Are organisations like the world bank and IMF hindering africas evolution ?

Ghana

Ghana is a perfect example of the damage the IMF can do to a nation. Ghana is a country full of natural resources and has the potential to cure the country of starvation and hunger. This was mainly due to northern Ghana where rice production was very high. Before the IMF interfered with Ghana, the president of the nation decided to invest in the rice production and gave millions of dollars to the poor rice farmers. Then when Ghana had taken an IMF loan, the organisation privatised Ghana's economy and allowed western corporations free access to raw materials and markets. This meant that Ghana was indebted to the IMF, which the IMF took full advantage of. The IMF decided to scrap the rice framers funds , afterwards they then demanded that Ghana was to no longer produce rice at all. This method was used by the IMF to direct rice sales to America (the largest investor in the IMF). This put the people of Ghana into even further poverty, and a huge amount of jobs were lost. Northern Ghana was supposed to be the savour of the nation by curing the country of starvation and now it is the poorest region of the country. Ghana, like many of the African nations, are now stuck in an endless cycle of poverty due to the IMF loans.

After the second world war, allied nations that defended the world came to an agreement to produce organisations that could rebuild Europe's economy and stabilize failing economies in the future. This was discussed during the Breton Woods conference, held in New Hampshire (U.S.A). Some years later, the World Bank and IMF (International Monetary fund) then started offering conditional loans to under developed countries and implementing policies that gave western corporations access to their raw materials and markets. The loan conditions came with SAP'S (structural adjustment programmes) that required already struggling governments to dramatically slash public spending. This meant cuts to subsidies for food, education and medical care. These SAP,s and loan conditions have torn apart hundreds of underdeveloped countries all over the world such as Greece and Iraq, but the hardest hit continent by these inhuman agreements is the continent of Africa.

The IMF and World Bank are the two major lending sources to African countries and they contribute an estimated 25 billion pounds per year in loans. This may seem like a huge amount of money, but when we break down Africa's outgoings, we find that an estimated 192 billion pounds leaves the country every year. This is through the likes of profits made by multinational companies, tax evasions, and implementations on the landscape due to interference by western corporations. This is a direct result the implications of organisations such as the World Bank and IMF, opening up the landscapes of naturally rich countries to have their resources drained by western corporations.

From the start of the involvement, the IMF's impact on Sub Saharan Africa has been profoundly negative. Before entering the continent between 1960-80 Sub Saharan Africa's GDP had grown by 36% per capita. However, this was not replicated between 1980-2000, the period where the IMF entered the continent, the GDP fell as much as 15%.

Overall Poverty has also drastically spiked within Africa after the IMF entered the continent. By 2003 around 350 million people, over half the population of the continent, were living below the poverty line of $1 per day. This is a near 75% increase from 2004 where the figure was closer to 200 million people.

In 2008, ten African governments spent more on debt repayments, to the IMF and World Bank, than on health care and education. This has caused illiteracy rates to increase in areas of Africa, with rates of around 60% adult literacy.

SO DO WE FEEL THEY ARE HELPING EVOLVE THE CONTINENT?.

Ivory coast

Civil war caused financial problems in the ivory coast, as a result they were bailed out by the IMF and World Bank through conditioned loans and structural adjustment programmes. The World Bank provided the funds to finance development projects, and the IMF provided loans with conditions . The Ivory coast was then forced to liberalize its financial sector, reduce government expenditures and privatize public assets.

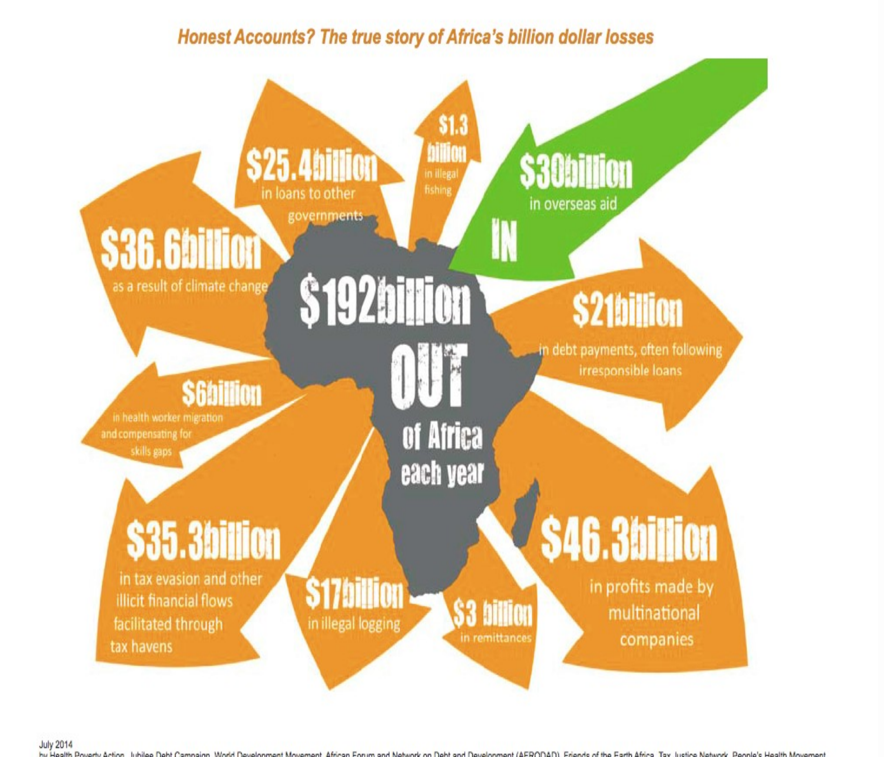
The biggest set backs was the privatization of the cocoa industry through loans conditions, this prevented the government from being able to control cocoa prices, resulting in an economic collapse for the Ivory coast, as it is the biggest producer of cocoa in the world. This then lead to a country that heavily riles on agricultural products facing a huge downfall in this area.

The IMF then forced the Ivory coast government to make cuts to expenditures, impacting on social needs of all citizens through the likes of health and education services (almost all health institutions were privatized meaning the care was too expensive for most within the country).

Zimbabwe

In 1991, Zimbabwe implemented an IMF structural adjustment programme in exchange for a loan of $484 million. The government hoped that the loan would be able to jump start their stagnant economy at the time. However, in return for the loan the IMF required Zimbabwe to; remove protections for the manufacturing sector, deregulate the labour market, lower the minimum wage (while also cutting the fiscal deficit), reduce the tax rate and deregulate all financial markets. This brought added pressure and job insecurity to the poorest within Zimbabwe. By 1992 the Zimbabwe economy had fallen into a recession with a nearly 8% decrease in GDP.

This fall continued throughout the decade, and by 1997 between 30% and 50% of the population was unemployed. By the turn of the century 68% of the population was living on less than $2 a day and due to the collapse in wages many workers were still living below the poverty line.



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