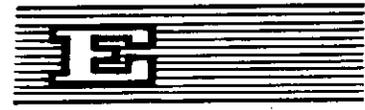


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ECONOMIC COMMISSION FOR AFRICA

Seventh meeting of the Technical
Preparatory Committee of the
Whole

Yaounde, Republic of Cameroon
7 to 14 April 1986

Item 6 of the provisional agenda*

ECONOMIC COMMISSION FOR AFRICA

Twenty-first session of the Commission/
Twelfth meeting of the Conference
of Ministers

Yaounde, Republic of Cameroon
17 to 21 April 1986

Item 6 of the provisional agenda*

REPORT OF THE MEETING OF THE SECRETARIATS OF OAU, ECA, ADB AND ACMS
TO PREPARE FOR THE PROPOSED INTERNATIONAL CONFERENCE
ON AFRICA'S EXTERNAL INDEBTEDNESS

* E/ECA/TPCW.7/1
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A. INTRODUCTION

1. The twenty-first session of the Assembly of Heads of State and Government of the Organization of African Unity (OAU), held in Addis Ababa in July 1985, discussed in detail the problems of Africa's external indebtedness. The Assembly decided that "the African countries should press for an international conference on Africa's external indebtedness to be convened as a matter of urgency to provide a forum for international creditors and African borrowers to discuss Africa's external debt with a view to arriving at appropriate emergency, short-, medium- and long-term measures to alleviate Africa's debt problems".

2. The Secretary-General of the OAU, the Executive Secretary of ECA and the President of ADB were requested to initiate the necessary preparations in order to ensure the success of the conference. During the initial contact between the OAU, ECA and ADB, it was decided that the participation of the African Centre for Monetary Studies (ACMS) in these preparations was necessary. The meeting of the secretariats of the OAU, ECA, ADB and ACMS was held in the General Secretariat of the OAU, Addis Ababa, from 5 to 7 December 1985 for this purpose. The list of participants is annexed to this report.

B. OPENING

3. The meeting was declared open by Mr. V.E. Djomatchoua-Toko, Director of the Economic Development and Co-operation Department (EDECO), on behalf of the Secretary-General of the OAU and Assistant Secretary-General of the EDECO Department. In his welcome remarks, Mr. Djomatchoua-Toko briefly reviewed the purpose of the meeting of the secretariats, namely to prepare for the proposed international conference on Africa's indebtedness. This was indeed a serious issue, arising from the decision from the twenty-first OAU Summit on the subject. He expressed special appreciation to the African Development Bank which had taken the initiative to propose a meeting of the secretariats at the technical level. Reference was made to the contacts between the representatives of the organizations represented, especially during the 1985 annual meeting of the International Monetary Fund (IMF) and World Bank in Seoul, Republic of Korea, all of which have contributed to the present meeting. At Addis Ababa, the OAU and ECA have maintained regular contacts and consultations, and the heads of the two organizations have given specific directives on the general approach to the preparation of the conference. Concluding, Mr. Toko urged all the representatives to exert their usual effort in order to achieve the objectives that the twenty-first OAU Summit had set, in spite of the internal constraints of the General Secretariat at the particular time.

4. The representative of ADB, Mr. S.S. Omari, Deputy Director of the Planning and Research Department, expressed thanks to the Chairman for the words of welcome and arrangements for the meeting, and conveyed the appreciation of the President of ADB to the co-operating secretariats. The Bank has come to take an active part in the discussion at this meeting and looked forward to concrete results. Concluding, Mr. Omari expressed the commitment of ADB to work together with other secretariats in the implementation of the decision to hold the conference.

5. Mr. A.B. Taylor, Director General of ACMS, expressed his thanks and associated himself with the appreciation that had been addressed to the CAU for organizing the meeting, and expressed his commitment to participate fully in the meeting and also in the activities that would follow in the later months leading to the actual convening of the conference.

6. Joining in welcoming the representatives of ADB and ACMS to the meeting, Mr. Bingu Wa Mutharika, Chief of the ECA International Trade and Finance Division underscored the need for a common understanding of the issues on the part of all representatives. The participation of all the four most important African organizations at this initial stage of the preparation was therefore very important and crucial. He urged all participants to think in concrete terms during the process of the preparation in order to ensure that Africa presents clear and convincing arguments on issues that would be subject of negotiation at the conference.

C. ELECTION OF BUREAU

7. The meeting agreed to elect a Bureau composed as follows:

Chairman:	OAU
Vice-Chairman:	ECA
Rapporteurs:	ADB
	ACMS

D. ADOPTION OF THE AGENDA

8. The draft provisional agenda was considered and adopted with some modifications. The text of the agenda as adopted is given below:

1. Opening of the session.
2. Election of the Chairman, Vice-Chairman and Rapporteurs.
3. Adoption of the agenda.
4. Organization of the work.
5. Definition of objectives of the proposed international conference on Africa's external indebtedness.

6. Review of recent developments and issues in Africa's external debt situation.
7. Nature of the document(s) to be prepared.
8. Allocation of tasks for preparation of documents.
9. Organization of the Conference.
10. Any other business.
11. Adoption of the report and closure of the meeting.

E. ORGANIZATION OF WORK

9. The meeting agreed on the following working hours:

Morning: 9.30 a.m. - 1 p.m.
 Afternoon: 3.00 p.m. - 6 p.m.

F. PROCEEDINGS OF THE MEETING

Definition of objectives of the proposed international conference on Africa's external indebtedness (agenda item 4)

10. During the discussion of the objectives of the conference as contained in the twenty-first OAU Summit priority programme, views were expressed to the effect that in defining the objectives, it was essential to ensure that there was no misunderstanding about the intentions of the African countries, that there was no question of repudiation of the debts and that the approach was one of dialogue with the creditors rather than confrontation. Behind all this was the need to ensure that creditors would agree to come to the conference and that meaningful solutions would emerge.

11. It was noted that the objectives of the conference were defined by the twenty-first OAU Summit document. However, it was essential to elaborate these objectives with new ideas on the acuteness of the debt problem. Further, it was agreed that the debt crisis should be seen within the context of the Africa's priority programme for economic recovery, 1986-1990.

Review of recent developments and issues in Africa's external debt situation (agenda item 5)

12. After extensive discussion, the meeting agreed that there was need for a review of the recent developments in Africa's external debt situation, employing new ideas and methods of demonstrating that the debt crisis in Africa does exist and that it is very serious. Thus, the meeting agreed that this review should follow the outline below:

(a) Evolution, dimension and structure of the debt at the global level; and its breakdown into the following categories:

(i) major debtors to official creditors;

- (ii) major debtors to private creditors - at variable interest rates and at fixed interest rates;
- (iii) currency composition of the debt;
- (b) Review of attempts by African countries to redress the debt crisis.

The nature of the documents to be prepared (agenda item 6)

13. Under this item the need to have a few professional papers with detailed analysis was emphasized by all secretariats. The basic reason was that, if the conference is to be taken seriously by the creditors, it was essential to ensure that the quality of the documents was beyond reproach. After a thorough discussion, the meeting agreed that several analytical papers should be prepared on the following broad issues:

- (a) Evolution, dimensions and structure of the external debt situation in Africa and attempts by African countries to solve the problem;
- (b) The medium- and long-term outlook or prospects with or without relief;
- (c) Emergency, short-, medium- and long-term measures or approaches to solving Africa's external debt problems.
 - (i) official debt solutions;
 - (ii) private debt solutions.

14. For each of these areas, there would be an issues paper of approximately 15 to 20 pages summarizing the main findings and/or recommendations.

Allocation of tasks for preparation of documents (agenda item 7)

15. The discussion under this item centred on allocation of the preparation of the above agreed documents. Again, with the objective of producing high-quality papers given the importance of the conference it was agreed that the papers should be allocated according to competence of each secretariat, bearing in mind the work previously done in these areas. It was therefore agreed to allocate the preparation of the papers as follows:

- (a) Evolution and structure of the external debt situation in Africa ADB/OAU
- (b) Medium- and long-term outlook or prospects, with or without external support ECA
- (c) Emergency, short-, medium- and long-term measures to alleviate Africa's external indebtedness ACMS/ADB

16. It was also agreed that, although the principal authors would be the co-operating secretariats, each of them should be free to seek the assistance of well-respected and acceptable specialists or consultants. Further, it was agreed that information could also be drawn from the forthcoming international meeting on African debt problem.

Organization of the conference (agenda item 8)

(a) Contact Group

17. It was felt that there should be a contact group to make necessary contacts with and to sensitize creditors on the idea of the conference. In this connection, the attention of the meeting was drawn to the twenty-first OAU Summit decision which specified the composition of the contact group; that is, the Current Chairman and the Bureau of the twenty-first Assembly.

(b) Participants

(i) African countries

18. Although the debt crisis was a matter of concern to all African countries, the meeting felt that in order to obtain maximum results from the international conference, African participation should be limited to selected countries based on criteria to be established by the Permanent Steering Committee.

(ii) Creditors

19. With regard to the participation of the international community at the conference it was agreed that the creditors to be invited (both official and private) should be those whose combined lending to Africa constitutes up to 90 per cent of the total African debt.

(iii) Multilateral finance institutions

20. The meeting observed that the loans from these institutions were of a special nature and as such, these institutions should not be grouped with bilateral and private creditors. Their roles were to be determined later after consultation with them.

(c) Date of the conference

21. It was noted that the twenty-first OAU Summit called for the convening of the conference as a "matter of urgency". However, if the conference was to be successful as was required by the twenty-first Summit, then it was crucial that sufficient time be devoted to the preparation of professionally high-quality papers, and to preliminary consultations. It was, therefore, agreed that the conference should take place some time in March 1987. This should be preceded by an African ministerial conference on external indebtedness in November 1986.

(d) Venue of the conference

22. Discussions under this sub-item centred on the recognition that the venue of the conference could easily affect the outcome of or even attendance at the conference. There was, therefore, the general agreement that the venue should be as neutral as possible. Secondly, the need for adequate accommodation, communication, publicity and support services was stressed. Thirdly, the meeting felt that even though Africa would be ideal, in view of the fact that it was an African problem at issue, it was essential to keep in mind that the audience would not be Africans but the creditors to whom the African problem was being addressed.

23. Bearing in mind the above criteria the meeting considered various possible venues in and outside Africa, but it was agreed that the question be left to the Permanent Steering Committee.

(e) Duration of the conference

24. The overriding consideration of the duration of the Conference was the fact that decision-makers (i.e., ministers, who would be required to attend in order for the results of the Conference to be binding) might not be able to attend too long a conference because of other commitments. It was agreed that, since papers would be in the hands of participants at least one month before the conference in order for them to have sufficient time to study them, the conference should not take more than two full working days. In this connection, all papers should be sent out to participants by middle of January 1987.

(f) Chairman of the conference

25. After some discussion, it was agreed that the chairman should be a senior statesman who should also be as neutral as possible and able to draw concrete consensus.

(g) Keynote addresses

26. The idea of keynote addresses, one from the African and the other from the creditor sides, was discussed but it was finally agreed to leave the issue open for later consideration.

(h) Draft provisional agenda for the conference

27. In proposing the draft provisional agenda for the conference, the meeting was guided by the recognition that in view of the short duration proposed, the agenda should be precise and should directly relate to the outcome of the conference. Therefore, it was decided to limit the agenda to the following items:

(a) Review of the African external debt crisis;

- (b) Issues of major concern to Africa (including development issues);
- (c) Practical measures to deal with African debt crisis.

28. It was also agreed that annotations to the above draft provisional agenda would elaborate, among others, the following:

- (a) Net resource transfers;
 - (b) Least developed countries;
 - (c) Rescheduling - what it has done and what it can achieve in Africa; and
 - (d) IMF/IBRD loans.
- (i) Agreement on tentative work schedule

29. After some discussion, the following tentative work schedule was agreed upon:

January 1986	Detailed outlines of the papers to be completed in time for the Steering Committee meeting due to be held in Addis Ababa from 8 to 11 January 1986.
February 1986	Review of major issues to be included in the papers, during the Conference of African Ministers of Finance (Libreville).
March 1986	Zero drafts to be ready and circulated for comments.
June 1986	Documents to be finalized in Harare during the African Monetary Fund (AMF) meeting.
July/August 1986	Reproduction of all documents.
Beginning of September 1986	Documents to be sent for the African ministerial meeting to be held mid-November 1986.
Mid-January 1987	Documents (with possible revisions) to be sent out to participants in the conference.
March 1987	International Conference on Africa's External Indebtedness.

Any other business (agenda item 9)

30. (a) Cost-sharing

- (i) direct costs for preparation of documents, missions, etc., would be borne by each co-operating institution;
- (ii) actual costs of African ministerial meeting to be fully taken up by the OAU. However, if there are common costs, these would be shared among all co-operating institutions;
- (iii) to cover the actual costs of the international conference, attempts would be made to raise funds from the international community.

(b) Contacts with the International Bank for Reconstruction and Development (IBRD) and the IMF

31. Considering the substantial influence these institutions have in Africa and in the creditor community, it was felt that contacts with them should be made at a technical level by the staff of the co-operating institutions after zero drafts of the papers have been prepared. According to the agreed work schedule, such a joint contact mission could be undertaken around March or April 1986. After this contact at a technical level, contacts at higher levels could be considered.

Adoption of the report and closure of the meeting (agenda item 10)

32. After the adoption of the report of the meeting, the representatives of the co-operating secretariats expressed their general appreciation for the high quality of the work done and the close co-operation and frank exchanges that characterized discussions at the meeting. They agreed to maintain the spirit that had prevailed during the meeting and emphasized the need to maintain regular contacts in order to ensure that the studies to be carried out would benefit from expertise and information available in each of the secretariats.

33. In his concluding remarks, the Vice-Chairman, Mr. Mutharika of ECA, who was presiding, expressed his thanks to all the participants for the high level of participation which was a demonstration of the seriousness of all the co-operating organizations in carrying out the mandate of the twenty-first OAU Summit. The problem of external debt was indeed placed as a second priority by the twenty-first Summit, which underscored its seriousness. He was particularly appreciative of the high level of discussion at the meeting, the concreteness of ideas and proposals all of which indicated the clarity of issues and careful preparation undertaken by each participant prior to the meeting.

34. In conclusion, the Chairman urged all the co-operating secretariats to maintain constant contact with each other and to exchange information on sources of materials, names of consultants and latest developments

in the field in order to ensure that the co-operative efforts of all the parties would be directed to the realization of the objectives that were established by the twenty-first Assembly of Heads of State and Government.

Annex

LIST OF PARTICIPANTS

I. OAU

1. Mr. V.E. Djomatchoua Toko, Director, EDECO Department
2. Mr. E.B. Akpan, Head, General Economic Affairs Division
3. Mr. F. Kinuma, Head, Co-operation Division
4. Mr. O. Aseto, Head, Research and Planning Division
5. Mr. M'Bondjim, Chief, Money and Finance

II. ECA

1. Mr. Bingu Wa Mutharika, Chief, International Trade and Finance Division
2. Mr. M.W. Makramalla, Chief, Socio-economic, Research and Planning Division
3. Mr. Martyn A.R. Ngwenya, Chief, Monetary and Finance Relations Section
4. Mr. M.D. Sarr, Deputy Chief, Industry Division

III. ADB

1. Mr. S.S. Omari, Deputy Director, Planning and Research Department
2. Mr. B.C. Muzorewa, Senior Economist
3. Mr. O.O. Ojo, Economist
4. Mr. M.J. Gharbi, Economist

IV. ACMS

1. Mr. A.B. Taylor, Director General
2. Mr. S.M. Malleck Amede, Economist