

The Impacts of Global Financial and Economic Crisis on African Economies: A Review

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Abstract

Like many other developing countries around the world, the global financial and economic crisis posed serious challenges of economic development and stability for African countries. A debate has emerged over the causes and consequences of the crisis for different economies. This paper reviews the ongoing discussions in the context of African economies and presents an anatomy of the crisis along with an analysis of the challenges, opportunities, various policy measures and fundamental lessons from it. One of the major findings is that effects and measures against the global crisis are not the same but vary from one African country to another. In all cases, the crisis has swept away firms, jobs, revenues, and livelihoods in varying degrees. The paper highlights the need for coordinated and consistent efforts to assist individual countries in mitigating the risk over the longer term. It is argued that the African countries must urgently prepare their domestic policy responses to enable them to use appropriate fiscal and monetary policies to fight recession induced by the crisis.

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Keywords

financial crisis, credit crunch, economic growth