QUESTIONING AFRICA'S ECONOMIC 'RESILIENCE'

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Until Lions have their own historians,
tales about hunting will glorify the hunter.
— African proverb (cited in Diescho 2006: 7)

ABSTRACT

In the midst of the Great Recession, the International Monetary Fund and World Bank boldly proclaimed that African economies have displayed 'resilience'. It was an attempt to boast that their policy prescriptions have finally paid off, especially in Africa. It is important to challenge this discourse by providing alternative explanations of the state of Africa's development. If not, the Bretton Woods Institutions will continue to prescribe ineffective standardise neoliberal policies to the region. The Bretton Woods Institutions have not moved beyond the Washington Consensus, despite a multitude of declarations acknowledging the failure of a one-size-fits-all approach. This article therefore questions the World Bank and the International Monetary Fund's optimism regarding Africa's debt sustainability, economic growth and development spending.

1. INTRODUCTION

As the Great Recession unfolded the Bretton Woods Institutions (BWIs) argued that African economies displayed 'resilience'. The reason, they claim, is because of sound policies that these states adopted under their auspices in advance of the crisis. This claim, as will be argued throughout this article, is misleading in the sense that the BWIs are exaggerating the success of their policies. At the same

time, the International Financial Institutions (IFIs) are downplaying the fact that these very same countries are in risky positions *vis-à-vis* the uncertain global economy.

In section two, Africa's relations with the World Bank and the International Monetary Fund (IMF) are briefly explored in order to contextualise the long-term influence of the IFIs on the region. In section three, claims about Africa's supposed resilience are highlighted. Section four provides an evaluation of Africa's resilience by focusing on three issues: debt sustainability, economic growth, and development spending. Although it is recognised that African countries are unique, it is impossible to provide an in-depth overview of the region's development and the impact of the financial crisis within the scope of this article. However, it is hoped that this research will contribute to existing debates about the effectiveness of the World Bank and IMF's policies in the region.

2. BECOMING AFRICA'S *PATRES FAMILIAS*

Due to a multiplicity of factors, most African states became heavily indebted by the beginning of the 1980s and had to adopt the IMF and World Bank's Structural Adjustment Programmes (SAPs). What is the significance of this? In political economics it is often said that when a person is indebted to another person or a bank, he or she inevitably becomes part of a power relationship with the creditor(s) — the creditor has the power to make demands on the debtor — and the same is true for debtor states.

In practice, there were only a handful of examples — which include Botswana, Ethiopia, Somalia, Namibia and South Africa — of a 'two-way discourse' between the IFIs and African home-grown initiatives (Green 1998: 218). Most SAPs were characterised by the Washington Consensus, a set of neoliberal policy prescriptions which assumes that if poor countries wish for to reach an advanced stage of development "there is no alternative" (TINA).[i] The IFIs, armed with neoliberalism, called for a market-based approach and minimal state intervention. States were therefore generally forced to devaluate currency, attain price stability, cut government spending, forgo state subsidies, raise taxes, privatise public enterprises, and liberalise trade and investment (Buira 2004: 45). Critics argue that the Washington Consensus is flawed in that it ignores many of the policy approaches

that were taken by the Western world and the Asian Tigers (Chang 2008). Most importantly, it prematurely exposes African debtors to market forces for which they are not yet prepared. These countries are therefore unable to diversify their domestic markets and they largely remain dependent on the production and export of primary commodities (South Centre 2010).

At its most basic level, it was assumed that SAPs would rectify balance of payment deficits, growth will be enhanced, and that it will trickle down, which will lead to more equitable distribution of income and wealth (Vreeland 2003). While the IFIs became the region's main policymakers, they were also under intense pressure to admit that SAPs have failed on all accounts. Consequently, the IFIs introduced the Heavily Indebted Poor Countries (HIPC) Initiative in 1996, but it was soon deemed inadequate to address African debtors' problems. By the turn of the century, even the World Bank (1998) was talking about a 'post-Washington Consensus'.

> Whatever the new consensus is, it cannot be based on Washington. If policies are to be sustainable, developing (and transition) countries must claim ownership of them. A second principle of the emerging consensus is that a greater degree of humility is called for, acknowledgement of the fact that we do not have all the answers.

This led to alterations of HIPC I and a number of supposed post-SAPs came into being, amongst others the Enhanced HIPC initiative (HIPC II) and Poverty Reduction Strategy Papers (PRSPs). These initiatives form the basis for debt relief and concessional lending under the auspices of the IFIs and they aim to make debt more sustainable, boost social spending and reduce poverty.

From the outset HIPC II aimed "to provide faster, deeper, and broader debt relief and strengthen the links between debt relief, poverty reduction, and social policies" (IMF 2010a). As of December 2010, 36 debt reduction packages have been approved for HIPC II countries, 32 of which are African (IMF 2010a).

According to the BWIs, the PRSP initiative is key to the success of HIPC II, as it "sets out a country's macroeconomic structural, and social policies and programmes to promote growth and reduce poverty, as well as associated external financing needs" (World Bank 2011). By the end of August 2011, "108 full PRSPs have been circu-

lated to the [IMF's] Executive Board, as well as 57 preliminary, or 'interim', PRSPs" (IMF 2011a). Most of these are African PRSPs. A PRSP has to be "country-driven", based on "national ownership" and "participation". It should also be focused on "poverty reduction" and it is expected to be "result-oriented", "comprehensive" and "co-ordinated" (IMF 2010b). The language used to promote PRSPs is attractive to anyone working in development cooperation, whether creditor or debtor. In short, PRSPs are in theory almost the opposite of SAPs.

Upon closer inspection, PRSPs are not much different from SAPs (*see* Fukuda-Parr 2010, Gottschalk 2005; Kalinda 2008, Molenaers 2010, Oxfam 2004), and these strategies do not stand alone. There is a multitude of other World Bank and IMF mechanisms that reinforces neoliberal policy prescriptions. These generally include the preliminary HIPC document, the decision point document, the completion point document, and a debt sustainability analysis (Jubilee Debt Campaign 2011); the Country Assistance Strategy (Bretton Woods Project 2010a); the IMF's Extended Credit Facility's[ii)] agreements which recently replaced the Poverty Reduction and Growth Facility (IEO 2007); the World Bank's annual Poverty Reduction Support Credit[iii)] agreements (Eurodad 2006, IEG 2010a); the Country Policy and Institutional Assessment (Alexander 2010, IEG 2010b); and the Policy Support Instrument (ActionAid 2007, Bretton Woods Project 2011). In a word, these mechanisms form the basis for many African countries' development policy rather than the PRSP by itself. Characterising these mechanisms is also a strong neoliberal bias akin to the Washington Consensus.

In the midst of the Great Recession, the World Bank's President, Robert Zoellick somewhat apologetically reiterated what many IFI officials before him have said (cited in Elliott 2010),

> This is no longer about the Washington Consensus. One cannot have a consensus about political economy from one city applying to all. This is about experience regarding what is working.

Zoellick's statement is interesting in that it reaffirms the position of critics that although there has been a lot of noise — well before the Great Recession — about a post-Washington Consensus, this is clearly not the case. The majority of African countries have been submitting to the IFIs' ineffective policies for more than three decades.

3. CLAIMING AFRICA'S 'RESILIENCE'

Throughout the Great Recession, the BWIs engaged in a huge public relations campaign to propagate that its policies have finally paid off in the developing world, especially in Africa. According to the IMF (2010c:1):

> The region's resilience through the global financial crisis owes much to sound economic policy implementation. Before the 2007-09 global shocks, most of the region's economies were in good shape: steady growth, low inflation, sustainable fiscal balances, rising foreign exchange reserves, and declining government debt. When the shocks hit, countries were able to use fiscal and monetary policies nimbly to dampen the adverse effects of the sudden shifts in world trade, prices, and financial flows.

Broadly speaking, the IFIs highlight economic growth and debt sustainability as key indicators of success. They also use the term 'resilience' to argue that African economies were somehow shielded from the financial crisis (and its impacts) and where they have been affected they were quickly able to bounce back on a development path. Thus, the main message was that African economies are in the process of recovering quicker than the rest of the world and that these countries were in a better position to deal with the Great Recession compared to preceding economic crises. The main reason, according to the IFIs, is because of "the improved macroeconomic position of [low income countries (LICs)] at the advent of the crisis ... [which] is then related to the adoption of IFIs' policy prescriptions by the governments of these countries" (van Waeyenberge *et al* 2010: 35). The World Bank and IMF's conclusions are however somewhat distorted. As argued by Bond (2011:3):

> Drunk on their own neoliberal rhetoric, the multilateral establishment swooned over the continent's allegedly excellent growth and export prospects, in the process downplaying underlying structural oppression in which they are complicit: corrupt power relations; economic vulnerability; worsening resource curses; land grabs; and threats of environmental chaos and disease.

This article concurs with the above view that the BWIs are presenting a rosy picture of Africa's supposed successes, despite

the fact that most Sub-Saharan Africa (SSA) economies are still structurally weak. This is not the same as arguing that the World Bank and IMF have no influence on African economies. Rather, it will be argued that the proclaimed successes — most notably economic growth and debt reduction — had very little to do with the effectiveness of neoliberal packages as there were other factors that had a greater impact on these economies. Furthermore, neoliberal policy prescriptions made African economies more vulnerable to the global economy, rather than making it more resilient.

Above it was argued that the IFIs have situated themselves as Africa's caretakers. Under pressure, the IFIs claimed in the mid-1990s that they would move beyond the Washington Consensus. Now, they admit that they are still stuck with the neoliberal paradigm and that they should come up with alternatives. At the same time, the IFIs' self-assessment attributes Africa's supposed resilience to what they consider to be sound policies that these countries had to adopt under their watch. This shows some reluctance by the IFIs to accept that "there are thousands of alternatives" (TATA)[iv] while legitimising the continued use of the ineffective one-size-fits-all neoliberal policy package.

4. DECONSTRUCTING THE IFIS' OPTIMISM

Given that SAPs generally failed to deliver on all its promises and that current IFI programmes are not fundamentally different from traditional SAPs, one has ample reason to be sceptical about the current hype regarding Africa's resilience. Moreover, several experts suggest that the likelihood of another economic crisis is real rather than being a mere risk. Khor (2011: 2) warns of a "double-dip recession", Soludo (2011: 10) argues that the developing world should "prepare for the next crisis", while Akyüz (2011: 6) warns that "It is increasing recognised that the world economy is unlikely to make a smooth transition to a stable, sustained and broad-based growth — hence the repeated talk of the 'next crisis'". It is therefore not yet accurate to talk about a post-Great Recession.

The following sections will deconstruct the significance behind Africa's growth and debt sustainability (the basis of the IFIs' optimism). Furthermore, it will also question the significance of development spending, which is supposed to be a central feature of so-

called post-SAPs initiatives.

4.1 What debt sustainability?

Debt cancellation under HIPC II, not BWIs' policies, had a positive effect on most African debtors. According to the World Bank (2010a: 3), the debt stock for the 36 post-decision point HIPCs has been reduced since 1999 to 2009 from $142 billion to $21 billion. The magnitude of debt relief on African economies cannot be underestimated. A recent report by the United Nations Economic and Social Council (UNESCO) and the Economic Commission for Africa (ECA) found that total debt relief for 30 African countries that have reached decision point averaged 46.4 per cent of their 2009 Gross Domestic Product (GDP) (UNESCO & ECA 2011: 7). What has been the impact of debt cancellation?

An early independent evaluation of debt cancellation under HIPC II concluded that African countries that have reached the decision point (as opposed to completion point) witnessed momentous growth increases that averaged 2.9 per cent on an annual basis and a further poverty reduction average of 2.2 per cent per annum. Additionally, it noted that 100 per cent debt relief could have major positive effects on development, as economic growth could be boosted by up to five per cent annually while poverty reduction could be reduced by an average of 5.3 per cent per annum (Hussain & Gunter 2005: 461). Furthermore, the IMF (2011b) recently stated that, "[f]or the 36 countries receiving debt relief, debt service paid, on average, has declined by about two percentage points of GDP between 2001 and 2009. Their debt burden is expected to be reduced by about 80 percent after the full delivery of debt relief" under HIPC II and the Multilateral Debt Relief Initiative (MDRI). Subsequently, one could argue that debt relief is significant in its growth effect and it has the potential to free up resources that could be allocated to social investment. Nevertheless, the ultimate question is what will happen to these countries in the coming years as many are entering the day after debt cancelation?

Historically speaking, HIPC II is not the first attempt at debt relief and one should therefore be cautious about its results. For example, Leo (2009: 3) warns that:

> In the two years immediately following MDRI (2006 and 2007),

the World Bank, [African Development Bank (AfDB)], and IMF disbursed $7.8 billion in new loans to HIPCs — the very same countries that received debt relief during that same period. This compares to $8.1 billion in new loans immediately preceding MDRI (2004-2005).

Debt can escalate very quickly, as it did from 1980 onwards. In this context it is noteworthy that in 2010 the ratio of SSA's debt to GDP (which is 21.86 per cent) after large scale debt cancellation does not look much better than what it did in 1980 (24.97 per cent), which is around the time when the African debt crisis spiralled out of control (*see* Table 1). Similarly, the ratio of SSA's debt to export of goods and services is only slightly better in 2010 (64.95 per cent) compared to 1980 (78.01 per cent). Although one could argue that many SSA countries are less susceptible to a debt crisis in the sense that some have access to concessional loans at considerably lower interest rates compared to the 1980s, there remains a big question mark regarding the structure of the average African economy.

Table 1: SSA's Debt Burden: 1980-2010

Year	Debt indicators		
	External debt (total) In US$ billion	Ratio of debt to GDP (per cent)	Ratio of debt to export of goods and services (per cent)
1980	66.496	24.971	78.012
1990	167.365	57.893	212.337
2000	209.280	65.049	183.771
2010	223.835	21.861	64.954

Source: IMF 2010d

Many African debtors that benefitted from debt relief under HIPC II have already showed signs of a "huge budget revenue hole" following the global financial crisis, amounting to $65 billion for Least Industrialised Countries (LICs) in 2008 and 2009 (Kyrili & Martin 2010: 1,2). The result has been that these LICs, many of them African, had to finance this budget gap by cutting on programmes linked to the Millennium Development Goals (MDG), delving into savings, borrowing from domestic markets that are more expensive than IFI concessional loans, and increasing taxes, all of which had (and will continue

to have) major negative impacts on the poor. This is unsettling, as it would mitigate, if not eliminate, many of the positive spinoffs from debt relief under HIPC II. For example, it is estimated by Kyrili & Martin (2010: 26) that for LICs; "[the average] use of domestic borrowing rose by 1.7 per cent of GDP in 2009 and 0.5 per cent in 2010 ... this far exceeded external loans and even exceeded grants in 2008, and in 2009 far exceeded grants and almost matched external loans". In effect, money that should be allocated to development programmes will soon be spent on servicing debt.

The IMF and World Bank's star pupil, Ghana, which has endured several decades of IFI conditions and 'benefitted' from debt relief under HIPC, made three World Bank loans in 2009 alone because it fell short of almost $3,500 million in 2008, or roughly the equivalent of 20 per cent of its GDP (Honkaniemi 2010: 2). In order to make sure that Ghana balances its books, the World Bank forced the country to privatise a host of state owned enterprises and cut back on public spending, including public wage freezes and electricity subsidies. Following in the footsteps BWIs, China also wanted a piece of the cake and two of its state banks — China Development Bank and the China Exim Bank — signed a $13 billion loan deal with Ghana (Reuters 2010). Moreover, Ghana together with two other IFI star pupils (Tanzania and Zambia) and Liberia received $255.6 million in assistance from the US Congress in 2009 (Arieff *et al* 2010: 14). It is therefore difficult to comprehend what the IFIs are talking about when they refer to the 'resilience' of the many of these African economies.

One can thus cautiously acknowledge that HIPC II has made progress in temporarily reducing the external multilateral debt burden for many African countries. However, so-called post-SAPs initiatives and debt relief have not made the African debtor less vulnerable to the economic crisis. As with the exogenous crises of the late 1970s and 1980s, many African countries incurred debt, but this time it was largely shifted internally. Furthermore, as the Ghana example above demonstrates, China has also made some inroads into African economies (*see* Bräutigam 2010). It is worth pointing out that in 2009 and 2010, China Development Bank and China Export-Import Bank negotiated loans worth $110 billion with companies and governments in the developing world. This is more than the World Bank's loans of $100.3 billion from mid-2008 to mid-2010, which is also said to be a new record in terms of its lending (Dyer & Anderlini 2011). Although

these figures only reflect that of the International Bank of Reconstruction and Development and the International Financial Cooperation (IFC), as opposed to the International Development Association, it gives an indication of China's willingness to step in to fill the void. Due to the secretive nature of Chinese development cooperation it is unclear exactly how much Chinese debt African governments have accumulated over the past decade and we are yet to see the impact of it. Nonetheless, to argue, as the IFIs have, that African countries are in stronger positions today to deal with an economic crisis compared to three decades ago, is not entirely true.

4.2 Fragile economic growth

African countries, many of which were HIPC II and PRSP countries, have experienced real GDP growth rates averaging 5.05 from 2000 to 2010 (Africa Economic Outlook 2011a). Yet, one has to contextualise these developments. The IFIs attribute recent economic successes almost entirely to IFI endorsed policies (Salinas *et al* 2010:3). Yet, at the same time, the World Bank has admonished that in recent years African states have become more exposed to shocks emanating from the external environment rather than internal conditions (IBRD 2010: 51). By the same token, positive economic externalities could also have large impacts on African economies, a fact which is downplayed by the IFIs. What contributed towards Africa's growth? More importantly, will Africa continue to grow at the same pace over the next few years?

Firstly, as argued in the previous section, debt cancellation by itself had a major growth effect (some would argue up to 5 per cent) for some HIPC countries. Given that the bulk of debt cancellation under HIPC II is largely over and that some African countries have already acquired new debts in the midst of the Great Recession, this growth effect could become somewhat diminished.

Secondly, African countries experienced very favourable prices for its principle export commodities in recent years (Africa Economic Outlook 2011b). One study of 40 African commodities concluded that only cotton did not experience favourable terms of trade during the commodity boom (Page 2008: 11). For example, oil reached an all time high during this period, it was $145 per barrel in 2008 compared to $20 in 2002. Oil importing countries were also able to offset their

losses due to a commodity boom of their own exports, including cocoa, gold, aluminium, copper, nickel, and so forth, which experienced very favourable terms of trade. Due to SSA's high dependence on the export of one or two commodities, the risk is that economic growth could come to an end as soon as commodity prices collapse (South Centre 2010).

A third externality (relating to the commodity boom) that contributed positively to Africa's growth is China's high demand — spurred on by growth in its infrastructure and manufacturing sectors — for the region's natural resources (Farooki 2009). Thus, although trade with the Western world dipped during the global financial recession, China stepped in to fill the void. The risk of depending on China's hunger for commodities is twofold: some experts suggest that China's growth will slow down over the next few years (from double digit growth to seven per cent) which would also cause the price of some commodities to collapse in the process (Akyüz 2011: 5).

Many African countries enjoyed high economic growth rates, despite and not because of IFI imposed policies. Whether these growth rates will be sustained over the next few decades is also another question. For growth to have a considerable impact it has to be persistent over prolonged periods and governments have to specifically develop strategies that would be geared towards the developmental project. That is exactly what UN Secretary General, Ban Ki-moon, meant when he said: "[w]e have learned that while economic growth is very important, what ultimately matters is using national income to give all people a chance at a longer, healthier and more productive life" (AllAfrica.com 2010). Furthermore, although growth rates were steady throughout most of the 2000s (averaging 5.05 per cent), some experts — including Joseph Stiglitz — argue that it is still lower than the seven per cent required to meet many of its MDGs (Seria 2011).

Most SSA countries require even higher growth rates for prolonged periods to catch-up with the rest of the world. Take for example a group of HIPC II countries that displayed high growth rates in the 2000s compared to non-HIPC countries. *Table 2* shows that these countries still lag far behind non-HIPC countries in terms of GDP *per capita*. Ghana, the IMF and World Bank's star pupil for many years, has a lower GDP *per capita* today compared to 1980, while the same indicator for Tanzania, Uganda and Zambia con-

tinues to be remarkably low.

Table 2: **GDP *per capita*, current price (US Dollar)**[v]			
Country	**1980**	**2000**	**2010**
Non-HIPC Countries			
Botswana	1,295.295	3,440.893	6,795.931
South Africa	2,764.137	2,986.447	7,100.809
HIPC II Countries			
Ghana	1,411.714	270.627	761.978
Tanzania	336.694	303.148	542.555
Uganda	364.481	253.586	503.890
Zambia	694.751	322.485	1,286.130
Source: IMF 2010e			

Thus, although economic growth has been noteworthy for many African countries over the past decade, its significance is relative. Many of these African countries emerged from almost two decades or more of extremely low growth (which was sometimes even negative) and their starting points have been comparatively low as their economies are relatively small. Approximately eight per cent of the world's population comes from SSA (World Bank 2010b: 4), while the region's share of the Gross World Product is only 1.5 per cent (World Bank 2010c: 1,4). The continent is still host to the poorest countries in the world; 35 of the bottom 42 states that are classified by the *Human Development Index* as places experiencing "low human development" are located in Africa (UN 2010: 145,146).

It is extremely difficult to obtain quality data on poverty. This is despite the fact that PRSPs are intended to focus on poverty reduction and explicitly aims to be results-orientated. Nonetheless, according to the World Bank (IBRD 2010: 15), "[w]ith the pre-crisis surge of growth in [SSA], the proportion of Africans living on less than $1.25 a day fell from 58 percent in 1990 to 51 percent in 2005, but the absolute number of poor people rose from 296 million to 388 million". Thus, to put it crudely, even though there was a drop in percentage of the poor, it is highly likely that there are numerically more hungry people out there. This statistic is nonetheless outdated, as it reflects poverty data prior to a series of recent crises. It excludes those who were shoved into deeper poverty during the food crises (2006 to 2008, 2010 to present), oil crisis (2007 to 2008), and the economic

crisis (2007 onwards).

Currently, there seems to be no update on the abovementioned poverty statistics. The IMF initially estimated that the Great Recession would push another 10 million Africans below the $1.25 per day poverty line in 2009 and 2010 (Arieff *et al* 2010: 21). IFAD (2010: 30) argues that the economic "crisis would leave an additional 20 million people living in extreme poverty". The point is that the downturns at the end of the 2000s had negative impacts on most SSA states and their populations. Even if one would argue that the seven per cent decrease in poverty in Africa between 1990 and 2005 is momentous, one cannot help but to remain pessimistic about the slow progress. As argued by Arieff *et al* (2010: 21), many Africans hover above the poverty line and a small negative impact on incomes could drive many more into poverty. For example, 60 per cent of SSA's rural population live on less than $1.25 a day, but approximately 90 per cent live on less than $2 per day (IFAD 2010: 47). It is thus likely that a large group of people have joined the ranks of the poor in SSA after the series of crises.

4.3 Meagre development spending during the good old days

Can it be argued that the region's economic growth has been channelled into programmes that could facilitate long-term development and poverty reduction? This is an important question given that SSA's economic growth is standing on thin ice and, as argued above, another wave of economic crisis is imminent.

Throughout the SAPs period, the BWIs were criticised for forcing states to cut back on social spending. Since the beginning of the alleged post-SAPs period, it was said by the IFIs that more money would be spent on the poor, especially in the social sector. According to the IMF (2011b):

> Before the HIPC Initiative, eligible countries were, on average, spending slightly more on debt service than on health and education combined. Now, they have increased markedly their expenditures on health, education, and other social services.

Such a statement is nonetheless misleading. One would assume that a lot of money will be channelled into these social sectors given

that these are the world's poorest countries. One would suppose that their expenditure would be drastically increased proportionally and in terms of monetary values. Maybe the IFIs should have been clear that social sector budgets will most likely only increase when compared to the low (insignificant) budgets of the 1980s and 1990s. This may be the reason why the IFIs decided to opt for the less ambition goal of poverty reduction rather than poverty eradication.[vi]

How did the IFI star pupils (not the basket cases) perform before the Great Recession took its toll on national budgets? To be clear, the Great Recession generally affected government budgets only from 2010 onwards, as most developing nations initially (2008 to 2009) adopted stimulus programmes in the hope that it would mitigate the effects of the global crisis (UNICEF 2011: 2).

In terms of health budgets as percentage of GDP (see *Table 3*), South Africa and Botswana's budgets (8.6 and 5.7) are higher than the average HIPC country (which averaged 5.3). Botswana's budget is slightly smaller in terms of percentage than traditional IFI star pupils (not all HIPC countries) but it remains notably larger *per capita*. Health expenditure in Botswana was $372 *per capita* in 2007 but only $57 in Zambia. With regards to under five mortality rates and physicians per 1 000 people, Botswana and South Africa outperform the HIPC II countries. The only health indicator where non-HIPC countries perform better than South Africa and Botswana relates to HIV/AIDS prevalence, and there are multiple reasons for this, which is beyond the scope of this analysis.

South Africa and Botswana also continue to outperform HIPC II countries in terms of spending on education. According to *Table 4*, HIPC II countries have rather insignificant education budgets. Education expenditure in many African countries in the immediate period following independence was as high as 20 per cent (Cooper 2002: 111). In terms of primary education, only Tanzania can compete with that figure today (see *Table 4*). Despite this, actual spending is what really matters. The World Bank did not have group statistics on this indicator, but based on the notably higher GDP *per capita* figures in *Table 2* for South Africa ($7,101) and Botswana ($6,796) compared to Ghana ($762), Tanzania ($543), Uganda ($504) and Zambia ($1,286), one can safely assume that the non-HIPC countries are better performers with regards to expenditure per students in primary education. The same is also likely to hold true for South Africa and

Table 3: Health Indicators					
	Health Expenditure Per Capita (US$) for 2007	**Health Expenditure, total (% of GDP) for 2007**	**Mortality Rate, Under 5 (per 1000) for 2009**	**Physicians per 1 000 people (latest estimate)**	**Prevalence of HIV, Total (% of population ages 15 to 49**
Botswana	372.043	5.7	57	0.400 (2004)	23.9
South Africa	497.119	8.6	62	0.770 (2004)	18.1
Ghana	54.139	8.3	69	0.110 (2009)	1.9
Tanzania	21.706	5.3	108	0.008 (2009)	6.2
Uganda	27.770	6.3	128	0.117 (2005)	5.4
Zambia	57.097	6.2	141	0.055 (2006)	15.2
HIPC	29.277	5.3	134	0.142 (2004)	3.2
SSA	69.272	6.3	130	0.191 (2008)	5.0
Source: World Bank 2010d					

Botswana with regards to expenditure per student in secondary education. South Africa still lags behind with regards to teacher-pupil ratios, which inevitably affects the quality of education. However, to be fair, the majority of South Africans only gained true independence in 1994, which is relatively recent compared to Ghana (1957), Uganda (1962), Tanzania (1964), Zambia (1964), and Botswana (1966).

The above figures are indeed shocking, as they provide an indication for the pre-crisis level of spending. According to UNESCO (2010: 1), SSA faced a shortfall of $4.6 billion annually in 2009 and 2010, or the equivalent of a 10 per cent spending cut per primary-school pupil. Thus, given these budget deficits, there is a strong likelihood that there will be a "lost generation of children in the world's poorest countries" (UNESCO 2010: 3).

These spending issues are noteworthy inasmuch as they reflect statistics of the best IFI performers, not the worst ones. It is therefore troubling that spending on key social sectors is still largely insignificant. What about spending in other sectors that are deemed important for development and poverty alleviation? Kalinda's (2008) study on Tanzania, Uganda and Zambia's PRSPs notes that even when governments have spent more in education and health sectors, other areas that have been pointed out by the PRSPs as critical for poverty reduction — such as the agriculture sector — remain neglected.

Similarly, one IFI study of 13 HIPC debtors found that 65 per cent of resources that were released via the HIPC II initiative was spent on social services while only seven per cent was allocated to infrastructure development (Killick 2004:8). Any country that desires development has to boost infrastructure related to water, transport and telecommunication. These are basic ingredients for development which most African countries continue to lack.

It is also noteworthy African economies have still not truly diversified their primary exports despite the fact that IFIs have pushed trade as a key development strategy. In fact, trade liberalisation in many African countries led to deindustrialisation (South Centre 2010: 21-26). In 2008, a mere 25 goods accounted for 75 per cent of Africa's exports. Petroleum oils and oils obtained from bituminous minerals account for 51.6 per cent of the continent's exports (Africa Economic Outlook 2011c). Thus, as argued earlier, if the market swings the wrong way, many of these countries could be hit hard. How does that make African economies more resilient? Moreover, approximately 70

Table 4: **Education Indicators**

	Highest Expenditure per student, primary (% of GDP) from 2005 to 2010	Highest Expenditure per student, secondary (% of GDP) from 2005 to 2009	Pupil-Teacher Ratio, Primary School	Pupil-Teacher Ratio, Secondary School
Non-HIPC Countries				
Botswana	16.14 (2005)	41.17 (2005)	25.393 (2006)	14.0 (2006)
South Africa	15.57 (2006)	17.61 (2005)	30.980 (2007)	29.0 (2008)
HIPC Countries				
Ghana	17.92 (2006)	34.14 (2005)	32.240 (2008)	17.4 (2008)
Tanzania	22.90 (2007)	-	52.237 (2008)	-
Uganda	8.48 (2007)	27.05 (2008)	49.926 (2008)	18.83 (2008)
Zambia	5.51 (2005)	5.76 (2005)	60.519 (2008)	22.17 (2008)
HIPC	-	-	47.530 (2008)	
SSA	-	-	44.945 2007)	25.3

Source: World Bank 2010d

per cent of the African trade takes place with the US, EU and China (Agrieff et al 2010: 8). Thus, any contraction in those economies also affects SSA. Instead of helping governments to forge competitive domestic industries before opening it up to global competition, the IFIs assume that foreign direct investment (FDI) would do the trick. The problem with this assumption is that, "Most FDI flows to Africa remains largely concentrated in the extractive industries" (UNESCO & ECA 2011: 3). Thus, Greenfield investments continue to be limited.

Contrary to advising countries to spend on key sectors that could make them more competitive, the IFIs instructed the Least Developed Countries (LDCs) to save money. An Independent Evaluation Office (IEO) study on 29 IMF loan agreements with SSA countries between 1999 and 2005 found that on average "$7 out of every $10 in new aid was channelled into currency reserve accounts and or used for debt repayment" (Jubilee USA Network 2010: 5). Although it is important to balance the books and save for a rainy day, countries also need to invest in the future. The belt-tightening policies initially helped to shield a few countries from the early impacts of the global financial crisis, but it has done nothing to make them more competitive and durable in the long-run.

As mentioned earlier, the above data reflects government expenditure before the global financial crisis really kicked in. Since 2010, many African countries have experienced large scale fiscal contraction. On average, spending as percentage of GDP decreased in 2010 by 2.6 percent for 17 out of 41 SSA countries, and again by 3.4 percent for 19 SSA countries in 2011. It is also anticipated that 27 out of 41 SSA countries will cut spending by 1.9 percent in 2012 (UNICEF 2011: 4). UNICEF's (2011) assessment of austerity measures in the developing world throughout the global economic crisis concluded that it largely involves wage freezes, slashing of education, health and other social sector spending, elimination of subsidies (including food and electricity) and broadening the tax base (including Value Added Taxes [VAT]). All these factors will have a negative impact, especially on the poor.

5. EVALUATION AND CONCLUSION

This study questioned the claims of 'resilience' that the BWIs attribute to African economies. In an attempt to provide an alternative to

their interpretation, this study briefly made reference to the IFIs' proclamations that it would move beyond SAPs and the Washington Consensus, which generally failed African debtors.

As argued throughout this article, SSA's alleged progress in recent years has predominantly been related to large scale debt cancellation and a commodity boom. Growth has also been relative and for it to make a huge impact it needs to be persistent over longer periods, while spending on basic development programmes is still insignificant. The weak structure of the African economy remains intact while the role of the state to create development has been rolled back even further.

Earlier it was argued that Africa's growth could slow down as debt cancellation under HIPC II has largely come to an end. Many SSA countries have also acquired new debts (from the IFIs, China and domestically) during the global financial crisis and this could have major negative impacts on government spending on social sectors and their economies. Furthermore, a bust in the commodity boom will also weaken the region's economic growth.

Currently, the US is struggling to balance its budget while the EU is in the middle of a sovereign debt crisis. This means that it could affect Africa's trade, FDI, Official Development Assistance (ODA), and remittances.[vii)] China's economic growth has also been revised downwards, which would have an impact on SSA's economic growth.

If, as experts suggest, there is another economic crisis looming, SSA will be hit hard. The region will also not be able fall back on some of the externalities that have helped it during the initial stages of the global financial crisis. Rather than being a prospective risk, another full-blown economic crisis is very real. Thus, it is important to challenge the World Bank and IMF's overly optimistic assessments of Africa's development. It is also this optimism during the supposed post-SAPs years that continues to legitimise the role of IFIs to dictate Africa's economic policy and to expand its self-proclaimed areas of expertise.[viii)]

Rather than acknowledging the centrality of the role of the government in creating a developmental state (Chang 2008), the BWIs try to prove causality between the neoliberal economic strategy and development. The IFIs should instead acknowledge that their policy prescriptions have not helped to create developmental states in Africa. They should also allow African governments to develop their

own policies in line with the initial goals of PRSPs. Such a strategy gives credence to the idea of TATA to TINA.

ENDNOTES

i) TINA was popularised by Margaret Thatcher, former British Prime Minister.

ii) The ECF also calls for an IMF-approved PRSP. In addition, the IFIs have a number of other loan instruments at its disposal that specifically target LICs. For example, in 2010 the IMF introduced the Standby Credit Facility (SCF) which replaced the Exogenous Shocks Facility; and the Rapid Credit Facility (RCF) which replaced the Emergency Natural Disaster Assistance (Bretton Woods Project 2010c).

iii) By September 2009, the World Bank approved a total of 99 PRSC operations in LDCs (IEG 2010a:6).

iv) Susan George is credited with saying TATA to TINA.

v) The IFIs have played an important role in shaping the economies of these HIPC countries, dating back to the SAPs period. Over the years they have been credited by the IFIs as their 'star pupils'. The non-HIPC countries have largely shaped their own policies.

vi) The then President of the World Bank, Robert McNamara (1973: 14) said, "We should strive to eradicate absolute poverty by the end of this century".

vii) In 2008, approximately 75 per cent of SSA remittances came from the US and Western Europe (South Centre 2010: 37). Remittances are often more significant than ODA, considering that it constitutes 3.4 per cent of the average African economy's GDP (Arief *et al* 2010: 14,15).

viii) Over the past two decades in particular the BWIs have even penetrated very controversial private sector areas such as fossil fuel lending (Berger 2010) and established itself as experts on climate change (Bretton Woods Project 2008), agriculture development or what critics call "land grabbing" (Gimenez 2010). In fact, almost all areas under the broad banner of development have some form of link to the IFI. The BWIs are also active in unconventional areas such as human rights development and peace building (Bretton Woods Project 2010b: 1). In a word, there are very few areas that are not outside the sphere of the IFIs.

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