



## **Corruption rises as Africa gains from oil – experts**

<http://africa.reuters.com/top/news/usnBAN257252.html>

Fri 2 Nov 2007, 15:54 GMT

By Phumza Macanda

PRETORIA (Reuters) - Strong economic growth and huge windfalls from high oil prices have fuelled corruption in sub-Saharan Africa and robbed countries of funds for development, researchers said at a World Bank Summit on Friday.

Academics from the University of Massachusetts said billions of dollars continued to leave the continent for secret bank accounts overseas.

"If anything, capital flight is on an increasing trend in the past few years," said University of Massachusetts economics professor James Boyce, who has researched the subject for more than five years.

"And now, with oil windfalls in some countries, the pie from which to take is that much bigger."

His research found that about half-a-trillion dollars left the continent between 1970 and 2004. About \$35 billion left the continent in 2003 alone.

Oil exploration and production is on the increase in Africa as international companies and countries such as China race to stake a claim on the resources.

Oil prices have risen 40 percent since mid-August, driven by expectations of tighter supplies, a weak dollar and an inflow of money into commodities.

### **CAPITAL FLIGHT**

Researchers said despite the emergence of more democratic governments in Africa, capital flight was on the increase because there had not been successful prosecutions of leaders who had left their countries poorer.

It was the single biggest threat to the continent's developmental goals, they said.

"Capital flight has had adverse welfare and distribution consequences on the overwhelming majority of poor in numerous countries in that it heightened income

inequality and jeopardised employment prospects," Central Bank of Kenya Governor Njuguna Ndung'u said in a written speech.

The international community needed to cooperate with authorities to clamp down on corrupt officials, Boyce said.

"There are international laws countries could use to track and have their money returned," he said.

"They can go as far as refusing to pay loans, if they can show that the huge loans were for the personal benefit of leaders and not for the country."

Last month, Britain extended an court order freezing \$35 million of assets belonging to a former Nigerian state governor.

James Ibori was governor of the oil-producing Delta state and a close associate of President Umaru Yar'Adua.

Compounding the problem was a lack of laws and capacity to enforce them where they existed, said Jerry Rowe, regional adviser for Africa and Middle East at the U.S. Treasury.

"To some extent some countries are stepping up legislation and putting up measures (to fight corruption). With some countries it is really capacity problems and the inability to enforce already existing laws," he said.

Despite robust economic growth and vast mineral wealth in sub-Saharan Africa, millions of people live below the breadline, also hampered by conflict and civil war in some countries.

Benefits from recent debt relief would be short-lived if the trend was not reversed or some of the stolen money repatriated, researchers said.

"Even if 25 percent of the money were to be repatriated, Africa would go a long way to working on its developmental goals," said Hippolyte Fofack, senior economist at the World Bank, the main organiser of the summit.