

De Rato urges Africa to tackle corruption, build on debt write-off

The IMF expects sub-Saharan Africa's GDP to grow by 5.4 percent in 2006, the third straight year of growth above the 5 percent level, Managing Director Rodrigo de Rato told a news conference in Lusaka, Zambia, on March 16. But he warned that growth needs to be even higher if Africa is to meet the Millennium Development Goals (MDGs) and urged African leaders to ensure that increased aid flows were used effectively.

De Rato was on his fourth visit to sub-Saharan Africa as Managing Director of the IMF and his first since the IMF agreed to write off 100 percent of the debt owed to it by 19 highly indebted poor countries—13 in sub-Saharan Africa.

Speaking at a roundtable in Lusaka of finance ministers, parliamentarians, civil society leaders, and journalists from Ethiopia, Ghana, Malawi, Mozambique, Tanzania, Uganda, and Zambia, de Rato highlighted the renewed commitment by the international community to increase aid significantly to help low-income countries achieve the MDGs. But he stressed that African governments must draw up policy frameworks that allow resource flows to reach their targets, especially education and health—including measures to counter the HIV/AIDS pandemic. And he discussed ways in which the IMF could help African countries under its new medium-term strategy, including advising on how to tackle problems associated with scaled-up aid flows. De Rato underscored that African countries and the international community must make sure that the forgiven debt is not quickly replaced with new debts, possibly on worse terms.

De Rato met with Zambian President Levy Mwanawasa, Finance Minister Ng'andu Magande, and other members of the Zambian economic team. "Zambia has pursued a strategy of promoting macroeconomic stability and good public sector management and encouraging sound growth of the financial and private sectors," de Rato told the press at the conclusion of his visit. "We at the IMF have been glad to support these efforts."

Before arriving in Zambia, de Rato delivered the keynote speech at the summit of the Economic and Monetary Community of Central Africa (CEMAC) in Equatorial Guinea on March 15. He said this was a propitious time for Africa to make a strong push for both economic reform and improved



Rodrigo de Rato meets with President Teodoro Obiang Nguema Mbasogo of Equatorial Guinea (top photo) and Zambian President Levy Mwanawasa (bottom photo).

trade by reducing tariffs. But de Rato, a former Spanish Economy Minister, called for increased transparency and public accountability in African oil-producing countries that have received a windfall from recent higher oil prices. Five of the six CEMAC members are oil exporters.

"Corruption is an issue that must be dealt with," he declared, arguing that it was important to ensure that oil revenues were spent wisely. "There are many people who have not benefited from this windfall," said de Rato, pointing to the poor social indicators in CEMAC countries. The Managing Director met with the Presidents of Equatorial Guinea, the Central African Republic, the Republic of Congo, Gabon, and São Tomé and Príncipe. He also signed a service agreement with President Obiang of Equatorial Guinea for a two-year technical assistance project that will begin shortly.

In addition to his official meetings, the Managing Director visited facilities for orphans in Equatorial Guinea and in Zambia. He made donations of \$5,000 to each of the orphanages on behalf of the Fund. ■

IMF establishes new AFRITAC

The IMF announced that it will establish the third African Regional Technical Assistance Center (AFRITAC) to serve the CEMAC member countries (Cameroon, Chad, Central African Republic, Republic of Congo, Equatorial Guinea, and Gabon), as well as Burundi and the Democratic Republic of Congo. The center, which will be located in Libreville, Gabon, is expected to begin operations by January 2007.