



Global Crisis in Africa / IMF Managing Director Dominique Strauss-Kahn Urges Further Action to Counter Effects of Global Crisis in Africa

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Organization (APO)/ — In a speech today to African ambassadors in Washington DC, Mr. Dominique Strauss-Kahn, Managing Director of the International Monetary Fund (IMF), urged further action by African countries, as well as the international community, to combat the effects of the global economic and financial crisis.

In particular Mr. Strauss-Kahn emphasized the human dimensions of the crisis. “All countries should give priority to strengthening well-targeted social safety nets, or at least shielding them from cuts—this is vital to protect the most vulnerable from the ravages of the crisis,” he said.

Mr. Strauss-Kahn said the vulnerability of populations in Africa meant the stakes in tackling the crisis were higher there than elsewhere. African governments should use fiscal stimulus and monetary and exchange rate policies where possible to offset the effects of the crisis and prevent it from increasing poverty. Development partners must also show a deeper commitment to donor aid to help support the continent’s policy actions, he said.

Mr. Strauss-Kahn noted World Bank research indicating that almost 50 million people could be pushed below the \$2-a-day poverty line this year if financing needs were not met. “As many as 3 million additional children may die between now and 2015 if the crisis persists. We cannot allow this to happen,” he said.

The Managing Director called on Africa’s development partners to fulfill the commitments made at the Gleneagles summit to increase assistance to the continent, and said countering protectionism and further opening up markets to African products was “critically important.” The IMF plans an additional \$6 billion in concessional lending over the next two to three years after world leaders pledged to double the Fund’s capacity for concessional lending, but Mr. Strauss-Kahn said even more needed to be done.

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“Marshaling resources is essential, but it is not enough. IMF financing must also become more flexible, better tailoring our lending programs to the needs of our membership,” he said. “Already, we have doubled all loan access limits, including for low-income countries, to give confidence to countries that we can meet their needs. Our revamped Exogenous Shocks Facility allows us to respond rapidly to countries with large upfront disbursements if necessary. And we are in the process of modifying our concessional lending facilities to further enhance their flexibility and usefulness.”

The terms of IMF financial support is being streamlined and tailored to be more attuned to individual low-income countries, he said. Fiscal targets had been loosened in around 80 percent of African countries with an active Fund lending program, giving them more breathing space to adjust to the crisis, while the Fund was re-examining its policies on public debt limits to make them more flexible, he added.

Mr. Strauss-Kahn is due to visit the Democratic Republic of Congo and Côte d’Ivoire between May 23 and 28 to discuss with policy makers and other leaders in those countries how the IMF can help Africa respond to the current crisis.

“When it comes to assisting Africa, the IMF does not stand alone, cannot stand alone. To help countries weather this crisis, all development partners need to follow through with their commitments,” Mr. Strauss-Kahn underscored.

SOURCE: International Monetary Fund (IMF)