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## IMF sees post-war states as priority in Africa

Thu 14 Jun 2007, 12:30 GMT

By Daniel Flynn

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DAKAR (Reuters) - The International Monetary Fund is prioritising financial aid and technical assistance for African countries emerging from conflict, in the hope it will help re-energise the economy of the world's poorest continent.

Abdoulaye Bio-Tchane, director of the IMF's Africa department, said the global lender was working towards agreements with four countries in West and Central Africa recovering from war: Ivory Coast, Democratic Republic of Congo, Liberia and Guinea-Bissau.

"These countries are clearly priorities for the Fund because of their potential but also because of the weakness of the economy. They are countries which really need the Fund," Bio-Tchane told Reuters in an interview late on Wednesday.

A general decline in conflict across sub-Saharan Africa has coincided with the region's fastest rate of economic growth in a decade, estimated at 6.7 percent this year by the Fund.

Across West Africa, guns have fallen silent after more than a decade of intertwined civil wars in Liberia and Sierra Leone. A peace process in Ivory Coast promises reunification of the francophone economic powerhouse, divided since a 2002-2003 war.

In Central Africa, regional giant Democratic Republic of Congo is slowly recovering from a devastating 1998-2003 war.

"Having back the DRC and Ivory Coast as important and effective players would make a difference not just for the countries, but also for the sub-regions and finally for the continent in general," Bio-Tchane said.

After visiting Ivory Coast this month, Bio-Tchane said the IMF aimed to sign an emergency post-conflict facility, including \$60 million of budgetary support, provided reunification continues and reforms of the key cocoa and oil sectors advance.

The World Bank, the African Development Bank and the European Union are also working with the government to help it close a \$400 million budgetary gap.

"We have seen clearly some progress," he said. "We intend to bring that programme to the IMF board by the end of July if the political process remains on track."

### THINGS IMPROVING

In Congo, Bio-Tchane cited a recent recovery in public revenues and tighter control of spending as evidence that the government remained on track to sign a Poverty Reduction and Growth Facility by the start of next year.

"That is a feasible target," he said. "A sign that things are improving is that the Congolese franc has strengthened by around 10 percent since early May and inflation is declining."

An informal meeting of the Fund's board last weekend discussed forgiving Liberia's \$800 million in arrears to the world lender, which former dictator Charles Taylor reneged upon during a 1989-2003 civil war.

The Fund Board wants a coordinated debt relief strategy with other multilateral lenders and the Paris Club of creditors.

"We are working on that ... We recognise that Liberia's external debt is clearly unsustainable," Bio-Tchane said, noting it was more than seven times Liberia's gross domestic product.

An IMF staff-monitored reform programme was progressing well in Liberia, Bio-Tchane said, and once the country's arrears to the Fund were resolved, it would move to a new lending deal and finally debt-relief.

In Guinea-Bissau, a former-Portuguese colony which suffered a 1998-1999 civil war, Bio-Tchane expressed confidence that donors would plug a \$20 million budget shortfall to allow the Fund to sign a post-conflict facility in July.

"We are there to facilitate and guarantee the donors that the commitment of the authorities will be implemented," he said.

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