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ECONOMIC COMMISSION FOR AFRICA

Fifth Meeting of the Technical
Preparatory Committee of the Whole

Conakry, Guinea, 16-23 April 1984

Item 5 (f) of the Provisional Agenda

ECONOMIC COMMISSION FOR AFRICA

Nineteenth Session of the Commission
and Tenth Meeting of the Conference
of Ministers

Conakry, Guinea, 26-30 April 1984

Item 7(f) of the Provisional Agenda

AFRICA'S EXTERNAL DEBT AND ITS IMPACT
ON THE CURRENT ECONOMIC CRISIS

Note by the Executive Secretary

1. Pursuant to the resolution 440 (XVIII) on External Indebtedness of African countries adopted at the seventeenth session of the ECA Conference of Ministers held in Tripoli (Libya) in April 1982, the secretariat of the Economic Commission for Africa (ECA), the Organization of African Unity (OAU) and the African Development Bank (ADB) have been analyzing the external debt of the African countries with a view to recommending appropriate policy action.
2. The three secretariats have jointly prepared a paper entitled "External Indebtedness of African Countries" (doc. E/ECA/TRADE/10) which analyzes the various issues relating to the foreign situation of African countries and its impact on Africa's development. Because of the importance attached to this issue, the Executive Secretary has also prepared a pamphlet entitled "Foreign Debt and the Prospects of Growth in the Developing Countries of Africa in the 1980s" which makes specific recommendations on the policy options and other measures which the African countries might take in order to alleviate the external debt situation.
3. These papers will be presented to a Regional Ministerial Meeting on Africa's External Indebtedness which is scheduled to be held in Addis Ababa (Ethiopia) from 18 to 20 June 1984. This meeting was originally planned to be held in Kinshasa (Zaire) in December 1983 but had to be postponed due to administrative and other problems.
4. The main purpose of the ministerial meeting is to consider issues relating to the structure, magnitude and trends in the external debt of the African countries, including amortization, debt servicing and interest payments. In particular, the meeting will examine the major causes of external indebtedness in Africa and its impact on economic growth, including, inter alia : (a) the impact of the world monetary and financial crisis on Africa's development prospects; (b) the role of exchange rate fluctuations in aggravating the external debt; (c) privatization of lending to African countries, especially through transnational banks and financial institutions; (d) the problems of devising appropriate fiscal policies and domestic savings policy; and (e) external debt management policy and mechanisms.
5. Other background documents which will be made available to the proposed meeting include: (a) Financial Leakages in Africa (doc. SERPD/WLAE/83/2); (b) Report of the Workshop on Leakages in African Economies (doc. E/ECA/PSD.3/14); (c) The Role of Transnational Banks and Financial Institutions in Africa's Development Process; (d) Capital Mobility between Africa and the Developed World: A Preliminary Assessment; and (e) Effects of Fluctuations in the Exchange Rates of the Main Intervention Currencies on African Economies (doc. E/ECA/OAU/TRADE/9).
6. The report of the ministerial meeting on external indebtedness will contain specific recommendations on debt management policy, rescheduling of debts, domestic resources mobilization and a global approach to the external debt problems. Such recommendations will be submitted for consideration at the next Summer session of

the Economic and Social Council (ECOSOC) as a contribution towards the secretariat's analysis of the critical economic crisis facing the African countries as far as external debts are concerned.

7. The purpose of this Note is to bring to the attention of the Conference the activities which have so far been undertaken in the implementation of the resolution referred to above and to authorize that the recommendations of the Regional Ministerial Meeting on Africa's External Indebtedness be transmitted to ECOSOC and a report thereon to the Twentieth Session of the Commission.