

RESOLUTION ON AFRICA'S EXTERNAL DEBT

The Assembly of Heads of State and Government of the Organization of African Unity, meeting in its Thirty-First Ordinary Session in Addis Ababa, Ethiopia, from 26 to 28 June, 1995,

Recalling its Declaration on Africa's External Debt adopted at its Thirtieth Session held in June 1994 in Tunis, Tunisia,

Considering the initiatives of the Non-Aligned Movement submitted to the Group of Seven_Most Industrialized Countries at their 1994 Summit in Naples and the Terms of Naples adopted thereafter by the Group of Seven as well as the Recent Declaration of the latter on Multilateral Debts,

Considering that the Naples Term would not result in a significant reduction of Africa's_External Debt as they would only apply to quite a limited number of African countries ad to a small portion of Africa's Total External Debt,

Considering the Declaration on Africa's External Debt adopted by the African Ministers of Economic Development Planning at the Twenty-First meeting of their conferences held in Addis Ababa, Ethiopia, from 1 to 3 May, 1995:

1. **ENDORSES** the Declaration on Africa's External Debt annexed to this Resolution;
2. **CALLS ON** the Secretary-General of the OAU, the Executive Secretary of ECA and the President of ADB to support the Chairman of the Organization of African Unity in his efforts in furthering the objectives of the Declaration of Africa's External Debt in cooperation with Africa's Development Partners.

DECLARATION ON AFRICA'S EXTERNAL DEBT

1. We, the African Ministers responsible for economic and social development and planning, meeting in Addis Ababa, during the Thirtieth Session of the Commission/Twenty-First meeting of the Conference of Ministers from 1 to 3 May 1995, and acting on behalf of our governments and people, within the spirit of the Charters of the United Nations and the Organization of African Unity, have once more, examined the external debt problem of our Continent in light of the theme of the session, ie promoting accelerated growth and sustainable development in Africa through the building of critical capacities.
2. We recall the Declaration on debt adopted by the Heads of State and Government of the Organization of African Unity at its Thirtieth Session held in June 1994 in Tunis, Tunisia, as well as the initiatives on the Non-Aligned Movement submitted to the Group of Seven Most Industrialized Countries (G7) at their 1994 Summit in Naples.
3. We remain pre-occupied by the Continent's increasing debt burden which totaled 313 billion dollars in 1994 and accounts, to date, for 231.3 per cent of Africa's exports and 71.7 percent, on the average, of the total GDP of the Continent.
4. We feel that the African debt crisis is partly due to an international financial crisis and that it is not, therefore, a temporary liquidity crisis and cannot be resolved through debt rescheduling agreements only. The African debt crisis has been further compounded by the worsening terms of trade for several of our major export commodities.
5. We have examined the various initiatives taken by the international community to reduce Africa's debt burden and noted the poor results obtained following the application of those initiatives. The impact on structural economic imbalances and the solvency crisis besetting our countries is very limited and fails to address permanently the continent's external debt problem.

6. We reaffirm our commitment to the pursuit of economic reaffirms and request that our efforts should be met with substantial debt forgiveness and an increase in concessional flows so as to boost public investment in infrastructure and human resources and help attract more private investment.

7. We note that most of the initiatives taken to reduce the external debt of our countries focused on bilateral debt. The results obtained have been mixed and partly offset by the effects of commercial and multilateral debt. Savings from bilateral debt servicing have, indeed, been rapidly absorbed by multilateral and commercial debt servicing.

8. We express our appreciation to the Group of Seven Most Industrialized Countries for the Toronto Initiatives and the Naples Terms whose impact on our external debt, however, falls bellows our expectations both in terms of the stock of debt involved and the countries eligible.

9. We note with appreciation the Naples Terms and appeal to the international community to improve them in order to:

- a. Cater for an 80 percent reduction in the total non-concessional debt of all African countries including accumulated interests;
- b. Allow for the cancellation of concessional debts rescheduled in the Paris Club;
- c. Institute innovative measures that would reduce:
 - i. multilateral debts, including the buy-back of this category of debt with proceeds from the sale of a part of the gold reserve of the International Monetary Fund;
 - ii. commercial debt through improved Brady Plan mechanisms and the enhanced IDA Debt Reduction Facility;

10. We are aware that finding a lasting solution to the external debt problem of our countries would require, among other things:

- a. the pursuit of economic reforms likely to create an enabling environment for domestic and foreign investments and the reduction of the adverse effects of the external environment; and
- b . the forging of effective partnerships with bilateral creditors and multilateral institutions from which we request an increase in the flow of concessional resources, especially during the period of our economic restructuring.

11. We are of the opinion that the solution to debt problem should go hand-in-hand with investment and trade flows and that, in this respect, the conversion of debt for the financing of development programmes, such as entrepreneurship promotion, should be encouraged.

12. We proposed that the mandate and terms of reference of the Paris Club should be expanded to include the holding forthwith of negotiations between our countries and their bilateral creditors and the multilateral financial institutions for coordinated action in order to find a positive solution to the African debt problem in all its bilateral, multilateral and private aspects, within the global framework for securing positive resource flows to Africa.

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