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IMF Warns Global Financial Crisis Threatens Africa's Economic Successes

The International Monetary Fund (IMF) warned today that a slow global economy, declining commodity prices, and tighter credit markets are seriously threatening Africa's economies. "The gains of the past decade, during which many countries in sub-Saharan Africa saw sustained high rates of economic growth and rising income levels, are at risk," said Antoinette M. Sayeh, the IMF's African Department Director.

In a new report entitled *The Impact of the Global Financial Crisis on Sub-Saharan Africa*, which was released today in Dar es Salaam, on the eve of the high-level conference "*Changes: Successful Partnerships For Africa's Growth Challenge*," the IMF said that economic growth in Sub-Saharan Africa is expected to slow to 3¼ percent in 2009 from 5 percent in 2008, half of what was expected a year ago. "African policymakers must balance two competing priorities: supporting domestic activity while maintaining macroeconomic stability," Ms. Sayeh said. "Some countries have the space for fiscal easing. They need to respond by targeting the poor and putting in place social safety nets. But some others have fiscal constraints and need to act carefully in order to protect their macroeconomic gains."

These policy responses should be combined with additional support from donors. "While African policymakers are rising to meet this unexpected challenge, donors must also play their part. They must maintain their commitments and scale up, not scale back their support," Ms. Sayeh said.

"The IMF is mounting an extraordinary response. It has already increased its financial support to African countries, including under its new Exogenous Shocks Facility, and is stepping up its technical assistance. The Conference will be an opportunity to discuss what more we can do and reaffirm the IMF's strong partnership with its African members during these difficult times," Ms. Sayeh concluded.