Resilience

Concerns about the impact of the global economic crisis on SSA, and expectations of growth collapsing are thus justified. However by October 2009, only one year after the outbreak of a crisis described as the worst global crisis since the Great Depression, the IMF was reporting signs of global recovery, and described SSA’s economies as ‘regaining momentum’\(^4\). The IMF more recently reported SSA’s growth in 2009 to have been better than predicted at 1.6 per cent real GDP growth, and forecasted a strong recovery in 2010 of 4.3 per cent growth in real GDP\(^5\). The sense of recovery, and having weathered a significant external shock, is also reflected, not only in the recovery of average growth rates, but by many individual country success stories both in terms of how the crisis was managed and how it was felt in these economies.

What explains this better than expected performance? I wish to argue that it is explained by SSA’s being actually less exposed to some of the threats discussed in the previous section, i.e. by being less vulnerable, but also that it is due to improved resilience of SSA economies.

Concerning SSA vulnerability, it can be noted that while Africa’s exports did initially suffer a drop due to declining commodity prices and export demand, these trends started to reverse by the end of 2009, buoyed by recovery in China and India (where large stimulus packages were adopted). Second, African banks turned out not to have had as much exposure to toxic assets, and to have been relatively well capitalised and less leveraged (i.e. more resilient!). African countries thus avoided the large scale banking failures seen in the US and some parts of Europe. The reduced vulnerability of African countries to financial shocks emanating in the West may