

Multi-national lenders offer \$15 billion for Africa's crisis recovery

By [Global Research](#)

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Global Research Editor's Note

This agreement will provide new loans to the highly indebted countries of Sub-Saharan Africa, which will enable them to meet their debt servicing obligations: new loans to pay back old debts.

The agreement is "a safety net" for the creditors. It does not envisage the cancellation of Africa's external debt, which, in the present context, would contribute to alleviating the impacts of the global financial crisis.

The loans will also finance foreign corporate capital and their investments in strategic sectors.

Michel Chossudovsky, 13 May 2009

Africa's trade and financial sector will get a bailout injection to the tune of US\$ 15 billion from international lenders after an agreement was signed today at the African Development Bank's (AfDB) meeting in Dakar, Senegal, yesterday.

Making the announcement in a joint statement, the lenders, which include the AfDB, the French Development Agency, the European Investment Bank, the Development Bank of Southern Africa and the World Bank, said the loan facility will cover the continent over the next two to three years to help it get over the impact of the global economic crisis.

The facility which will be channeled mainly through the private sector, is meant to promote trade, strengthen Africa's financial sector, and increase lending for agricultural projects, infrastructure, and small- and medium-size businesses, the lenders have said.

The agreement comes as Africa's growth is forecast to decline further in the next 3 to five years, with the Organisation for Economic Cooperation and Development (OECD) and the AfDB estimating the GDP growth of only 2.8 percent this year, which is only expected to recover in 2010 to a modest 4.5 percent increase.

The AfDB has said there was a need for a global solution to problems and challenges facing the African continent now, calling for a boost on its capacity to help African countries to cushion the impact of the global crisis.

The president of the AfDB, Donald Kaberuka has been reported saying the bank would need

at least a 200 percent increase in capital to be able to meet its lending and support needs. The bank is also planning to ask its member-nations for recapitalisation in order to be able to increase lending to the African nations with the demand said to be high amidst the global downturn.

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