



global witness

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## IMF risks condoning corruption with new loan to Angola

The International Monetary Fund (IMF) should not go ahead with plans for a multi-million dollar loan to Angola, whose oil-rich government is highly corrupt, without stringent conditions that require the opening up of the country's oil industry to public scrutiny, the anti-corruption watchdog Global Witness said ahead of the IMF's Annual Meeting in Turkey.

The IMF said last month that it is negotiating the terms of a 27-month Stand-By Arrangement (a type of loan facility) to help Angola cope with the fiscal impacts of low oil prices. A press report says the loan facility could be as large as \$890 million.

Angola is one of the two top oil-producing countries in sub-Saharan Africa but most of its people still live in dire poverty. Investigations by Global Witness have raised serious concerns about corruption in Angola over the last decade. The United States, a major consumer of Angolan oil, said in an official report last year that governmental corruption is "widespread" in the country.

"Angola has earned tens of billions of dollars from the oil price boom but that money has brought little benefit to Angola's impoverished people. The IMF has a public duty not to bail out a corrupt government without requiring much greater transparency in return," said Gavin Hayman, Campaigns Director of Global Witness.

The IMF first raised the alarm about the management of Angola's oil revenues in the late 1990s. Angola was discussing a loan with the IMF in 2007 but abruptly ended the talks - partly, in the view of many observers, because the IMF was insisting on more transparency in Angola's opaque oil sector.

"The IMF should use the influence it has over Angola to push for greater transparency in the oil sector. Without transparency, there is no way of ensuring that Angola's oil wealth is benefitting the people, rather than being siphoned off or wasted by venal and self-serving elites" said Hayman.

Global Witness is writing to the executive directors of the IMF to ask them not to approve a loan unless Angola agrees to open up its oil sector to public oversight.

Global Witness' key concerns are:

- The Angolan government, notably the Finance Ministry, publishes a lot of data about oil revenues earned by the country. But the data is full of gaps and inconsistencies and does not appear to be audited. This makes it almost useless for understanding what has actually happened to the oil money.
- Sonangol, the state oil company and the true centre of power in the Angolan economy, remains highly opaque. It does not publish its audited accounts or any significant data about its operations.
- The system for granting access to oil companies to Angola's oil reserves is highly opaque. In August, Global Witness revealed that Sonangol had cleared the way to oil rights for a private company whose shareholders include a person with the same name as Sonangol's own chairman.

Global Witness is calling on the IMF to insist, in return for any loan, that the Angolan government publishes fully audited and credible oil revenue data, publishes Sonangol's accounts and stops giving access to oil rights to private companies of questionable ownership.

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Contact: Corinna Gilfillan (Washington DC) +1 202 621 6665 or +1 202 725 8705; Diarmid O'Sullivan (London) +44 207 4925863; Amy Barry (London) +44 207 4925858 or +44 7980 664397

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