



**Parahyangan Catholic University
Faculty of Social and Political Sciences
Department of International Relations**

Accredited A

SK BAN-PT NO: 3095/SK/BAN-PT/Akred/S/VIII/2019

**International Monetary Fund and the Economic Fallout
of a Pandemic: Case Study of the Ebola Outbreak in
Guinea**

Thesis

By

Rifki Fajar Hadiawan

2017330067

Bandung

2021



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Giandi Kartasmita, S.IP., M.A.

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Faculty of Social and Political Science
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Thesis Approval Page

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Hereby assert that this research is the product of my own research, and it has not been previously proposed by any other academics or parties in order to attain an academic degree. The works or opinions gained and gathered from other parties are officially and academically cited in accordance with valid scientific writing methods.

I make this statement with my fullest intent and responsibility, and I am willing to accept any consequences under applicable regulations that may arise as a result of future discoveries that prove this statement otherwise.

Bandung, January 14th, 2021



Rifki Fajar Hadiawan

ABSTRACT

Name : Rifki Fajar Hadiawan

Student Number : 2017330067

Title : International Monetary Fund and the Economic Fallout of a
Pandemic: Case Study of the Ebola Outbreak in Guinea

The West African Ebola pandemic of 2013 was one of the most devastating viral outbreaks in history. More than 30,000 confirmed cases were discovered, with more than 11,000 perished across the three worst-hit country: Guinea, Sierra Leone, and Liberia. Guinea is one of the countries with significant impact towards its economy, with it already struggling economic-wise prior to the outbreak. With the outbreak, Guinea then faced a highly volatile economic situation, with the government largely incapable of enacting proper, swift, and adequate response to the outbreak. Key economic sector began to show signs of collapse, namely in the mining sector as Guinea is home to the world's largest reserve of bauxite. It then fell upon the International Monetary Fund shoulders to help the Guinean government carry the burden that was presented upon the outbreak. Urgent balance of payment that needed to be addressed was immediately the IMF's concern, with it disbursing funds through unorthodox means. The real question is then how did the IMF helped tackle the economic impacts of the Ebola outbreak in Guinea during the course of the pandemic? Liberal institutionalism helped greatly in explaining this phenomenon, with the IMF acting as the bridge between states in contributing to the global economic system. In the end, it can be inferred that Guinea and the IMF had mutually beneficial, interdependent relationship, with the IMF helping to guarantee economic stability in Guinea and Guinea helping the IMF promote economic stability globally.

Keywords: the IMF, Guinea, Ebola Virus Disease, liberal institutionalism.

ABSTRAK

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Judul : International Monetary Fund and the Economic Fallout of a
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Pandemi Ebola di Afrika Barat pada tahun 2013 adalah salah satu kasus wabah virus yang paling besar dalam sejarah. Lebih dari 30.000 kasus Ebola dikonfirmasi ditemukan, dengan lebih dari 11.000 orang tewas di tiga negara yang paling parah terkena dampak yakni Guinea, Sierra Leone, dan Liberia. Guinea adalah salah satu negara dengan dampak signifikan terhadap ekonominya, dimana Guinea sendiri saat itu sudah kepayahan di bidang ekonomi bahkan dari sebelum wabah. Dengan ditambah wabah tersebut, Guinea kemudian menghadapi situasi ekonomi yang sangat tidak stabil, dengan pemerintah yang hampir tidak mampu mengimplementasikan respon terhadap Ebola yang tepat, cepat, dan memadai untuk wabah tersebut. Sektor ekonomi utama mulai menunjukkan tanda-tanda keruntuhan, terutama di sektor pertambangan mengingat Guinea adalah rumah cadangan bauksit terbesar di dunia. Maka menjadi tanggung jawab International Monetary Fund untuk membantu pemerintah Guinea memikul beban yang terjadi setelah wabah tersebut. Problematika neraca pembayaran yang mendesak yang perlu segera ditangani menjadi perhatian IMF, dengan pencairan dana melalui cara-cara yang tidak ortodoks. Pertanyaan sebenarnya adalah bagaimana IMF membantu mengatasi dampak ekonomi dari wabah Ebola di Guinea selama pandemi? Teori institusionalisme liberal sangat membantu dalam menjelaskan fenomena ini, dengan IMF bertindak sebagai jembatan antar negara dalam berkontribusi pada sistem ekonomi global. Pada akhirnya, dapat disimpulkan bahwa Guinea dan IMF memiliki hubungan yang saling menguntungkan dan saling bergantung, dengan IMF membantu menjamin stabilitas ekonomi di Guinea dan Guinea membantu IMF mempromosikan stabilitas ekonomi secara global.

Kata kunci: IMF, Guinea, Penyakit Virus Ebola, institusionalisme liberal

FOREWORD

Praise be to Allah SWT for it has bestowed upon the writer the strength and ability to complete this research to obtain a bachelor's degree in International Relations from the Faculty of Social and Political Sciences, Parahyangan Catholic University Bandung. My deepest gratitude to Mas Giandi Kartasmita S.IP., MA. for the persistence and patience in guiding the writer towards the completion of this undergraduate thesis. Thank you, Mas.

At the time of the writing of this undergraduate thesis, the COVID-19 pandemic continues to ravage cities across the globe and left in its wake are crippled economies on the brink of collapse. It is thus interesting to look back in time and see how public health emergency of years past impacted the economy of a country. The Ebola outbreak of 2013 which struck three West African countries, particularly Guinea, was a very apt parallel to today's era of COVID-19.

This research chronicles, contextualizes, and analyses the response that the IMF put forth in tackling the economic fallout of the Ebola outbreak in Guinea, from 2013 to 2016. It is found that the IMF had authorized a certain additional disbursement of funds for the Guinea in responding to the Ebola outbreak. It allowed the national government in Conakry to better provide healthcare to the masses and begin a path to economic recovery with what's left of its economy intact.

The writer acknowledges the shortcomings of this undergraduate thesis, in academic terms and in writing technicalities. This thesis left a very wide room for further research into this topic, and the writer invites researchers of the future to dive deeper into the intricacies behind the relationships between nations and international organizations. Lacking it may be, the writer still hope that this thesis will serve a benefit to readers and academicians alike.

Bandung, February 4th, 2021

Writer

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God almighty, the creator, of which best names belong to,
Praise be to **Allah SWT**, for the unending shower of blessing, for the fountain of knowledge that was instilled in me, for the sense of fulfilment that I have gained throughout this journey, and everything else in between that made me the person that I am today.

this undergraduate thesis is proudly dedicated to the following people:

those who supported me in times of hardship;

those who made it on to the other side with me;

this is to you.

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rest easy in sleep eternal

*the late **Professor Bob and Mas Nur***

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LIST OF ABBREVIATIONS

AfDB	African Development Bank
ADF	African Development Fund
BCRG	<i>Banco Centrale de la Republique de Guinee</i> – Central Bank of Guinea
ECF	Extended Credit Facility
EVD	Ebola Virus Disease
IMF	International Monetary Fund
MPTF	Multi-partner Trust Fund
MSF	<i>Medecins Sans Frontieres</i> – Doctors Without Borders
PRGT	Poverty Reduction and Growth Trust
RCF	Rapid Credit Facility
SAP	Structural Adjustment Program
SCF	Stand-by Credit Facility
UNMEER	United Nations Mission for Ebola Emergency Response
WBG	World Bank Group
WHO	World Health Organization

CHAPTER I

INTRODUCTION

1.1 Research Background

The Second World War was one of the major turning points in the history of humankind. As one of the deadliest wars in history, some estimated that in the course of World War II, 75 to 85 million people perished.¹ At the time, that amounts to roughly 3% of the world population back in 1940, when the war started. In addition to the humanitarian crisis that ensues, the war also significantly impacted the global economic system. The European economy collapsed under such a strain from the war, with most of its industries destroyed due to aerial bombings and other rampages. Many countries back then were left with mounting debts and had to scramble to search for new avenues to rebuild their economy and foster economic growth.

After years of protectionism dominance prior to the war,² many world leaders believed with the mass destruction of the war in mind, that it was only appropriate that the world moves forward to a more independent, liberalist world. This belief was promoted due to the rapid normalization of political and economic relations between the Axis and the Allied power. As history had taught them, the major powers were determined not to repeat the same mistakes that resulted in the

¹ “World War Two Casualties by Country 2020,” *World Population Review*, February 18th, 2020, <http://worldpopulationreview.com/countries/world-war-two-casualties-by-country/>

² Marc-William Palen, “Protectionism 100 years ago helped ignite a world war. Could it happen again?” *The Washington Post*, June 30th, 2017, <https://www.washingtonpost.com/news/made-by-history/wp/2017/06/30/protectionism-100-years-ago-helped-ignite-a-world-war-could-it-happen-again/>

Great Depression of the 1930s and the disastrous policy-making that preceded it. They also believed that in the presence of interdependence and cooperation, states (and mainly the bigger ones) would be less inclined to instigate an attack on their lesser counterparts. The victorious Allied powers then established various international institutions designed to cement and encourage such belief and coordinate and promote stability across the globe through multilateral agreements and cooperations, most prominently within the trade sector. This move was taken to ensure that borders were made more porous to allow more movement between states, thus marking the commencement of free trade and liberalization of the market.

One of the hallmarks of the early years of liberalization was the Bretton Woods System. Named after the conference where it was established, the Bretton Woods System saw participation from major powers such as the United States, Australia, Canada, Japan, and several European countries, with 44 countries being included.³ Countries in attendance sought to build a framework for international economic cooperation while avoiding competitive currency devaluations that led to the Great Depression, as mentioned previously. The system was designed to be a monetary management system that enacts a specific set of rules for commercial and financial relations among key players in the global economic system. It commanded a collective international currency exchange regime that required a currency peg to the U.S. dollar, pegged to the gold price.⁴ This currency pegging format was

³ “The Bretton Woods Conference, 1944,” U.S. Department of State, accessed April 2nd, 2020, <https://2001-2009.state.gov/r/pa/ho/time/wwii/98681.htm>

⁴ James Chen, “Bretton Woods Agreement and System,” Investopedia, September 5th, 2019, <https://www.investopedia.com/terms/b/brettonwoodsagreement.asp>

expected to provide currency stabilization as the trade of goods and services is accelerating in frequency throughout the world and pushing for further economic cooperation among states.

As part of the agreement that the Bretton Woods System stood upon, it also paved the way for creating two financial institutions, designated as the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD). The establishment of both the IMF and the IBRD was supposed to provide economic stability, give out loans and assistance to countries in financial need, and other monetary-related aid and reliefs. In its later stages of development, a more robust system with the World Bank and the IMF working as part of the United Nations System was initiated, with work scope complementing each other.

While the IMF and IBRD still stand today, the Bretton Woods System itself began its collapse when then-President of the United States Richard Nixon temporarily suspended the pegging of the U.S. dollar to gold.⁵ A combination of massive spending from the previous administration in conjunction with the Vietnam War and other domestic welfare programs, as well as a troubled global economic stability during the Nixon administration, deemed the dollar overvalued.⁶ Subsequent efforts to revive the exchange rates failed, and by March of 1973, major world currencies began to float against each other and marked the total collapse of

⁵ Douglas A. Irwin, "The Nixon shock after forty years: the import surcharge revisited," *World Trade Review* 12, no. 01 (2013): 29-56, <https://www.dartmouth.edu/~dirwin/Nixon.pdf>

⁶ "The end of the Bretton Woods System (1972-81)," International Monetary Fund, accessed on October 12th, 2020, <https://www.imf.org/external/about/histend.htm>

the Bretton Woods system as it was initially destined to be.⁷ The institutions that it established, however, prevailed and continue to work to this day.

This international economic system that came into existence after the 1944 Bretton Woods conference was widely acclaimed as the most durable international arrangement primarily aimed for market openness. It has stood the test of time and managed to weather through some of the harshest economic turmoil in history. Since its establishment, the IMF has developed to become the leading global financial institutions with complex intricacies and strict guidelines that countries need to abide by. The promotion of macroeconomic stability, international monetary cooperation, and policy-making advice for countries became the IMF's primary mandate from the beginning.⁸ Countries who struggle to make international payments often see themselves in a close relationship with the IMF. The IMF provides the funding and policy advice as deemed necessary, while the country itself enacts economic reform to make the appropriated funds work properly into the economic system. The IMF and its member countries continue to foster growth and development across the globe and promise to continue to do so for years to come.

One of the IMF's central tenets was that it needed to bridge the gap between wealthy states and less or underdeveloped states, or what the IMF identifies as

⁷ "The end of the Bretton Woods System (1972-81)"

⁸ "The IMF and the World Bank," International Monetary Fund, March 25th, 2020, [https://www.imf.org/en/About/Factsheets/Sheets/2016/07/27/15/31/IMF-World-Bank#:~:text=The%20International%20Monetary%20Fund%20\(IMF,in%20the%20United%20Nations%20system.&text=Their%20approaches%20to%20this%20goal,economic%20development%20and%20poverty%20reduction.](https://www.imf.org/en/About/Factsheets/Sheets/2016/07/27/15/31/IMF-World-Bank#:~:text=The%20International%20Monetary%20Fund%20(IMF,in%20the%20United%20Nations%20system.&text=Their%20approaches%20to%20this%20goal,economic%20development%20and%20poverty%20reduction.)

lower-income countries (LICs).⁹ Three main avenues of how the IMF does them are through surveillance, technical assistance, and lending.¹⁰ Specifically, under the lending, the IMF concentrates its efforts to provide loans to countries that have trouble meeting their balance of payment needs and cannot seek sufficient funding under attainable and agreeable terms.¹¹ The IMF provides financial support for said countries through loans and economic growth promotion to counter economic instability immediately and stops them before it spreads to other sectors. These forms of support are paramount to the advancement of economic development in each country, as loans from the IMF can be used to stabilize one nation's economy at its most urgent hours. As its mission statement, the IMF even stated that its fundamental mission is "to help ensure stability in the international system."¹²

It is then only natural that the IMF stepped in and intervened financially during a disease outbreak and the subsequent economic impact that it usually entails. Numerous cases of disease outbreaks like SARS, Ebola, and most recently, the COVID-19 pandemic have shown how it affects even the most resilient economies globally while also showing the importance of economic intervention from an international institution the eleventh hour, like the IMF. One of the most prominent examples of a disease outbreak with significant economic impact was from the Ebola outbreak in Western Africa back in 2013, where the outbreak

⁹ "IMF Support for Low-Income Countries," International Monetary Fund, March 13th, 2020, <https://www.imf.org/en/About/Factsheets/IMF-Support-for-Low-Income-Countries>

¹⁰ "The IMF and the World Bank"

¹¹ "The IMF and the World Bank"

¹² "Our Work," International Monetary Fund, accessed on September 13th, 2020, <https://www.imf.org/external/about/ourwork.htm#:~:text=The%20IMF%20oversees%20the%20international,macroeconomic%20and%20financial%20policy%20advice.>

severely impacted Guinea, Sierra Leone, and Liberia. One country whose economic impact can be highlighted is Guinea, where the outbreak originated and affected so many lives in so many aspects. It had impacted not just on the health front, but arguably more so on the economic front.

To better understand this issue, this thesis aims to further analyze the roles of the IMF and the economic response that it put out in tackling the economic impact of the 2013 Ebola outbreak in Guinea with the title *International Monetary Fund and the economic fallout of a pandemic: Case Study of the Ebola Outbreak in Guinea*.

1.2 Problem Identification

In this subchapter, the writer will be explaining the effects of the Ebola outbreak and how much it impacts the Guinean economy during and after the outbreak.

1.2.1 Problem Description

Guinea is a west-coastal country in Western Africa, where the first instance of Ebola virus disease (EVD) had taken place in 2013. The epidemic began with the death of a two-year-old boy in a remote village near Guéckédou, in the southern part of Guinea. The virus spread quickly and was very effective in infecting other people. In a release from the Centers for Disease Control, the total deaths caused

by Ebola in three Western African countries—Guinea, Liberia, and Sierra Leone—reached more than 11,000 deaths.¹³

In addition to the significant loss of life, the outbreak also brought some significant economic impacts. In a press release from March 2015, the United Nations Development Group had identified the factors that led to vast economic consequences following the outbreak, such as a decrease in trade, the closing of borders, dozens of flight cancellations, and a drop in foreign investment and tourism activity that was fuelled mainly by negative stigma against Africans.¹⁴ The consequences were not only felt in affected areas, but it surpassed the borders and felt throughout the African continent.

By the time the outbreak had ended, it is clear that in addition to the economic impacts of Ebola, as previously mentioned, the lack of a coordinated response by the Government due to budgetary restrictions led to inadequate response to the public healthcare system. Before the outbreak, mismanagement had caused dysfunctional health infrastructure, underpaid health workers, and a lack of supplies for delivering proper healthcare. It became the utmost importance that the IMF stepped in and intervened before the economy collapsed further. However, it can also be inquired whether the economic policies that the IMF had implemented in the years leading up to the Ebola outbreak may have hindered the Guinean

¹³ “2014-2016 Ebola Outbreak in West Africa,” Centers for Disease Control and Prevention, accessed on September 13th, 2020, https://www.cdc.gov/vhf/ebola/history/2014-2016-outbreak/index.html#anchor_1515001464100

¹⁴ “West African economies feeling ripple effects of Ebola, says UN,” United Nations Development Programme, March 12th, 2015, <https://www.undp.org/content/undp/en/home/presscenter/pressreleases/2015/03/12/west-african-economies-feeling-ripple-effects-of-ebola-says-un.html>

Government's ability to provide adequate and proper health and economic response to its people.

1.2.2 Research Focus

Within this thesis, the writer will limit the research based on a predetermined set of time intervals and theories and concepts used in this research. The chosen time interval as the focus of the research would be from 2013 to 2016, during the West African Ebola pandemic. This was chosen because the Guinean Ebola outbreak started in late 2013 and ended with a declaration of the end of the pandemic in late 2015, with no significant new cases in the following year. However, economic impacts were felt until 2016, and as such, the timeframe used is from 2013 to 2016.

The Republic of Guinea is also chosen as the scope limit of this research, as one of the three West African countries with significant economic impact from the outbreak. Activities that the IMF had taken to help tackle the economic impact of the Outbreak in Guinea, as well as any other policies before the outbreak that might complement them, will also be used to limit the area of work for this research. With these limitations, this thesis would be able to explain and answer the research question in the most accurate, comprehensive, yet encompassing manner possible.

It must be noted for this research that Guinea was indeed a former French colony, and while it may be tempting to argue and draw linkages between Guinea's status as a former French colony with the swiftness of the IMF's response to the economic impacts of Ebola, there are scant data to support such an argument.

France granted Guinea its independence in 1958,¹⁵ and have since acted largely independently in governing the nation, even reaching a major milestone of Alpha Conde being sworn in as the first democratically elected leader of the country.¹⁶ Until today, Guinea remains a country with solid relationships with other countries and institutions and shall remain so for the foreseeable future.

1.2.3 Research Question

With the problems laid out and cognizant of all the known facts about this topic, this research seeks to answer the question of *"How did the International Monetary Fund help tackle the economic impacts of the Ebola outbreak in Guinea in 2013-2016?"*

1.3 Purpose and Practical Usage of Research

In this subchapter, the writer would outline the main objective and practical usage of this research. Therefore, readers and academicians alike can figure out the post-research usage for this thesis.

1.3.1 Purpose of Research

This research is aimed to describe and explain the efforts undertaken by the IMF during the Ebola outbreak in Guinea from 2013 to 2016, in order to better understand precisely how the IMF conducted in facing the economic impacts of the outbreak, why it had done so, and whether it had successfully managed the economic impact of the outbreak as will be judged from the aftermath.

¹⁵ <https://education.stateuniversity.com/pages/576/Guinea-HISTORY-BACKGROUND.html>

¹⁶ <https://www.france24.com/en/20101221-alpha-conde-sworn-guinea-first-democratically-elected-president>

1.3.2 Practical Usage of Research

From all the analysis and elaboration of this research, it is hoped that the following practical usage can be achieved:

- a. Broaden the writer and the readers' knowledge regarding IMF loans intricacies and how it can make or break one country's economy, particularly after such a devastating crisis.
- b. Enrich and expand the writer's and the readers' understanding of neoliberal concepts, especially in explaining how financial institutions influence policy-making in addressing the economic impact of Ebola's magnitude.
- c. Provide a new perspective on the phenomenon and act as further reading and reference for readers and academicians alike with interests in the economic impact of a viral outbreak and how to tackle it from the point of view of financial institutions.
- d. Provide a recollection of actions and efforts undertaken by the IMF to tackle the economic impacts of the Ebola outbreak in Guinea in one place and find uniqueness in each move.

1.4 Literature Review

In formulating this research, the writer is inspired and influenced by the works of many scholars and academicians from reading their works regarding this topic. Those previous research and writings laid the foundations that this research stands upon and serve as a comparison to figure out its strengths and weaknesses.

The spread of EVD in Western African countries happened swiftly, infecting thousands within weeks and infected lives in the most effective fashion almost unseen before. Scientists and researchers alike have described Ebola as one of the most robust and persistent viruses in history, one which can go undetected for some time inside the host.¹⁷ However, the outbreak's economic fallout was no less significant and may have killed more people than the disease itself.¹⁸ This issue became significant as the three worst-hit countries of Guinea, Sierra Leone, and Liberia were struggling economic-wise, even without a health crisis on its plate.

The IMF claims that conditionality helps countries solve balance of payments issues without needing to resort to otherwise harmful measures to national or international prosperity.¹⁹ However, many published journal articles beg to differ. In an article released in late 2014 written by Alexander Kentikelenis and several other people, it is stated that the International Monetary Fund had made available an allocation of more than 400 million U.S. dollars to fund the fight against Ebola in the three worst-hit West African countries of Guinea, Sierra Leone, and Liberia.²⁰ The IMF was clear that it wanted to help in this fight, even encouraging fiscal deficit and prioritizing public health, something that the IMF

¹⁷ "Ebola virus disease," World Health Organizations, accessed on September 13th, 2020, <https://www.who.int/news-room/fact-sheets/detail/ebola-virus-disease>

¹⁸ "IMF says Ebola impacted West African nations may need economic assistance," *Australian News*, September 7th, 2014, <https://www.australiannews.net/news/225466201/imf-says-ebola-impacted-west-african-nations-may-need-economic-assistance>

¹⁹ "IMF Conditionality," International Monetary Fund, March 30th, 2020, <https://www.imf.org/en/About/Factsheets/Sheets/2016/08/02/21/28/IMF-Conditionality#:~:text=Conditionality%20helps%20countries%20solve%20balance,to%20national%20or%20international%20prosperity.&text=The%20member%20country%20has%20primary,the%20IMF%20supported%20program%20successful>.

²⁰ Alexander Kentikelenis, et. al., "The International Monetary Fund and the Ebola outbreak," *The Lancet* 3, no. 2 (2014): 69-70, [https://doi.org/10.1016/S2214-109X\(14\)70377-8](https://doi.org/10.1016/S2214-109X(14)70377-8)

does not advocate very often.²¹ However, Kentikelenis argued that perhaps the IMF itself might have been to blame and had contributed to the series of events that enabled the crisis to happen in the first place. As mentioned above in Western Africa, the three countries were all recipients of IMF loans and under IMF programs when the outbreak happened. Since the 1990s, the IMF has provided support for these countries, albeit with strings attached. These strings are what the IMF refers to as 'conditionalities.'²² One of these conditionalities was that it required the recipient government to adopt policies set forth by the IMF that prioritized short-term economic objectives over long-term investments, particularly in the health and education sector.²³ The conditionality dooms any country from appropriating funds to address immediate and urgent needs, such as the one that Guinea saw during the Ebola outbreak crisis.

In reviewing the International Political Economy and the Ebola outbreak, Adia Benton and Kim Yi Dionne wrote an article in the *African Studies Review* journal about how they attributed the severity of the Ebola outbreak to the slow response by the domestic and international community, as well as the consistently low health care conditions and in these Western African countries. The Structural Adjustment Policies (SAP) that had been introduced and implemented by the IMF in the 1980s as one of the loans' conditionalities were aimed at supporting economic

²¹ "Managing Director's Remarks on the Impact of Ebola," International Monetary Fund, published on September 10th, 2014, <https://www.imf.org/external/mmedia/view.aspx?vid=3830643908001>

²² "Managing Director's Remarks on the Impact of Ebola"

²³ David Stuckler, Sanjay Basu, "The International Monetary Fund's Effects on Global Health: Before and after the 2008 financial crisis," *International Journal of Health Services* 39, no. 4 (2009): 771-781, <https://journals.sagepub.com/doi/10.2190/HS.39.4.j>

development in low-income countries, or in this case, Guinea.²⁴ However, the SAP had obvious negative consequences for health care provision due to its mandatory government spending restructuring on social services, including public health and other health-related spendings. The SAP also limited public sector wages, including healthcare workers, which further damaged the recipient country's readiness to face an outbreak of this magnitude. One other slow response element was due to the decentralized health care that hindered a coordinated, centralized response to the outbreak.²⁵

In each of the affected countries, health care expenditures are carried out and mainly financed not by governments but by households and international donors. As is the case with most underdeveloped-economy countries that do not provide proper access to health care and with limited income for households, serious illnesses can quickly become a significant financial burden for them. This is especially pronounced, with over 55% of the populace living under the national poverty line in 2012.²⁶ With the SAP implemented, healthcare-related aid function is redirected away from the national Government and into international NGOs' hands. However, NGOs lack the motivation or mandate to develop a more comprehensive health care system to replace current ones. This leads to more focus on programs tailored to a particular population, namely lactating mothers and

²⁴Adia Benton and Kim Yi Dionne, "International Political Economy and the 2014 West African Ebola Outbreak," *African Studies Review* 58, no. 1 (2015): 223-236, <https://www.cambridge.org/core/journals/african-studies-review/article/international-political-economy-and-the-2014-west-african-ebola-outbreak/E4A8086630EFDF2BD3D905B430AFC713#>

²⁵ "International Political Economy and the 2014 West African Ebola Outbreak"

²⁶ "Share of population living in poverty by national poverty lines, 1994 to 2012," <https://ourworldindata.org/grapher/share-of-population-living-in-poverty-by-national-poverty-lines?tab=chart&country=~GIN>

children and specific diseases. However, this does not translate directly to a more professional and capable public health capacity to respond to infectious outbreaks such as Ebola in these three countries.²⁷

Considering that these three countries' backgrounds were mostly rural and indigenous in remote parts of Africa, most people were frightened and showed distrust early in the outbreak chronicle. Ebola patients would leave treatment centers out of suspicion and fear of health workers, dressed in white protective gear from top-to-bottom. The response was chaotic through and through, from unpaid health care workers and burial workers, inadequate health supplies, and corrupted response funds, making the supposedly coordinated response for Ebola seem in disarray. The spread of the Ebola outbreak happened quickly, partially due to the SAP from the IMF, and the response for containing the spread left much to be desired.^{28 29}

In another article written by Axel Dreher discussing the IMF and its conditionality, Dreher defined conditionality as the practice of giving financial assistance under the implementation of specific policies.³⁰ Borrowing countries must enact policies according to the purposes set forth by the IMF to guarantee that the resources provided by the IMF are under adequate safeguards. Some have argued that this very definition of conditionality from the IMF made a fertile ground for the economic collapse of individual countries when facing any crisis due to

²⁷ *Ibid.*

²⁸ *Ibid.*

²⁹ Axel Dreher, "IMF Conditionality: Theory and Evidence," *Public Choice* 141, no. 1/2 (2009): 233-267, <http://www.jstor.org/stable/40270954>

³⁰ *Ibid.*

governments' lack of maneuverability in allocating proper response funding. According to Dreher, these conditionalities made crisis-stricken nations less inclined to turn to the IMF for assistance, therefore making matters worse.³¹

As can be seen from the three pieces of literature being reviewed, it can be seen that, to some extent, the IMF itself festered crises with its set of rules. No matter how helpful the funding and assistance provided may be, the process of implementing the SAP and other conditionalities may distract governments from tackling the crisis at hand.

1.5 Theoretical Framework

This research shall utilize a set of theories and concepts consisting of liberal institutionalism, economic interdependence, and health security to understand the IMF's effort in tackling the economic impact of the Ebola disease outbreak in Guinea,

The liberal institutionalism theory is one whose existence in the international relations realm was popularized by Robert O. Keohane. Keohane often rejected the usage of the term 'liberal' for his perspective because he claimed that fundamentally, all actors are rational units and that they will always try to push and maximize their gains and interests in all areas, one signature characteristic of realism theories which frequently is in direct opposition with liberal ideals.³² That notwithstanding, this theory also believes that international institutions help

³¹ *Ibid.*

³² Robert Keohane, "After Hegemony: Power and Discord in the World Political Economy," Princeton: Princeton University Press (1984), p. 14.

promote cooperation between states.³³ A high level of institutionalization significantly reduces the destabilizing effects of multipolar anarchy identified by previous realist scholars, and that institutions may make up for the lack of trust among states and can act as a bridge between states.³⁴ Institutions also play a more prominent role in interactions between states by providing a flow of information and opportunities to negotiate, enhance the ability of governments to monitor other states' compliance and adherence to certain agreements, and to implement their commitments, while also strengthening general expectations about the solidity of international agreements. As is the case for international institutions that are household names at this point, such as the United Nations, the European Union, or in this case, the International Monetary Fund. Each of these institutions plays a role in the betterment of its members or counterparts throughout the globe. All in all, international institutions, from the perspective of liberal institutionalism, can be characterized as actors that support the promotion of cooperation between states, thus remedy the lack of trust between states and their fear of each other—problems traditionally associated with international anarchy.

In this era of contemporary international relations, the meteoric rise of information technology and the larger sense of globalization has pretty much killed the traditional notion of nation-state system as introduced post-Westphalia. Many non-state actors have grown larger than states themselves, casting a shadow on the state's freedom to craft and enact public policy. Accordingly, under the theory of

³³ Robert Jackson and Georg Sørensen, "Introduction to International Relations Theories and Approaches – Fifth Edition," Oxford: Oxford University Press (2013), p. 112

³⁴ *Ibid.*

liberal institutionalism, it is also very interesting to explore and elaborate on the relationship between international organizations and states themselves. States have somewhat less room to maneuver internal policies as they are also of interest to the international public.

With that in mind, countries must play a degree of duality in this relationship. Countries with developing economies, or arguably underdeveloped in the case of Guinea, must be able to position themselves to guard the nation against the negative impacts that a close relationship with foreign non-state actors might entail, while also focusing on reaping as many benefits as possible from it. Guinea, home to the largest reserve of bauxite in the world,³⁵ should remain wary of the possible exploitation that comes from the liberalization of the mineral trade as recommended by the IMF for the infamous Structural Adjustment Policies.³⁶

With such a high level of relationship, the line between cooperation and sovereignty must not be overlooked as well. Countries and international institutions must respect each other's degree of sovereignty and must establish a sense of trust between each other. An intervention or even assistance for one country from an international institution without there being justification or request for it might be interpreted as an act of aggression or hostility. In Guinea's case with the Ebola outbreak, the government in Conakry did indeed request for early disbursement of

³⁵ Lauren McBride, "Causes of Poverty in Guinea," *The Borgen Project*, October 1st, 2017, <https://borgenproject.org/causes-of-poverty-in-guinea/#:~:text=Despite%20the%20wealth%20these%20resources,20%20percent%20in%20extreme%20poverty.>

³⁶ "2010-2015 Reforms," *Ministry of Mines and Geology of the Republic of Guinea*, accessed on February 2nd, 2021, <https://mines.gov.gn/en/priorities/reforms/>

funds under the existing arrangements.³⁷ Accordingly, the IMF allocated such a disbursement immediately to help alleviate the economic impact at the time. This back-and-forth relations shows a high degree of respect for established norms on how international institutions and states behave with each other.

Another concept that can be used to describe the phenomenon is economic interdependence. This concept came as a direct consequence of the division of labor. As it happens, Keohane also promoted this perspective, which conjunctively worked together with the liberal institutional theory. In an interdependent relation, states become dependent on each other; one state needs something that other states have and vice versa, so they work together to gain maximum advantage for both parties. The relations are more often than not asymmetrical, where one state gets more of what they want than the other party. It has almost become the nature of interdependent relations that states need to gain more than they have 'sacrificed' or given for other states. It follows the idea that the spread of democracy and capitalism can create systems in which it maintains peace and creates beneficial economic opportunities for any party involved.

There are two general interpretations of economic interdependence defined by the book by Edward Mansfield and Brian Pollins. *First*, a group of countries is considered interdependent if "economic conditions in one country are contingent

³⁷ International Monetary Fund African Department, "Guinea: Requests for Disbursement Under the Rapid Credit Facility and For Modification of Performance Criteria Under the Extended Credit Facility Arrangement," *International Monetary Fund eLibrary*, accessed on February 2nd, 2021, https://www.elibrary.imf.org/view/IMF002/22079-9781484340288/22079-9781484340288/22079-9781484340288_A001.xml?redirect=true

on those found in the other."³⁸ A fluctuation of the exchange rate of one country's currency may, to some degree, affect countries that are under an interdependent relationship with them. *Secondly*, countries are deemed economically interdependent if it would be "costly for them to rupture or forego their relationship,"³⁹ such as the case if relations between the IMF and lower-income countries (which rely heavily on IMF loans and support) were to be cut.

This form of interdependence can be used to assess and acknowledge the nature of relationships between the IMF and any of its recipient countries. On the one hand, the IMF's success is determined by the state of the global economy, and as such, it falls upon the IMF's shoulder to help countries in financial need. On the other hand, countries seeking economic stability will more often than not rely on the IMF to help them achieve just that.

The other concept or paradigm that can be used to study the phenomenon further is health security. As a paradigm, health security has played an increasingly significant role in policy-making, both domestically and internationally. This concept first gained traction as part of the broader term 'human security' through the publication of the United Nations Development Program's Human Development Report. The report argued that the concept of security had been too narrowly defined and thus ignored the majority of the world's population's experiences and

³⁸ Edward D. Mansfield and Brian Pollins, "Economic Interdependence and International Conflict: New Perspectives on an Enduring Debate," *Michigan Studies in International Political Economy*, <https://doi.org/10.3998/mpub.11952> pp. 11

³⁹ *Ibid.*

challenges.⁴⁰ It then offered a new security paradigm called human security, including freedom from chronic threats and protection from sudden

or hurtful disruptions in daily life patterns.⁴¹ As part of the broader human security term, one of the central tenets of health security guarantees bare minimum protection from diseases and unhealthy lifestyles. In most developing countries, the major causes of death were infectious and viral diseases. However, overall, health security threats are usually greater in magnitude for more impoverished people in rural areas, especially children and the elderly. This is mainly due to a lack of proper nutrition and insufficient access to health services and other basic human necessities. Therefore, financial lending or support from global financial institutions to developing countries during times of health crisis is paramount in ensuring that the crisis's resolution is undertaken in the most effective manner possible with the lowest death count. This research will further prove and reinforce the belief that loans and other financial support types will make or break a country's response to a health crisis.

⁴⁰ "Human Development Report 1994," United Nations Development Programme (New York: Oxford University Press, 1994), pp. 23

⁴¹ *Ibid.*

The following matrix can be referred to in order to better understand the IMF's effort in tackling the economic impact of the Ebola disease outbreak in Guinea.

No	Theory or concept	Usage
1	<p>Liberal institutionalism The main concept with the principal view on international institutions' role in international relations among states, both economically and politically.</p>	<p>It is used to elaborate on the nature of the International Monetary Fund's relationship as a financial institution and the Republic of Guinea as the recipient country.</p>
2	<p>Economic interdependence Refers to the presence of a mutual, interdependent relation between states as a direct consequence of labor division, making states depend on each other with varying degrees.</p>	<p>It is used to assess the nature of the symbiotic, interdependent relationship of the IMF and Guinea's Republic as its recipient country.</p>
3	<p>Health security Activities undertaken to minimize the danger and impact of acute public health events might threaten people's health across international boundaries.</p>	<p>It is used to define the state of the Ebola outbreak in Guinea and the importance of a swift economic response to support a proper and adequate healthcare provision.</p>

1.6 Research Method and Data Collecting Technique

In this subchapter, the writer would explain the methodology of the research and the data collection method used in this thesis's research and writing.

1.6.1 Research Method

The research method that the writer had selected for this research is the **qualitative method**. John W. Cresswell defined a qualitative method as an approach to further explore the meaning behind a phenomenon.⁴² This method expects a writer or a researcher to understand better and interpret the meaning, process, and context of social interaction or behavior. This method will eventually output inductive writing that is up to the individual's interpretation and is influenced by the phenomena' complexity.⁴³ The research type is a descriptive one, whereby the writer will describe and explain the role of the IMF in facing the economic impact of the Ebola outbreak in Guinea.

1.6.2 Data Collection Technique

For an undergraduate thesis, it is the norm that data collection for the research involves literature review and document review, which is also one of the data collection techniques described under the qualitative method. The data gathered are in the form of samples from specific phrases, paragraphs, or pages from any particular document or writing, or taking a relevant study case to be further processed and treated to be part of the data within said research. The writer uses several mediums in collecting data, including but not limited to accessing

⁴² John W. Cresswell, *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches – Fourth Edition* (Los Angeles: Sage Publication, Inc, 2014), pp. 174

⁴³ Cresswell, pp. 174

physical copies of books, journals, and newspaper articles, and using the internet to access digital copies of books, journals, news articles, reports, and prior research to enrich and enhance this research.

1.7 Research Structure

This thesis titled "International Monetary Fund and the Economic Fallout of a Pandemic: Case Study of the Ebola Outbreak in Guinea" shall be divided into four chapters.

The first chapter serves as an introduction and has been explained in detail above.

The second chapter discusses the Ebola outbreak in Guinea of 2013 and the subsequent economic crisis. It will chronicle the outbreak, describe Guinea's situation during the outbreak, explain the outbreak's impacts, and the responses towards the outbreak and its economic impacts.

The third chapter discusses the IMF's prior economic policies in Guinea to bridge between the past and the case study. It tries to answer the research question of the IMF's role in tackling the economic impact of the Ebola outbreak in Guinea in 2013. The third chapter studies and analyzes the steps that the IMF had taken to stop the outbreak and repair the economic fallout and why it had taken such steps.

The fourth chapter serves as a conclusion and provides closure for the thesis.