	202.2	336.0
28. Sierra Leone	89.7	65.2	124.2	95.4	159.0
29. Somalia	109.8	78.7	279.2	145.2	277.0
30. Sudan	368.5	293.4	667.4	376.9	1 268.0
31. Swaziland	48.1	37.3	43.7	41.6	46.2 2/
32. Togo	46.8	39.8	120.9	56.8	167.0
33. Tunisia	850.8	524.0	1 308.6	807.2	1 356.0
34. Uganda	183.7	122.5	234.9	172.7	212.0
35. United Republic of Cameroon	234.9	130.9	423.5	235.9	529.0
36. United Republic of Tanzania	600.7	236.4	829.0	460.2	914.0
37. Upper Volta	32.6	20.5	123.5	29.9	84.0

ANNEX II: TABLE 1 - EXTERNAL PUBLIC DEBT OUTSTANDING AT 31 DECEMBER 1975  
(in millions of US dollars) (continued)

Country	1970		1973		1976
	Total Debt	Amount Disbursed	Total Debt	Amount Disbursed	Amounts Disbursed
38. Zaire	618.1	311.6	1 678.5	894.2	2 002.0
39. Zambia	852.2	547.9	985.7	566.7	1 184.0
General Total	12 746.2	8 642.6	22 814.9	14 412.3	29 156.7
Non-oil-exporting countries	10 452.3	7 126.9	16 365.0	10 396.3	21 895.7
Oil-exporting countries	2 293.9	1 515.7	6 449.9	4 016.0	7 261.0

Sources: World Bank - World Debt tables, Vol. I;  
World Development Report, août 1978.

1/ 1970 estimates.

2/ 1975 figures.

ANNEX II : TABLE 2 - DEBT SERVICE PAYMENTS FOR THE EXTERNAL PUBLIC DEBT  
(in millions of US dollars)

Country	1970	1973	1976
1. Algeria	42.6	300.1	774.0
2. Benin	1.8	2.6	7.0
3. Botswana	0.6	2.5	4.5 2/
4. Burundi	0.6	0.9	3.0
5. Central African Empire	2.0	3.2	7.0
6. Chad	2.6	3.3	7.0
7. Congo	8.8	11.6	16.0
8. Egypt	251.5	446.1	629.0
9. Ethiopia	21.1	22.2	25.0
10. Gabon	11.3	63.1	71.0 2/
11. Gambia	0.1	0.3	11.0 2/
12. Ghana	23.8	14.2 1/	40.0
13. Guinea	13.6	13.6	53.7
14. Ivory Coast	38.6	72.3	175.0
15. Kenya	18.8	28.7	43.0
16. Lesotho	0.5	0.4	1.0
17. Liberia	17.3	17.1	5.2 2/
18. Madagascar	6.9	12.1	14.0
19. Malawi	5.8	11.0	13.0
20. Mali	1.2	4.7	12.0
21. Mauritania	3.3	2.9	68.0
22. Mauritius	3.5	3.1	4.0 2/
23. Morocco	59.1	130.2	217.0
24. Niger	2.3	3.4	6.0
25. Nigeria	54.0	58.9	250.0
26. Rwanda	0.3	0.1	1.0 2/
27. Senegal	6.0	29.6	42.0
28. Sierra Leone	12.3	16.3	21.0
29. Somalia	0.9	2.6	2.0
30. Sudan	33.3	54.5	118.0
31. Swaziland	3.3	10.1	2.0 2/
32. Togo	2.3	6.0	13.0
33. Tunisia	61.6	85.4	110.0
34. Uganda	7.5	12.3	5.0
35. Upper Volta	1.9	3.0	4.0
36. United Republic of Cameroon	8.6	24.6	41.0
37. United Republic of Tanzania	16.0	24.7	28.0
38. Zaire	38.6	95.8	49.0
39. Zambia	54.4	346.4	97.0
General total	838.7	1 939.9	2 979.4
Total non-oil-exporting countries	730.8	1 517.8	1 094.7
Total oil-exporting countries	107.9	422.1	1 884.7

Sources: World Bank, World Debt Tables Vol. I.  
World Bank, World Development Report, August 1978.

1/ 1970 figures.

2/ 1975 figures.

ANNEX II : TABLE 3 - DEBT OUTSTANDING : DEBT SERVICE PROJECTIONS AS FROM  
31 DECEMBER 1975 (in millions of US dollars)

	Debt to public sector	Debt to private sector	Total
Debt outstanding (including amounts not disbursed as at 31/12/75)	23 899	13 934	37 833
Debt service projections			
1976	1 305	1 797	3 102
1977	1 439	2 028	3 467
1978	1 478	2 301	3 779
1979	1 536	2 355	3 891
1980	1 612	2 167	3 779
1981	1 668	1 860	3 528
1982	1 608	1 671	3 279
1983	1 596	1 290	2 886
1984	1 500	989	2 489
1985	1 400	664	2 064
Annual average			
1976-1980	1 474	2 130	3 604
1976-1985	1 514	1 712	3 226

Sources: World Bank, Annual Report 1977, Table 7.  
World Bank, World Debt Tables, Vol. II.

Note: The figures for 1983, 1984 and 1985 are partially estimates.