Failure of Structural Adjustment Programmes in Sub-Saharan Africa: Policy Design or Policy Implementation?

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Abstract
World Bank/International Monetary Fund adjustment programmes prescribed for ailing Third World economies have been described as a failure. The aim of the article is to assess if the failure is due to the policies as designed by the World Bank/IMF or as results of implementation by adjusting nations. Twenty peer review journal articles on SAP programmes from 1990 to 2005 covering varied SSA countries and regions, socio-economic needs, and many approaches form the data for the study. The publications are summarised and presented. The results are then discussed (1) to confirm or otherwise the failure; and (2) to ascertain if the failure results from policy design or policy implementation. It is found that SSA is integrated into the global economy as a result of SAPs; needs assessment are rarely conducted before programme prescriptions; there is lack of commitment from governments of adjusting nations; and adjustment programmes are unable to ‘adjust’ the ailing economies. It is concluded that SAPs have produced abysmal results signifying a failure, which is mostly attributed to policy design than policy implementation.

Keywords: Structural adjustment programme; Sub-Saharan Africa; World Bank; International Monetary Fund;

1. Introduction
Structural adjustment programme (SAP), the World Bank and the International Monetary Fund (IMF) agenda for addressing the debts and economic development crisis of some Third World countries was initiated in Sub-Saharan Africa (SSA) in the 1980s.

The World Bank and the IMF were created in 1944 by leaders of 44 nations at the Bretton Wood Conference in the United States of America. The two institutions were formed with fear that unregulated world market would bring about depression and probably next world war. The two institutions were therefore to provide financing for long-term productive investments in member countries by providing loans to overcome short-term balance of payment deficits. The institutions have however annexed Third World economies through SAP.

Researcher reason for annexation of Third World by these international financial institutions (IFIs) is that after African’s emergence as independent nations following the collapse of colonialism in the 1960s many African countries found themselves in debts and development crisis. Many developing countries therefore became incapable of countering the economies (Sanchez and Gomez, 2008) and therefore found themselves struggling with the growing economic crises and huge foreign debts with limited resources available to arrest the situations.

A major option left to these ailing economies was to turn to the IFIs for help to mitigate their economic problems including severe debts, overspending on public enterprises, public unemployment, excessive military spending as well as cronyism and corruption. Broad objectives of the structural adjustment initiative were to give incentives to producers; rehabilitate infrastructure and industry; control inflation; promote

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sustainable economic growth; and reduce the size and scope of government intervention in the economies. These are against the background that Third World countries lack the capital to invest, lack the required technology; and have inadequate managerial and technical skills. However, when these troubled countries turned to the IFIs for help, the institutions demanded reforms classified as structural adjustment with certain conditions, which many researchers including Ismi (2004) and McGregor (2005) have considered as harsh and unconducive.

Described as overlords of Africa and a sort of Godfather figures who make countries offers they cannot refuse (Ismi, 2004), the World Bank/IMF agree to offer the necessary help only when suffering governments agree to the conditions of the SAP by implementing far-reaching reforms as precondition for the approval of SAP. These conditions that come in varied forms and magnitudes are as summarised below.

- Production of more exports (usually primary materials);
- Privatisation of industries (including necessities such as water and healthcare);
- Cut back on social spending and imposition of user fees (universities, hospitals, etc.);
- Reduced financial regulations;
- Embarking on market based pricing (which tends to raise the cost of basic goods and services); and
- Imposition of higher interest rates and trade liberalisation.

The conditions, at a glance, seem challenging to the countries and their citizens since they are likely to deprive people from many economic and social benefits already in place. However, governments and researchers have believed that if accepting such conditions will bring about better improved economic and social conditions then it is worth going for. Actually, this has been the expectation of SSA countries that embraced the SAP policy – to ‘invest’ what they have for ‘higher returns’ to pull them out of their economic predicaments. There has therefore been research upon research to assess the success of the policy in the adjusting countries. Researchers have covered all SSA countries and regions; most of the sectors and classes of people; and varied programme prescriptions by the World Bank/IMF from the late 1980s.

Research interests have declined but it is not clear whether this is because of decline in adjustment programmes in recent years, or because researchers have found what they are looking for in the policy implementation in adjusting countries. For instance, Google Search for structural adjustment programmes up to 2005 produced hits almost twice as many as those after 2005, giving a clue of dwindling studies and publications on the subject. One reason could be that the policy has already been branded a failure and, therefore, does not worth much effort to study its impacts. One such studies is by Nwankwo & Richards (2004) who found the policy a failure and wondered if the failure was due to the design of the adjustment policies themselves or due to implementation of the policy. The conclusion by Nwankwo and Richards becomes the motivator for this article – to ascertain whether the abysmal performance of SAP (regarded as a failure) is due to policy design or policy implementation.

The author of this article also assessed ‘the good and the bad’ of SAP on the Ghanaian gold mining industry (see Oppong, 2013). The study focused on privatisation, one of the conditions of SAP. Though the results showed more of a failure than success, the study did not cover assessment of policy design against policy implementation. This article, focusing on policy design versus policy implementation, therefore takes the evaluation of SAPs in SSA a step further. The structure of the paper is as follows. In section 2, I discuss the methods applied in producing the paper. In section 3, I present summaries of the 20 peer review journal articles on adjustment programmes on varied SSA countries and regions with varied expected outcomes, and in many sectors of these economies. In section 4, I discuss the publications to ascertain their failure or otherwise of the respective programmes, and also to find out the reason for the failure (if it happens to be so) – due to policy design or policy implementation? In section 5, I present the findings of the study, which is followed by a section of the conclusion formed, which is answer to our research topic.
2. Methods

The paper attempts to establish either the failure of the SAP policy in SSA is as a result of the design of the policy itself or its implementation. The paper is purely a theoretical analysis, depending on 20 peer review journal publications from 1990 to 2005, which form the main data. The publications cover varied SSA countries and regions; consider many sectors and socio-economic needs of SSA; and involve many approaches and perspectives on the policy. Articles were randomly selected using Google search engine and focusing on adjustment programmes involving only SSA countries and regions. Those not accessible through Google were sourced through the author’s institutional account.

Each publication is summarised and presented. The literature is then discussed, highlighting their failure or otherwise and, more importantly, whether failures are attributed to policy design by World Bank/IMF or implementation of the programmes by adjusting nations. The paper is then included based on the findings.

3. Review of Publications on Structural Adjustment Programmes

This section presents review of the 20 studies on adjustment programmes implementation in SSA. Weissman’s (1991) analysis of impact of SAP on Ghana and Senegal reveals that the policy has helped create improved framework for economic growth. The question however remains whether the framework was suitable for the expected economic growth of the two African countries? Weissman finds that the framework was a fragile trend that could be disrupted by bad weather, adverse terms of trade, and the vagaries of international assistance. It is concluded that the version of adjustment as at 1990 had produced little enduring poverty alleviation as the prevailing conditions generated threats to the sustainability of the adjustment. Sahn & Sarris (1991) study SAP and the welfare of rural smallholders in Sub-Saharan Africa. Using econometric model to derive an index of real income employed from data from Cote D’Ivoire, Ghana, Malawi, Madagascar and Tanzania, results indicate that there was no unequivocal change in pattern of real incomes of the rural poor of the countries of study; and there was no marked differences among countries. World Bank/IMF prescription of improved primary commodity exports was expected to generate foreign exchange. This is the focus of Cheru’s (1992) research. It comes out that this policy, together with other commodity pricing, exchange rates, public sector reform and liberalisation of markets are short-term policies that conflict with long-term development needs of SSA economies. The study further finds that the quest for increased exports ignores the needs of small holder farmers in areas of soil conservation, reforestation and food security. It is recommended, based on results of the study that, if poor farmers are to succeed and benefit from land reforms, credit, improved extension services, greater government accountability then local people’s participation should be important prerequisite. Rodrik (1990), concerned about the design of SAP and perceived impact on adjusting nations, the paper questions the policy design focus on liberalisation instead of striving for stability. The study establishes that liberalisation programmes are not sustainable and likely to bring few benefits. Finally, significant debt write-offs by bilateral and multilateral agencies are a sine qua non if sub-Saharan Africa is to resume a steady path of development. In a different study, Stein (1992) analysed the relationship between structural adjustment and SSA industries. It was believed that given the limitations of an agriculture-based economy, Africa’s long-term development and living standards, Africa needs some form of industrialisation. The study finds that there were a number of deficiencies inherited in the model. The deficiencies are found to include weaknesses in its methodological foundation; inconsistencies in the components; and constraints linked to the structure of the adjustment process. Stein (1992) observed and concluded that the model was a recipe for deindustrialising the existing industrial base without encouraging any significant replacement expected from the IMF/World Bank reform.

Considering the Malawian experience of non-price constraints to supply response from agriculture was the focus of Lele’s (1990) research. Lele blames failure of the policy to improve the plights of the smallholder farmers on legal restrictions. These legal constraints have divided agriculture into rapidly growing estates subsector and a sub-sector of smallholders stuck in poverty. Failure to give consideration for
these constraints before the initial adjustment measures on short-term macroeconomic grounds curtailed marketing interventions and fertilizer subsidies. It is recommended that if it is to become integral part of Malawian economic policy and donor support, the adjustment needs to be fine-tuned.

The study of Demery & Squire (1996) considered macroeconomic adjustment and poverty in Africa, reviewing evidence from six countries (Ethiopia, Kenya, Tanzania, Code d’Ivoire, Ghana and Nigeria). It emerges that the economies grew more rapidly and poverty declined faster in countries that improved macroeconomic balances. Findings however highlight three policy concerns. First, many African governments have yet to display a real commitment to macroeconomic reform; second, the poorest of the poor have not benefited from recent growth in some countries; and, third, the prospects for the poor are not rosy unless there is more investment in human capital and better targeting of social spending. On the part of Helleiner (1992), SSA development will require significant increases in transfers and debt relief from external sources. The author acknowledges that negotiation of conditions for assistance imposes heavy cost upon recipients. Helleiner admits the need for policy reforms but the risk of programme failure uncertainty and underfunding typically exceeds the absence of further policy. The author recommends that IMF/World Bank develop contingency financing and cooperation with other sources of advice and finance.

The work of Schatz (1994) is in reaction to a World Bank publication praising the benefits of adjustment policy in Africa. The publication maintains that the Bank’s macro-economic policies have improved economic performance to the adjusting nations. The publication further maintains that in general the more intensive the implementation, the better the results. Schatz however fails to prove the World Bank’s claim, and concludes on the contrary, revealing the World Bank/IMF’s fervent attempt to justify the harsh verdict on the adjusting nations.

Killick (1995) studies the World Bank/IMF SAP and poverty alleviation in Africa. The author finds that poverty groups often are harmed by adjustment programmes but admits that there is a tendency for authors and researchers to over-emphasise the negative outcomes. Killick blames the situation on both the adjusting governments and World Bank/IMF. The principal responsibility for achieving anti-poverty objectives must be the principal responsibility of the national governments, who do not often show the much needed concern for the poor. On the other hand, the IFIs must do more to design anti-poverty programmes.

Bradshaw & Huang (1991) believe that the IMF has emerged as one of the most powerful transnational financial institutions, as it makes loans to and evaluates credit worthiness of Third World states. They assess foreign debts (emanating from IMF loans) and Third World under-development. Applying cross-national analysis which includes an examination of important outliers, they indicate that IMF-imposed conditionality is the primary impediment to economic expansion in the Third World. Jayne et al. (2002) narrow their study to Ethiopia, Kenya, Malawi, Zambia and Zimbabwe, and attempt to reconcile opposing viewpoints on the effects of the policy reform on food and input market in Eastern and Southern Africa. The authors conclude that many of the most basic elements of the reform programmes that remained unimplemented, were reversed within several years, or were implemented in such a way as to negate private sector investment incentives.

Meertens (2000) compares the periods prior to IMF/World Bank backed reform with the performances in the food and cash crop sectors and the availability and consumption of agricultural inputs in Tanzania during 1986-1996. It is noted that there were positive developments in the first five years but these appeared to be unsustainable. Productivity levels per rural capita for important food and cash crops were declining. There were no further improvements in the availability and consumption of agricultural inputs. This was largely due to the removal of subsidies on agricultural inputs from 1991 which the author believes is crucial in explaining the huge decline in maize production, the main food crop in Tanzania. Meertens (2000) continues that some assumptions behind the reform measures proved to be wrong while there was the need for modification to improve the agricultural sector in sustainable way. It is concluded that SAP went too far in reducing the role of government, but involvement of the government was necessary to ensure higher consumption of agricultural inputs for better performance of the sector to avoid food security problems in the future.
The study of Carmody (1998) reveals that SAP in Africa is based on neo-classical economic principles derived from the experience of industrialisation in Britain and the United States. Although neo-classical economics claims that unregulated markets maximise output across contexts, this is not the case with regard to SAP. The study finds that SAP has failed because comprehensive liberalisation has led to the autonomous development of the trade and financial sectors to the detriment of production. For appropriate development strategies therefore, policies of adjustment must recognise the necessity of regulating trade and finance in order to channel resources towards production.

Looking at agricultural modernisation, Bernstein (2005) discusses the ideology, practices and effects of agricultural modernisation in Sub-Saharan Africa, which the World Bank has long advocated via the SAP policy. The article concludes that while the World Bank’s project of ‘enlightened’ bourgeois reform is a fantasy in the face of the intransigent realities of capitalism in SSA, its pursuit may generate results that are as brutal as they are ineffective in terms of its stated goals. Writing on IMF/World Bank adjustment loans, Easterby’s (2005) article focuses on repetition of adjustment loans to the same country, as repetition rather tends to change the nature of the selection problem. The study reveals that none of the top 20 recipients of repeated World Bank/IMF adjustment loans over the period 1980 to 1999 were able to achieve any significant growth, while about a half of such recipients showed severe macroeconomic distortions regardless of the cumulative adjustment loans. According to the author, the extreme macroeconomic imbalance indicator and its components fail to show any reasonable impact of the adjusting loans, or generally, the time spent under the IMF/World Bank SAP. In conclusion, the study reveals that an instrumental variable regression for estimating the causal effect of repeated lending fails to show any positive effect on policies or growth of these adjusting nations.

Loewenson (1993) assesses the SAP policy and the experience of adjusting African countries in terms of nutrition, health and health services. It is concluded that the policy has been associated with increasing food insecurity and under nutrition, rising ill-health, and decreasing access to healthcare in the two-thirds or more of the population of African countries that already live below poverty levels. Results of the study further indicates that SAP has affected health policy, with widening gap between affected communities and policy makers; and replacement of the underlying principles of equity in the social responsibility for healthcare by a policy in which health is a marketed commodity and access to healthcare becomes an individual responsibility. Geo-Jaja & Mangum’s (2001) study produces similar results. Referring to it as the harsh verdict, they conclude that SAP has worsened the plight of adjusting SSA nations and blame the IMF and World Bank for the situation for the two decades prior to the study.

Lall (1995) evaluates a World Bank’s optimistic conclusion about the impact of SAP on African industry and exports. Using the case of Ghana, which the author describes as the strongest adjuster in Africa, the study establishes that SAP has produced relative stagnation and little manufactured export diversification, and that SAP is not of any significant benefit to industry.

Convinced that the programme has been a failure, Schnieder (1999) looks at the World Bank’s approach to rebrand the programme – an institutionalist approach. The author believes that the brand of institutionalist adopted should have rather been original institutionalist economics (OIE) instead of the new institutionalist economics (NIE). INE is based on myopic interpretation of the success of the Asian newly institutionalised countries and the World Bank assumes that these institutions are common to all developing societies, and that they can be readily transplanted in Africa. Documenting the limitation of NIE approach to development in the African context; and the particular characteristics and institutions common to African economies, the author concludes that NIE is not a better option since development economists must adhere to evolution of the diverse economic systems within the context of their unique institutional characteristics, which the OIE principles of economic development provide.
4. Discussion of Adjustment Programmes Results

Nwankwo and Richards (2004) admit that SAP has not yielded the expected benefits and, therefore, a failure. They ask a big question – does Africa’s poor performance represent a failure of the design of the adjustment policies themselves or a failure to implement the policies?

Two separate publications provide what could be considered the argument on Nwankwo & Richards’ question. Kamoche (2002) identified implementation problem and wondered if the policy could lead to industrial development as, in many cases, funds have been misappropriated and misused thus resulting in heavy debt burden which rather jeopardises the potential for industrial development. On the other hand, Osabu-Kle (2000) supports the view that conditions are more responsible to the SAP failure than implementation. He makes it clear that structural adjustment, as it is, will not put adjusting countries on sustainable, poverty-reducing growth path which are challenges of long-term development. He continues that SSA countries rather require better economic conditions, policies and more investment in human capital, infrastructure and institution-building. This article attempts to settle this argument by establishing either policy design or policy implementation is responsible for SAP failure. This is done by evaluating the twenty studies on SAPs in SSA presented in section 3.

As observed by Weissman (1990), the adjustment policies needed to be modified to incorporate sustainability objectives. Recommending alternative to the prevailing policies, the author deemed it critical for the poor to obtain more effective representation in decision-making on adjustment through indigenous non-governmental organisations. This study does not clearly link SAP failure to policy design or policy implementation but recommendation for a more workable programme suggests ineffectiveness of the policy. However, Geo-Jaja & Mangum (2001) think that economic development should be in the context of empowering people and enabling them to participate economically to enhance their opportunities for productive employment and income generation, building human capacities, unleashing their creativity and expanding their entitlements for effective participation in the development process. Contrary, all these lack in the SAPs leading to inability to induce developments in Africa. They, therefore, see this as a failure and blame the failure on the conditions than implementation.

From their study on rural smallholders in SSA, Sahn & Sarris (1991) discover that the policy achieved virtually nothing in relation to the intended purpose of designing the policy. Their declaration of the policy achieving ‘virtually nothing’ is indication of failure. With the study covering five SSA countries – Cote d’Ivoire, Ghana, Malawi, Madagascar and Tanzania – the failure seems very significant, with the blame put on policy design. Cheru (1992) also discovers a failure, emphasising that instead of improving the yield and export revenue of the smallholder farmer the policy tends to destroy the base of their existence, including food security and the land. Cheru, however, blames the poor results of SAP on implementation as governments of adjusting countries have not demonstrated commitment towards the programmes. However, the author indicates that this is not part of the policy design, meaning that once governments’ involvement is not a pre-requisite for implementation of programmes, this should not be taken to explain the policy failure. Lele’s (1990) study is another example of SAP’s ineffectiveness blamed on the adjusting country. Lele traces the policy failure of adjustment programme to improve smallholder farming in Malawi on the country’s laws. The laws drawing distinct line between rapidly growing ‘rich’ sub-sector and peasant farming sub-sector means it is difficult for the latter to compete with the former regardless of the policy to achieve this. Lele’s observation and suggestion that the policy needed to be fine-tuned if it was to get anywhere nearer it success was indication of failure of the policy in smallholder farming in Malawi.

Stein (1992) is concerned about number of inefficiencies inherited in the industrialisation model and weaknesses in the policy methodology for implementation. Considering the identified weaknesses, Stein (1992) is convinced that there was no way the policy could promote industrialisation but, contrary, became a recipe to de-industrialise the continent. Stein implies that the policy rather wiped away what was already achieved in the area of industrialisation. The study brings out the weaknesses in the model of industrialisation prescribed for SSA, which the author translates as a failure. This is blamed on policy design
because the model rather sends SSA deeper into agriculture-based economy instead of the intended industrialisation by virtue of the policy design.

Demery & Squire (1996), however, have mixed concern. They are quick to declare that the macroeconomic adjustments in the six SSA countries are a failure but attribute it to both design and implementation problems. Their research reveals that the failure was partly due to lack of commitment from respective African governments towards the programmes but the policy itself does not provide for the poor which Africa rather needs. They find a rather ignored area when it comes to World Bank/IMF policies on Africa – human capital development, which is a huge contributory factor to long-term poverty alleviation in Africa. This implies that human resource development should have been integral part of the policy, which the IMF and World Bank ignored. On the part of Killick (1995), although the research reveals failure of adjustment programmes intended to alleviate poverty in Africa, the failure is blamed on lack of commitment from Africa governments thus corroborating the findings of Demery & Squire (1996). These two studies uncover how SSA governments either ignore or are partially involved in programmes designed for the betterment of their economies and citizens. Killick’s recommendation of making governments’ involvement a principal responsibility however goes to suggest design issue; that this should have been included in the policy. Despite admitting the failure, Killick (1995) warns authors and researchers not to over-emphasise the negative outcomes, indication that the failure rate of SAPs is not as high as we will want to believe.

The World Bank defends its SAP policy and blames the lapses on implementation inefficiencies. By implication, the World Bank puts the blame on respective adjusting nations as emerged from the studies of Killick (1995) and Demery & Squire (1996). The World Bank’s claim implies that the policy has failed to reap the benefits as built into the policy. The Bank is concerned that this should not have been the case if implementation could have been taken seriously. Schatz’s (1994) study was to ascertain this claim. Schatz however finds the contrary as the study reveals the World Bank’s fervent attempt to justify what the author terms as the harsh verdict on the adjusting nations. It is concluded that World Bank/IMF SAP conditions are the primary impediments to expansion in Africa’s economic development. Lall (2005) reacts to another World Bank’s positive reaction to the policy with regard to the African industry and exports. Lall’s conclusion of SAP’s marginal impact on export-diversified manufacturing gives weight to Schatz’s (1994) finding on the World Bank attempt to push reason for SAP’s failure from design to implementation. Though Lall does not specifically indicate policy design or policy implementation, challenging the World Bank’s claim of policy effectiveness implies problems with structural adjustment policy with regard to Africa industry and exports. Outcome of Schneider’s (1999) research reveals how the World Bank made wrong judgement of the drivers of the Asian newly institutionalised countries and thought they can also drive the success of African economies. The policy therefore becomes a failure due to the approach. Schneider’s (1991) research outcome implies that the alternative to arrest the problems of SSA is also a failure by virtue of the policy design.

Jayne et al. (2002) reveal that the basic areas needed to improve the lives of Africans were not tackled, thus making the programmes less useful in tackling the problems of SSA countries. They conclude that the policy was prescribed in a way to negate the private sector gains already made in the areas of food and inputs market instead of their improvements. At best, the policy has no effect on the areas it was designed to improve; and at worse has wiped away the pre-policy stock, thus leaving Africa net importer of food and farming implements. Like Jayne et al., Meertens (2000) says the policy has impacted on food and cash crop sectors and agricultural inputs needed to produce these in Tanzania. The author admits that the first five years of the ten-year period saw improvement in some staple food crops and important cash crops but the story changed during the second half of the period when production levels in maize especially declined, as well as the country’s major cash crops. The study finds that these were as results of removal of subsidies on agricultural inputs in 1991 as one of the conditionalities of the SAP policy. Meertens (2000) accuse the policy design as going extremes by removing the role of the government who knows what the people need rather than World Bank/IMF predicting from outside, what is good for Africans.

Another revelation of World Bank/IMF SAP policy wiping away the pre-policy gains in SSA is presented by Loevenson (1993). In this study it is revealed that the target population became malnourished.
because of the increasing food insecurity while there was breakdown in the health system due to removal of healthcare subsidies and introduction of user-fees as conditions for reforms in the health sectors of African nations. Instead of improving them, food production and healthcare delivery have rather worsened by the introduction of SAP. As a result, over two-thirds of the population now find healthcare an expensive commodity to afford as it has become a marketed service which is the responsibility of individuals to purchase. There is therefore a deep contradiction between what the policy aimed at and the people’s expectations. Two major necessities of life – food and healthcare – had to be ‘destroyed’ just because the policy failed to predict the best options for the continent.

Carmody (1998) explores alternative for the SAP policy in Africa. It emerges that SAP has been a failure and attributes the reason to policy design, which focuses on autonomous development of trade and financial sectors on the expense of production, which should rather be the basis for Africa’s development. Again, an instance of the World Bank/IMF’s rush into programme design without due consideration for the needs of the recipients. This is not a surprise as Africa has turned into importer of everything manufactured while the continent feeds the industrialised world with raw materials. Carmody believes that instead, policies aimed at improving the lives of Africans should be embedded in respective countries’ political economies instead of prescriptions that create ‘World Bank/IMF economies’ alongside.

The study of Easterby (2005) tells how a ten-year period of loans to African countries has yielded no significant growth, not even to the top 20 recipient nations. The study covers 1989 to 1999, and comes out that the World Bank/IMF loans could have brought about much improvement. However, the loans conditions rather dictate what recipient governments should do instead of what they need to do to improve the lives of their people. This is similar to Loevenson’s (1995) assessment of food security and healthcare delivery, which turned out to worsen the plights of the people rather than improving them.

Rodrik (1990), in assessing the design of SAP policy programmes describes them as displayed priorities for African nations. Rodrik asks why the policy design focuses on liberalisation programmes which are not sustainable, to the detriment of programmes that create economic growth? SAP policy programmes in Africa have therefore been a failure. Rodrik’s (1990) questioning of the policy design and concern about benefits of the policy implies that SAP is a failure by virtue of its design, which is not in the best interest of adjusting nations. The policy is rather inherently unsustainable and engenders macroeconomic instability. In another study, Bernstein (2005) concludes that SAP’s attempt to modernising the agricultural sector of Africa is just a talk which is not walked, because the idea of modernisation has never produced the effects that could improve this important sector. Results of the policy in improving the efficiency of the agricultural sector in Africa are as appalling as they are ineffective in design.

Writing under a strong topic, structural adjustment as an inadvertent enemy of human development in Africa, Geo-Jaja & Mangum (2001) believe that SSA has become impoverished in absolute and real terms, and rather needs some form of economic miracle. They conclude that SAP and its stabilisation policies have not delivered their promises. Due to the policy failure, “Africa is unable to point to any significant growth rate or satisfactory index of general well-being in the past two decades” (Geo-Jaja & Mangum, 2001: 30).

5. Key Findings

From discussion of the publications on adjustment programmes in SSA, the following emerge as the major key findings.

- Sub-Saharan Africa has been integrated into the world economy through boost in exports and inflow of FDIs resulting from the introduction and implementation of the World Bank/IMF adjustment policy.

- There is lack of needs assessment on the path of World Bank/IMF before their programme prescriptions for Africa, as most programmes do not meet the needs of the people they are intended to benefit.
Governments of respective adjusting countries are not committed to implementation of World Bank/IMF prescribed programmes, therefore contributing to programme failure. Some researchers however argue that governments’ roles should have been made part of the policy design.

Most of the adjustment programmes have not been able to ‘adjust’ the economies the programmes were intended to reshape. These have rather worsened the plights of the people as compared to the pre-policy era. Table 1 shows the policy instruments; what were expected to achieve; and the actual outcomes/impacts. These reveal some problems with the SAP policy.

Table 1: Economic Policy Instruments and Strategies Used To Implement SAP with Intended Effect and Actual Impact on Families and Economies

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<tr>
<th>Economic policy instrument</th>
<th>Intended effect on LDC economy</th>
<th>Actual impact on LDC economy and citizens</th>
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<tr>
<td>1 Devalue exchange rates, unification of exchange rate, elimination of exchange controls and multiple exchange rates</td>
<td>Make exports more competitive and imports more expensive; increases foreign direct investment (FDI); fight inflation, promote saving and investment and discourage capital flight</td>
<td>Decrease level of wages leading to more poverty and decline in standard of living; recession; an increase in price of equipment, spare parts and materials leads to bankruptcies; devaluing the exchange rate encourages capital flight out of the country</td>
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<td>2 Remove price distortions/controls, deregulate prices and marketing systems (boards)</td>
<td>To allow the market to determine the price and to liberalise trade; to increase efficiency of resource allocation; leads to more consumer choice</td>
<td>Because cost of labour is kept low, consumers do not have disposable income to buy the goods and service they make or need. This is conducive to abuse and inequitable distribution of food leading to black markets, small farm bankruptcies and unintended price distortions</td>
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<td>3 Privatize government enterprises via sale of public corporations (notably social services); may involve debt equity swaps</td>
<td>Cost savings and increase competitiveness of economy</td>
<td>When bought up by TNCs, no new technology is developed and the profit often leaves the country – less investment and savings; debt equity swaps can lead to transfer of capital to foreign enterprises; closure, or privatisation of, health care and education leads to lack of access because of excessive fees, teacher layoffs, closure of clinics and schools; lack of medical equipment and supplies.</td>
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<td>4 Raise interest rates</td>
<td>Fight inflation, promote saving and investment and discourage capital flight</td>
<td>Cost of borrowing to small farmers is prohibitive; tend to migrate to cities in search of jobs; leads to further impoverishment and, in some countries, the emergence of shanty cities of abject poverty; men working in cities tend to send less monies to women left in the rural areas; men abandoning their household</td>
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<td>5 Promote exports by removing trade barriers; elimination of protective measures</td>
<td>Allow countries to trade their way out of debt; increase hard currency, reduce deficit and use money for investment and savings</td>
<td>Drive prices down therefore need more volume to get same economic value; unfortunately, commodities markets decline so LCDs find it difficult to sell abroad; SAPs are developed against a background of depressed growth of work demand for products.</td>
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<td>6 Cut government spending (austerity programmes)</td>
<td>Increase availability of hard currency, reduce deficit and use money for investment and saving; balance revenues and expenditures and alleviate fiscal deficit</td>
<td>Unfortunately, what is usually cut is spending on health care and education and there is a collapse of state social programmes</td>
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<tr>
<td>7 Control internal demand/consumption via control of real</td>
<td>Economic stabilisation</td>
<td>Keeping wages low lead to more poverty, inability to keep up with rising prices (inflation) and a decline in standard of living; no guarantee that investments in new</td>
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wages and labour costs (keep wages low and de-indexed unions) sectors is forthcoming; decreased purchasing power leads to undernourishment and higher rates of infant mortality; eliminates job security (firings jailing)

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<tr>
<th>8</th>
<th>Overall effort to eliminate poverty</th>
<th>Increase human capital and improve productivity</th>
<th>Increased poverty in many LDCs, dehumanised populace</th>
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<tr>
<td>9</td>
<td>Removal of national restrictions on the operations of TNCs</td>
<td>Facilitate economic growth and new technology</td>
<td>Lack of development of agriculture where many LDC citizens are employed</td>
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<td>10</td>
<td>Application of SAPs across the board in all countries</td>
<td>Neo-liberal assumption that if it worked in one LDC it will work in another so it must be good policy</td>
<td>No accounting for the context; destroys endogenous basic element of economic development, generates dislocations in state structure and creates trusteeships by the International Financial Institutions (IFIs)</td>
</tr>
</tbody>
</table>

Source: Adopted from McGregor (2005)

6. Conclusion

Africa’s quest for addressing her developmental challenges has been counteracted and ultimately undermined by policy frameworks bundled outside Africa and imposed on the nations. As elements of the hostile global order instead of industrial rejuvenation to boost production, most of the adjustment programmes at best, have no effect on the target areas that the policy seeks to improve; and at worse it wipes away the gains that had already been made. The World Bank/IMF policy is therefore branded my most researchers as a failure, despite its help to integrate the continent into global trade. Unsound package of macroeconomic policies imposed on Africa through SAP have combined to generate terms-of-trade losses, unsustainable and unjustifiable debt burden which have crippled Africa’s economies and undermined the capacity of Africa’s ownership of strategies for development. Negative impacts and failure of SAPs in SSA countries that have embraced the programme are more of issue of policy design than policy implementation.

References


