

It's a Mystery

Objective:

- To explore the impact of IMF loans on the lives of people in Africa.

You will need:

- Copies of the 'Mystery Statements' cut up, one set for each group of 4/5.
- Copies of the 'It's a Mystery' Sheets

Time: 45 minutes

Instructions:

- The students should work in pairs to begin with. Give each pair one of the 'Mystery Statements' sheets and one copy of the 'It's a Mystery' Sheet.
- Tell the students to read the question posed about their country and to put the card: 'The government applies to the IMF for a loan' in the middle of the desk.
- Tell the students to divide their cards into things they think happened before the IMF loan was given and things that happened afterwards.
- When the students have done this tell them to put the cards in order, so that they make sense, and then answer the questions on the 'It's a Mystery' Sheet for their country.
- Through a class discussion, ask the students to share information they have gathered about the mysteries.
- Each pair of students can now complete the 'It's a Mystery Sheet' for the other country.
- The teacher can lead the debrief session using the suggested questions on the Debrief sheet.



Mystery Statements – South Africa

Miriam & Patrick and their 5 children live in South Africa.	Patrick works in a goldmine 800 km away from home.
Now Patrick and Miriam's family has no income.	The children leave school and look for work to earn money for the family.
Patrick & Miriam's family have a fairly good standard of living.	The price of gold drops and the government gets less income from the tax on gold exports.
The government applies to the IMF for a loan	
The IMF recommends cuts in government spending.	A lot of miners are made redundant to cut costs. Patrick loses his job.
Work is hard to find so the children beg on the street corners.	All Keshwa's income goes to help the family.
Keshwa finds occasional short-term labouring work.	The government cuts Unemployment Benefit.
Keshwa can't afford the dowry so he can't get married.	Keshwa, the eldest son, is in love and wants to marry his girlfriend.

Mystery Statements - Senegal

<p>Siddiqui & Moussa and their family live in Senegal.</p>	<p>To get money to help their situation 2 of Moussa's daughters now work as maids.</p>
<p>The children don't go to school now because the fees are too much.</p>	<p>The government of Senegal is having an economic crisis.</p>
<p>Now there are no job prospects for Thomas. He is depressed</p>	<p>Thomas, Moussa's eldest son, is training to become a teacher.</p>
<p>The government applies to the IMF for a loan</p>	
<p>The IMF recommends cuts in government spending.</p>	<p>As a result of getting the loan, the government of Senegal has to change things.</p>
<p>Now the family can only afford one meal a day.</p>	<p>The government cuts the amount of money they spend on schools. School fees increase.</p>
<p>Not all teachers can get a job.</p>	<p>The government decides to sell state companies to private companies.</p>
<p>Private companies sometimes make people redundant to cut costs.</p>	<p>Moussa loses his job.</p>

Mystery Answers - Senegal

- Siddiqui and Moussa and their family live in Senegal.
- Moussa has a good job in a government company.
- The family is happy.
- Thomas, Moussa's eldest son, is training to become a teacher.
- The government in Senegal is having an economic crisis.
- The government asks the IMF for a loan.
- As a result of getting the loan, the government of Senegal has to change things.
- The government cuts the amount of money they spend on schools.
- Not all teachers can get a job now.
- Now there are no job prospects for Thomas. He is depressed.
- The government decides to sell state companies to private companies.
- Private companies sometimes make people redundant to cut costs.
- Moussa loses his job.
- Now the family can only afford one meal a day.
- To get money to help their situation, two of Moussa's daughters now work as maids.
- The children don't go to school now because the fees are too much.

Mystery Answers - South Africa

- Miriam and Patrick and their 5 children live in South Africa.
- Patrick works in a goldmine 800 km. away from home.
- Keshwa, the eldest son, is in love and wants to marry his girlfriend.
- Patrick and Miriam have a fairly good standard of living.
- The price of gold drops and the government gets less income from the tax on gold exports.
- The government asks the IMF for a loan.
- The IMF recommends cuts in government spending.
- A lot of miners are made redundant. Patrick loses his job.
- The government cuts unemployment benefit.
- Now Patrick and Miriam's family has no income.
- The children leave school and look for work to earn money for the family.
- Work is hard to find so the children beg on street corners.
- Keshwa finds occasional short term labouring work
- All Keshwa's income goes to help the family.
- Keshwa can't afford the dowry so he can't get married.

It's A Mystery

In pairs, divide your cards into what happened before the IMF loan and things that happened afterwards.

Put the cards in order so that they make sense.

Now answer the questions for your country.

You will have a chance to answer the questions for the other country later.

South Africa

Why is Keshwa now so unhappy?

What has this to do with the IMF?

Senegal

Why is the family unhappy now?

What has this to do with the IMF?

Summary

Why do you think many people are unhappy with the IMF system?

How effective has the IMF been in reducing poverty?

Debrief Sheet

Key Questions

- From what you now know do you think ordinary people generally feel they benefit from IMF Structural Adjustment Programmes?
- To help achieve the UN Millennium Goals, relating to poverty reduction, the IMF said it would:
 - Lend money at very low interest rates
 - Promote growth and poverty reduction
 - Provide training to strengthen government institutionsFrom what you now know how effective do you think the IMF has been in reducing poverty?

The IMF

The International Monetary Fund aims to support development by giving loans to national governments. Low-income countries may borrow at a concessional interest rate through the Poverty Reduction and Growth Facility (PRGF). This replaces the 'Structural Adjustment Facility' and the IMF claims to have listened to its critics by ensuring that the PRGF ensures public participation in and country ownership of poverty reduction policies. Critics, however, argue that the PRGF still contains unreasonable levels of conditionality – the term used to describe what a poor country must do in return for receiving loans, aid or debt relief. They argue that despite the name change, policies continue to operate in the same way as previously and that countries must still meet economic policy conditions determined by the IMF and World Bank and their political masters in the developed world. Furthermore, just as with the Structural Adjustment Facility, IMF supported programmes are based on the philosophy that for a country to be economically healthy it must not spend more on public services than its income allows. The result is that many Less Economically Developed Countries have been 'forced' to cut spending on services they provide for their people such as Health and Education. Ironically, spending on other areas, such as Arms, often remains high.

- The International Monetary Fund was first convened in New Hampshire in the US in 1944. The 45 governments represented sought to build a framework for economic cooperation that would avoid a repetition of the disastrous economic policies that had contributed to the Great Depression of the 1930s.
- This is how the IMF defines itself today: "The IMF is an organisation of 184 member countries. It was established to promote international monetary cooperation, exchange stability and orderly exchange arrangements; to foster economic growth and high levels of employment; and to provide temporary financial assistance to countries to help ease balance of payments adjustments." (from www.imf.org - Articles of Agreement)
- The IMF recognises that the extreme poverty prevalent in low-income countries is a critical problem facing the global community. In response to the United Nations "Millennium Development Goals", a series of targets aimed at halving poverty between 1990 and 2015, the IMF said its role would be to:
 1. Provide financial assistance by lending money at low interest rates (only 0.5 percent).
 2. Work with the governments (of low income countries) on Poverty Reduction Strategies, developing policies to promote growth and reduce poverty.
 3. Provide training and assistance to strengthen the capacity of their institutions and officials.
- Some Low Income Countries are eligible for the Heavily Indebted Poor Countries (HIPC's) initiative which aims to reduce external debt burdens. The 27 HIPC's that have obtained this service can now spend more on social services.