Africa’s oil wealth raises the stakes for transparency

As more African countries debate the benefits and the pitfalls of their newfound oil wealth, questions of fiscal transparency and accountability are gaining increased urgency. A one-day workshop in Malabo, Equatorial Guinea, January 27, organized by the IMF and the World Bank, took up the topic, with parliamentarians from the six countries of the Economic and Monetary Community of Central African States (CEMAC)—Cameroon, the Central African Republic, the Republic of Congo, Chad, Equatorial Guinea, and Gabon—and Equatorial Guinea’s national parliamentarians.

Transparency in oil resource management was once virtually a taboo topic. To have it as the theme of a workshop, observed CEMAC Interparliamentary Commission President Batho Obam Ngue Mangue, is itself revolutionary. But, as IMF Deputy Managing Director Agustin Carstens told the legislators, transparency and accountability are now seen as essential for ensuring that resource wealth is used for the benefit of the whole of a country’s population. Carstens highlighted recent international initiatives, including the IMF’s Guide on Resource Revenue Transparency (see related story, page 21). He underscored that adhering to principles of transparency and accountability can translate to better economic results—citing Botswana’s handling of diamond production revenues, which has also been conducive to business and investment in the nondiamond sector; the Republic of Congo’s quarterly external audits of government oil revenues; and Nigeria’s publication of the financial results of oil licensing rounds.

Equatorial Guinea’s President, Teodoro Obiang Nguema Mbasogo, told participants that he believed the event would better prepare parliaments to ensure the transparent use of the region’s economic resources. He added that the choice of Equatorial Guinea as the host of the seminar reflected the determination of his government in particular—and of Central African countries in general—to enhance the transparent management of public resources for the benefit of their people.

In their discussions with IMF and World Bank staff, the legislators took up a range of resource-related topics. They examined the macroeconomic implications of oil resources in the region, observing that the oil sector was the dominant industry in most CEMAC countries. They explored the respective roles of regional and national parliaments, government agencies, and other stakeholders in the management of oil resources and in determining how oil revenues should be spent. Also debated were ways in which the non-oil sectors of the economy could be fostered and the importance of the Group of Eight’s transparency and anticorruption declaration and the Extractive Industries Transparency Initiative for the Gulf of Guinea countries.

Russia pays off IMF debt early

On January 31, Russia ceased being one of the IMF’s five largest debtor countries when it repaid its remaining $3.33 billion debt. “Russia’s ability to repay the IMF ahead of schedule reflects its strong fiscal and balance of payments position against a background of high oil prices,” said IMF Managing Director Rodrigo de Rato. The loans had been contracted under a 1996 Extended Arrangement totaling about $20.1 billion, of which Russia had drawn about $8.8 billion. Under the original repayment schedule, final payment would have been due in 2008.

On the same day it paid off the debt, Russia became a subscriber to the IMF’s Special Data Dissemination Standard (SDDS). Created in 1996 by the IMF, the SDDS helps guide countries that have, or might seek, access to international capital markets in providing timely and comprehensive economic and financial data to the public.