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Statement by Mr. Foot on Proposals for Enhancing Assistance to
Low-Income Countries Facing Exceptional Difficulties
(Preliminary)
Committee of the Whole for the Development Committee Meeting 87/4
September 10, 1987

As my counterpart in the World Bank has already noted when the Bank's Committee of the Whole discussed it on 1 September, this paper will make a helpful contribution to the deliberations of the Development Committee. We support the general thrust of the analysis and agree with the conclusion that the problems of Sub-Saharan Africa are so great as to justify special treatment. We particularly welcome the support given by the paper to Chancellor Lawson's proposals for interest relief on Paris Club debts which, as I explained in last week's Board discussion of debt, we see as one necessary leg of an appropriate strategy for Sub-Saharan Africa. As I emphasised then, we feel the Chancellor's proposal is fully complementary to that of enhancing the SAF (a subject this Board will take up next week).

On a personal level, I would add just two points about the paper. First, I found the conclusion of the section on commercial banks (p.14-15) rather naive. The message should not be that "commercial banks might consider generous and imaginative solutions". Rather it should be that imaginative solutions are likely to be in their own best long-term commercial interests. Second, I should like to stress the importance of the comment about the quality of data which is made in footnote 2 of page 17. In particular, there are several countries in the list given on page 16 whose debt service ratios would be very much better than they currently appear if appropriate exchange rate and supporting policies were followed and were successful in attracting "unofficial" exports back into official channels.