

IMF relaxes Zimbabwe restrictions

WASHINGTON - The International Monetary Fund relaxed its restrictions on providing consulting support to Zimbabwe as the country moved toward constitutional reforms and showed improvement in economic policy co-operation with it.

The IMF said easing restrictions, set after Zimbabwe fell behind in repayments to the fund, would allow its staff to advise the government on its economic programme and monitor its implementation.

The IMF's executive said it took the decision based on "significant improvements in Zimbabwe's co-operation on economic policies" and the government's renewed commitment to deal with its arrears problems.

It also cited the threat to Zimbabwe's economic stabilisation programme from "severe capacity constraints" in areas that the IMF would be able to provide help.

Zimbabwe has been behind in its repayment of \$132m owed to the IMF since 2001; it also defaulted on another \$1.5bn owed to the World Bank and African Development Bank, according to a June IMF report.

In a September report, the IMF said Zimbabwe's government had begun co-operating more closely in discussions on its outstanding debts, including making a new commitment to repay the money.

The IMF said Tuesday that the eased restrictions would allow it to expand its technical assistance to the country "to support Zimbabwe's formulation and implementation of a comprehensive adjustment and structural reform programme that can be monitored by fund staff."

The IMF stressed that no financial assistance is involved.

The move comes as Zimbabwe's economic situation, precarious in recent years, began stabilising as the government committed itself to new reforms.

On Tuesday, President Robert Mugabe said he expected elections to take place early next year. These will be held under a new constitution and will be aimed at replacing the country's shaky power-sharing government.

Last week, political parties and civic groups reviewed a new draft constitution that will be put to a referendum. The date of the referendum has not been announced.

Source: *AFP* via I-NET Bridge

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