THE ROLE OF THE WORLD BANK IN AFRICA

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DECLARATION

Certified that the Dissertation entitled, "THE ROLE OF THE WORLD BANK IN AFRICA", submitted by Mr. Asutosh Satpathy, is in partial fulfilment of the requirement for the award of the Degree of MASTER OF PHILOSOPHY of this University. This dissertation has not been submitted for any other degree of this university and is hiw own work.

We recommend that this dissertation be placed before the examiners for evaluation.

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The faults, if any, in the dissertation are entirely mine.

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CHAPTER - I

INTRODUCTION

African nations are at present passing through a deep economic crisis: characterised by lack of autonomous national development, lack of self-sufficiency in national economic management, low percapita-income and standard of living, high mortality rate, rising external debt burden, food scarcity, drought and famine, and lack of development in all sectors[1] of the economy. The most prominent among them are food crisis, drought and famine. These factors are seriously plaguing the African economy. These have affected the entire Sahel region of Africa and Sudan, Ethiopia, Tanzania, and Mozambique. This has been aptly described by the UNDP, that the economic crisis in Africa has resulted in a situation where today 150 mln. people are on the verge of starvation and it is in this situation, Africa has to tackle two major problems - organizing relief for the famine hit millions and to adopt long-term measures to fight the rapidly deteriorating economic situation of the continent.[2]

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1. Primary, Secondary and tertiary

2. Gupta, Vijay: "Economic Crisis in Africa", Paper presented at a Seminar on International Conference on Peace and Security in Asia, Bangalore July 7-8, 1986

The economic malaise of Africa has further deepened due to adverse external environment: International recession, protectionism, adverse balance of trade, high interest rates and heavy burden of debt securing obligations. In a situation like this, where the Africans have no control, they have nothing to do except to submit the the situation. This has seriously eroded the confidence of the Africans to build up a self-reliant economy. Because, in an interdependent international situation the economy of one nation cannot but be a part of the same international economic situations. International recession, protectionism and high tariff systems built up by the Western industrialised countries are various means for preventing African nations to take part equitable in the international ~~economical~~ trade relations. Thus, preventing them to expand the market for their own products. Protectionism in trade by the western developed nations has its adverse impact on the trading system of African nations.

The pattern of economic crisis in Africa is further accentuated by the replacement of colonial mode of exploitation by the neo-colonial mode of exploitation and the continuous dependence of the African economies on the western market economy. This structural pattern of dependency has produced a lop-sided development in the African economies. This is one of the basic reason why most economies of the African nations have not yet achieve the self-directed path of autonomous development. Instead of becoming masters of their own destin~~y~~ies, the African governments become the dependent partners under a neocolonial mode of production. Their economies are characterised by duality i.e. subsistence economy existing side by side with a modern export oriented economy,[3] which the African people have inherited from their colonial past. This system of export economy based on modern system of technology and skill was facilitated by the entry of neo-colonial mode of investment through the MNCs & TNCs, thereby, perpetuating the old colonial exploitation by the new system of neo-colonial exploitation.

It is in this background of African economic position that the role of the World Bank in Africa is to be analysed. As a major development agency, and as a multilateral international financial institution, its role has assumed a great importance not only for the African nations but also for other developing countries of Asia and Latin America. It is to be seen

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3. GUPTA, VIJAY: 'End Neo-Colonial Exploitation and Establish New International Economic Order' <u>New perspectives</u> May 1983, Helsinki p.18.

in this context as to how the World Bank has been able to solve the economic crisis of Africa, suffered internally by drought famine - food crisis etc. and externally by adverse balance of trade, international protectonisim, etc. Moreover, the World Bank is the creation of the same western capitalist system which has helped to a great deal in plunging Africa into deep economic crisis.

It is to be seen here that both the systems of Western creations, the IMF and the World Bank, are operating side by side in Africa. Both are operating apparently, to solve the problems of Africa. The twins of the capitalist system are the most dominant figures of the present day international economic order. Their dominance is more pronounced in the context of the African backwardness. The IMF was established (1945) first with an equally important role as that of the World Bank, in the world economy. Initially, it's basic function was to provide currency stability and convertibility among the world's nations. In this role the Fund has claimed success. It has stated in its Annual Report of 1978: 'the Fund now has both the obligation and the means through surveillance over member countries' exchange rate policies to make a greater

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contribution than before to the effective working of exchange rate system'.[4] This reflects that the Fund is intervening in the affairs of what constitute the integral right of the national sovereignty to determine -- the exchange rate policies. Both the systems (the IMF and the World Bank) are operating jointly to spread the tenents of capitalism - free enterprise, etc. - in Africa and all ~~the~~ over the world. Both the organizations are interrelated in the sense that both are the creations of the same Bretton Woods Agreement; Secondly, only member countries of the IMF could be considered for membership of the World Bank. As a result, there emerge in the African context, and third world context in the general, what can be called the cross conditionalities effect of the World Bank and the IMF, i.e. a country receiving the World Bank loan has to obide by the conditionalities not only of the World Bank but also of the IMF. The World Bank and the IMF policy packages state that the country receiving the Bank and the IMF loans must have to follow the followings:

- To reduce Money Supply in order to counter the inflationary tendencies of its economy. This, in Bank/Fund opinion, can be done by cutting and reducing

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4. IMF: Annual Report, Washington, D.C., 1978 p.43

allocations on governmental expenditures, on social securities, social services and welfare measures and reducing deficit financing.

- To readjust the governmental tax system in favour of indirect taxation. This has the effect of a 'regressive shift' in the distribution of income.[4]

- To create an environment of hospitability for promotion of private foreign investment and development of free enterprise system. This sort of environment, would provide wide opportunities for the penetration of foreign based MNCs into the recipient country's economy. All those are means for strengthening the monopoly sector, accelerating concentration of output and capital, destroying indigenous skills and technology and increasing dependence on technology imports and foreign capital.[5]

- To put restriction on recipient country's bilateral

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4. Pattnaik, Prabhat: 'Implications of Borrowing from the IMF'.
   <u>Govt. of West Bengal, The IMF Loan Facts and Issues.</u> 1981, p.73

5. Ibid.

system of payments agreements (if any with the socialist world must be curbed) and multiple currency practices, i.e., differential rates of taxes and subsidies or trade would not be possible unless approved by the Bank/IMF.[6]

The World Bank's tied aid system and the increasing coordination among the western aid givers are increasingly making the situation difficult for the Third World Nations.

The Bank and the Fund instead of countering the operation of neo-colonialism & underdevelopment have in turn through their modalities of operations sustained and strengthened the neo-colonial mode of operations and the system of dependency relationships between the western and the African nations. By their mode of operations they have clubed the African attempt for achieving a system based on self-dependent and self-directed path of development.

In this dissertation the role of World Bank in Sub-Saharan Africa has been examined. While evaluating

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6. Nayyar, Deepak: 'The IMF Loan and its conditions" <u>The Govt. of West Bengal, The IMF Loan Facts and Issues</u>, 1981, p.65.

and analysing the role of the World Bank in Africa, this dissertation takes into account the role of the two major organisations of the World Bank Group - the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), because these two organisations are providing direct developmental assistance to the countries of Sub-Saharan Africa. This work evaluates and analyses the role of the World Bank in Africa from a politico-economic point of view.

The dissertation attempts to analyse the origin, organisational structure, aims and objectives of the World Bank. It goes to establish that the World Bank and IDA are measures devised by the same western developed industrialized nations, who are now spearheading neo-colonilism, to perpetuate their systems of exploitation and domination through out the world over.

Secondly, the dissertation discusses that the present African nations dependence on the World Bank is largely due to their backwardness and underdevelopment. The present backwardness and underdevelopment of the African nations is due to the operation of colonialism and neo-colonialism, largely the creations of western free market forces. The same free market forces created the World Bank to take the initiative for claiming to solve the present problems of African backwardness and under development. The dissertation attempts to find the incongruency between the two situations.

Thirdly, the dissertation analyses how the multi-pronged roles, operations and methods of the World Bank have contributed for underdevelopment of the African nations and in implanting a model of dependency relationships between the western and the African nations.

Fourthly, it is to be analysed in this work, that the World Bank's role in African context has failed totally and its model of development for Africa is totally unsuitable for the African conditions. Its conditionalities attached to its role instead of helping African attempts for development have inturn reversed the gear of their developmental process.

CHAPTER - II

A Profile of the World Bank, its organization structure, aims and objectives; and Africa's dependence on it:-

It has been pointed out in the introductory chapter that the World Bank is part of the same capitalist process and has been created to maintain the capitalist system of exploitation and dominations all over the world. Its role in Africa is to be understood in the light of above mentioned objectives. Its role is to be seen also in the context of its origin as well as aims and objectives.

<u>Background to its origin, organizational structure and objectives:</u>

(1). <u>Origin:</u>

In the post world war-II period the World Bank emerged as the biggest international financial institution, it took its origin from the Bretton Woods Agreement of 1944.[1*] The same Agreement also produced another organisation namely, the International Monetary Fund (IMF). The World Bank along with its sister organisation,

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1* The total number of participating nations in the agreement were 44, of which only three were from Africa-Eth iopia, Liberia and South Africa. The other participating nations were USA, UK, France, Canada, USSR, etc. Two main themes dominated the Agreement. H.D.White's (USA)'white plan' for the 'stabilization Fund' and J.M.Keynes's (UK) Plan for international clearing Union'.

the IMF, was established to give a new shape to the post world war-II international economic order.

In order to give a new shape to the international economic order and trade relations, the victorious allied powers (USA, UK, France, USSR, etc.) took the leading initiatives. The final documents for the World Bank and the IMF were finalized at Bretton Woods, USA, in July, 1944. Though the USSR emerged as a big power after the Second World War and participated in the discussions of the Bretton Woods Agreement, it did not sign the final Articles of the Agreement due to the non-fulfilment of following conditions.[2]

- The Bank should not guarantee private loans, instead, it should make loans directly from the paid-in-capital.

- There must be a fifty percent reduction in the subscriptions and gold payments required for countries substantially damaged by enemy occupations. Such countries should also receive preferential considerations from the Bank with respect to interest rates and maturities of Bank Loans.

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2. Oliver, Robert O., International Economic Cooperation of World Bank, London, Schutonan Pub. 1975 pp.162-165

- State trading nations must not be subjected to inspections.
- The USA, the UK, the USSR and China must each have ten percent of total voting power regardless of the size of their subscriptions.

Robert O. Oliver observes that these conditions were opposed by the Western participating nations, they insisted that their paid-in-capital to the Bank should not be squandered for other purposes, ie, should not be given to the countries of Asia, Africa and Latin America.[30] According to the Western Powers, the Bank's primary operation was to guarantee private loans.

The origin of the World Bank reflects the initial dominance of the western nations. The USSR withdrew from the Bretton Woods discussion because none of the western nations subscribed to the view held by it. Secondly, during the time of its origin a large number of Afro-Asian countries were under colonial rule which prevented their participation in the Bretton Woods Agreement. So the majority of the third world nations were no party to the origin of the World Bank and the IMF.

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30 Op.cit. p.169.

ORGANIZATIONAL STRUCTURE, AIMS AND OBJECTIVES

"The administrative leadership"[4] of the Bank is provided by a President and 20 Executive Directors of whom five are appointed by the five members with largest share of capital (USA, Japan, U.K., FRG, France) while the remaining 15 are elected for a term of two years by the Governors. All the member countries are represented in the Board of Governors by their finance ministers.
The Board of Governors of the Bank is the supreme organ of the Bank in deciding policy matters regarding membership and terms of capital stock. All these are decided by this body during its annual meetings on the basis of weightage voting system.[5] This is decided according to the members' share in the Bank's paid-up-capital. In the subscription capital of the Bank the share of the USA is maximum followed by Japan and some western nations.[6]

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4. Bhambhri, C.P. "World Bank and India," New Delhi, Vikas 1980 p.50

5. The World Bank's voting formula is as follows: General formula: A member's Vote = 250+ X/1,00,000 Where X = the member's quota in the USA dollars (Cited in Mahendrapal, 'World Bank and the Third World Countries of Asia", New Delhi, 1985 p.11).

6. See append.X No.1&2.

The president and the executive directors constitute the administrative body of the Bank. The President of the Bank submits before the Executive Directors for their consideration and decision policy matters and proposals for loans. Though, the Executive Directors constitute the administrative organ of the Bank still they are at the same time representing the interests of their own countries. So, it is natural on their part to advance the interests of their own countries in the Bank's policy matters. In case of donor countries, the Executive Directors informally leak informations to the suppliers of capital equipment about the nature of decisions on loan applications of recipient countries which have to import machinery and raw materials for industrial development.[7] This type of practice marked the development of tied aid in the World Bank's system of functioning.

From the above, it is clear that the Western capitalist and industrialized nations are dominating in the organizational structure and the system of functioning of the World Bank. There has been a convention in the World Bank's functioning that the presidentship of the Bank should go to an American citizen

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7. Bhambhri, C.P. op.cit p.50

and the Managing Directorship of the IMF to a European.

Thus, since the inception of the Bank the Americans have held the presidentships of the Bank.[8] Though, Bank's staff are recruited from all the member nations, but in its actual functioning it has never deviated from the path of weightage. System.

From the tables on appendices No. 1 & 2, it is clear that the USA and its other allies are dominating the World Bank groups of organisations. The USA's maximum domination is being felt in the World Bank Groups. Because it has contributed the maximum to the subscription capital of the Bank. This reflects that in the organisational structure the initial positions of dominance are being held by the western developed nations and Japan. Where, the Third World Nations including Africa have no say in the affairs of the Bank. Thus, majority of the member nations of the World Bank instead of controlling the affairs of the Bank are inturn

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8. Mr. Eugene Meyer - June - Dec. 1946.
Mr. John J. McClay - 1947-49
Mr. Eugene Black, 1949-63
Mr. George D. Woods, 1963-68.
Mr. Robert McNamara, 1968-81
Mr. A.W. Clausen, 1981-86
Mr. Barber Connable - 1986.

being controlled by the Bank, and the Bank inturn is controlled by the developed Western nations. ~~The same system of controlled by the developed Western nations.~~ The same system of control and dominance is also marked in the capital subscriptions of the Bank and the methods of control over it.

Under the articles of Agreement the authorised capital stock of the Bank was $ 10 bln. which could be increased when the Bank deemed it advisable by a three-fourth majority of the total voting power.[9]

The capital subscription ~~to~~ of the Bank was divided into three parts:-[10]

a) 2 percent of each subscription was payable in gold or USA dollars which may be freely used by Bank in any of its operations.

b) 18 percent of each subscription was payable in the currency of the subscribing member. These funds may be loaned out only with the consent of the member country whose currency it was.

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9. Mahendrapal, op.cit., p.15.

10. Ibid.

c) The remaining 80 percent of each subscription was not available to the Bank for lending but was subject to call as and when required by the Bank to meet its obligations on borrowings or on loans guaranteed by it. It was prescribed that payment or any such call must be made either in gold, USA dollars, or currency required to discharge the obligations of the Bank for which the call was made.

This reflects that the western nations and others those who are contributing the maximum to the Bank's subscription capital retain the control over their own subscription capital on which the Bank has little say. This means any use of Bank's resources must be in accordance to the wishes of its subscribers. Thus, giving no say to the other Afro-Asian members of the Bank over the resources of theBank. This clearly violates the system of equality between nations and One nation one vote system.

Aims & Objectives

The Banks aims and objectives also marked the pro-western bias. Because in the formulation of Bank's charter the dominant role was being played by the Western nations. Where, every attempt was carefully taken to see that private business interests and investments do not hamper by the operation of the Bank.

The articles of Agreement of the World Bank spell out its broad objectives :

- Assistance in the reconstruction and development of member countries;
- Promotion of private foreign investment by supplementing and guaranteeing private foreign investment;
- Promotion of the long-range balanced growth of international trade and the maintenance of equilibrium in the balance of payments;
- Encouragement of loans to useful and urgent projects;
- Conduct of operations with due regard to the effect of international investment on business conditions in the territories of member countries and to bring about a smooth transference from a wartime to a peace time economy.[11]
- To share the aid burden by coordinating the western aid systems;
- Channelling aid through the multilateral agencies to make it less political;[12]

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11. Oliver, Robert O., op.cit., pp 186-185

12. World Bank : IDA- Retrospect and Prospect, 1982 New York Oxford Publ.1982, p.XV.

From the objectives of the Bank following far reaching conclusions may be derived:

That the Bank is an agent of free market society, and is aimed at promoting, protecting and safeguarding private foreign investments in the third world;

The Bank is a lender, guarantor and participator in the funding for development. Since the Bank is lending someone else's capital, so its loan operates under some protective clauses: that all loans must be made to governments or guaranteed by governments; that investigation be made to consider the credit worthiness of the government; surveillance should be undertaken to see that projects are relatively executed well; that repayment be made within ten to thirty five years; that loans be made only in circumstances in which other sources are not readily available (Private commercial loans, etc.); that loans be sanctioned to those recipient countries who are adapting anti-inflationary measures - reducing money supply, etc.; that loans should not be tied to the specific market of the suppliers; and loans be sanctioned on economic and not on political considerations.[13]

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13. Bhambhri, C.P. - op.cit., pp 58-59.

The Bank aims at eliminating the uncoordinated aid and investment programme of the western capitalist nations by coordinating their aid and investment programmes.

In third world situations the World Bank is not the self actor rather, the representative of actors like the MNCs, TNCs and other giant business groups. From the organisational structure, aims and objectives of the World Bank, it has been observed that the World Bank is a multilateral, inter-governmental and international financial institution sponsored by the western nations to promote, Safeguards and implement their interests in the third world situations.

From the above, it is clearly seen that the Bank advances loan to the developing countries by considering various factors - the credit worthiness of the recipient country, environment for foreign private investment and development of private enterprises, etc. Before advancing loans the Bank's Resident Missions and the technical and economic missions undertake job of surveying the recipient country's general economic conditions and submit comprehensive reports to the Bank. On the basis of the reports the Bank study the feasibility of sanctioning loans. This had been clearly stated by the then president of the Bank Robert Mcnamara while delivering a speech to the Columbia university Conference on 'International Economic Development', in February 1970, he observed : 'To provide a social foundation for consultation and action by both developed and developing nations, in the whole field of development strategy and administration of aid we plan a new and expanded programme of Country's Economic Missions. These will be regularly scheduled thoroughly staffed, comprehensive missions whose mandate will be to assist the member government to draw upon overall development strategy which will include every major sector of the economy, and every relevant aspect of nations social frame work'...[14]

The recent formulation of the futuristic role of the World Bank during the annual meetings of the Bank has str ngthened our point of view against the World Bank. The annual meetings of the Bank stressed that the Bank should encourage agricultural and infrastructural development, export credits, commercial bank lendings and direct private investments in the recipient member countries.[15]

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14. Bhambhri, C.P. : Quoted, op.cit., pp. 54-55.

15. <u>World Bank : Annual Report</u>, Washington, D.C., 1985, pp.48-53.

This indicate that the Bank has not changed a slightest bit from its adhered principles of free enterprise, and private foreign investment in the third world for 'growth and development'.

b) <u>Africa's backwardness and dependence on the Bank:</u>

The World Bank and its affiliates were established with the objective of 'removing poverty from the world scene and to that end they would provide the needful assistance to the underdeveloped and developing countries'. Among the underdeveloped nations of the world many African nations occupy a prominent place. Many countries of Africa are characterised by low economic development, low per-capita income, lack of independent industrial and technological development, political fragility, etc. This forced many African nations to rely an external sources for help and assistance. In this connection, the world Bank has assumed for them of great importance, because it is the only financial institution which has the capabilities to provide long-term assistance. This pattern of dependence on the Bank produced a pattern of dependency relationships between the African and Western nations through the networks of the World Bank.

The present pattern of backwardness and dependency of African nations is more due to the colonial/neo-colonial pattern of dominance on the African socio-economic and political structures than to any thing else. The post-colonial economies of independent African nations can be understood by taking the following factors into considerations:

- The economies of the African countries are largely of colonial creations and characterised by lopsided dependence upon the exports of few primary products to the advantage of capitalist countries;

- the high profit sectors of these economies are controlled by foreign interests, and this impedes domestic capital formation;

- major share of investment in these tends to be direct foreign investment concentrated in the capital intensive export oriented sectors not in the capital goods producing sectors, as a result, investment policy is in the hands of foreign interests and develop- of these economies continue to be distorted and imbalanced;

- the balance-of-payments and deficits are due to the unfavourable terms of trade, because the export oriented cash crop agricultural commodities and raw materials of African countries are dependent on the demands in the western market economy;

- many of the African nations' economic policies are largely determined by foreign interests, because of their dependence on Western markets for the export of their goods and on the western banks for financial and other help and assistance.[16]

The above sort of relationships produced what can be called the structural pattern of metropolis and satellite relationships (to quote A.G. Frank's term). This pattern of dominance has been sustained, to a great deal, due to the internal class structure of dominance and dependency. The same colonial process of exploitation also created systems of class division, in African society where class division was not strong and deep rooted. The class division introduced during colonial era had been sustained to a great extent due to unequal accessibility of the Africans to education, colonial government services and opportunities, business entrepreneurships, etc. The colonial heritage of internal pattern of dominance and dependency has been strengthened by the so-called one party democracy (in Tanzania, Zambia and Kenya) and military rule (Nigeria, Uganda, Sudan, etc.) in Africa. Evidence suggests that the

16. Harris, R., op.cit, p.18

Bank has greater accessibility to such type of regimes than to any other type. The Bank's 1985 Annual Report states that the Sub-Saharan African countries receiving maximum assistance from the Bank are Nigeria ($2.7 mln.), Kenya ($ 1.9 mln.), Ivory Coast ($ 1.2 mln), Tanzania ($ 1.1 mln) and Sudan ($ 1 mln)[17]. All these countries are ruled either by one party following free market policy or by military. Such countries are easily amendable to World Bank's policies and prescriptions.

c. <u>Theoretical Basis of the World Bank's Aid Patterns:</u>

The maximum amount of World Bank's aid not only goes to countries following a free market policy but also the systems of its aid pattern is based on a policy of such orientation: (a) a policy for free market economy, i.e. liberal imports, open door policy to private foreign investments, devaluation of currency, reduced subsidry to social service sector, etc.

In this regard, writers like Cheryl Payer, Teresa Hayter Michael Kalecki, etc. criticised the World Bank's pattern of aid. In their opinion the World Bank is playing a dangerous role in the affairs of developing countries. Michael Kalecki,[18] the Polish economist,

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18. White, M: 'Kaleckis's theories of Economic Growth and Development', <u>Journal of Contemporary Asia</u>, Stockholm, Vol. 7, No.3, 1977, pp. 303-308.

viewed foreign aid as of two types:-

One - facilitating balanced economic development and second, thwarting the economic development of the recipient country. According to him, the World Bank and the IMF aids and loans fall into the latter category. Because the World Bank and the IMF policies (are influenced by the monetary economists) governed by an overwhelming emphasis on reducing inflation and promoting growth by expanding and cheapening export production, re-establishing market forces in every sphere of the economy and general deflationary programme. On this basis he rejected the western sponsored aid through the World Bank, the IMF or Aid Consortium as aid. Aid of this type, observed Kalecki involve the transfer of profits and political interferences from large corporations (like the MNCs) as well as specific instructions regarding the type of development to be followed by the aid-recipient nations.

In similar manner, Teresa Hayter[19] argued that the western aid programmes are not meant for development, rather are particularly concerned with the quality

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19. Hayter, Teresa, "Aid as Imperialism", London, Penguin Publ., 1971, pp.30-31.

and direction of governmental investment programmes. Thus, according to Hayter, would give important access to the sponsorers of aid effective say in the internal policy planning of the aid recipient country.

In continuation with an oppositionist attitude towards western sponsored foreign aid, Cheryl Payer[20] argued that it is an obstacle to autonomous national development because it produces a sort of dependency relationships between the aid givers and the aid recipients.

Thus, the ulterior basis of the World Bank's aid pattern is to promote and safeguard the cause of free-market economy.[21]. For this purpose and end in view, it not only try to achieve the objectives by itself but also in collaboration with other international agencies like African Development Bank (ADB), Inter-American African Development Bank (IADB), International Fund for Agricultural Development (IFAD), etc. For

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20. Payer, Cheryl: "The Debt Trap: The IMF and the Third World, London, Penguin, 1974, p.xi.

21. Discussed in detail in the second chapter while reviewing the Annual and Special Reports of the Bank.

example the International Fund for Agricultural Development, which began its operations in 1978 and intended specifically as a rival lending institution controlled by the developing countries has signed a cooperation agreement with the Bank and has contributed its fund to several Bank Projects.[22]

Through agreements with the UN specialized agencies - like the Food and Agricultural organisation (FAO), United Nations for Educational Scientific and Cultural Organisation (UNESCO), World Health Organisation (WHO), United Nations Industrial Development Organisation (UNIDO), United Nations Development Programme (UNDP) - the Bank has been able to obtain their expertise for identification of project for financing. For example, UNIDO prepares projects on industrial development and UNESCO on education and culture, the Bank by taking all these into accounts prepare its own in house policy statements on education, health, industry, etc.

The World Bank through agreements signed with a number of specialized agencies of the UN and through the agreement of liasion it signed with the UN in 1947,

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22. Payer, Cheryl: "The World Bank - Acritical Analysis", Newyork & London, Monthly review Press, 1982, p.16.

declare its sphere of independence and autonomy from the UN. The Bank was fearful that association with the UN would subject it to political control from the third world nations. By this method the World Bank remains independent of the UN control. Thus maintain- its status quo as the representative of the giant private business enterprises of the west.

CHAPTER III

OPERATIONS OF THE WORLD BANK IN AFRICA

The role of the World Bank in Africa is part of its broader roles and objectives of safeguarding and promoting the interests of the industrialized capitalist nations and to that end in view its plan of actions are to promote their interests in the newly independent countries of Asia and Africa so that the forces of free market economy ~~will be able to~~ would get a favourable environment in the third world nations. From the role of the World Bank in Africa it is to be seen that the main purpose of the Bank is to create a receptive environment for the operation of the free market forces in Africa so as to facilitate the new capitalistic style of neo-colonial method of exploitation. This is reflected very much in the various types of the role of the Bank in Africa ranging from reporting and evaluation to financial assistance and policy advice. Sometimes, the Bank changes the style of its functioning in order to ~~better~~ facilitate better, the operation of the forces of free market economy.

a) Reporting and Evaluation:

The Bank's Annual Reports and Special Reports on a particular country or region are the means to evaluate the general economic performance and the general development policies of the recipient countries. The evaluation of the performance of the economy of the recipient country is based on the Bank's own method of evaluation (based on the western monetary school of economics).[1]

In the Annual and Special Reports the Bank States its policies and programmes for development to be followed by the aid recipient country/countries. On Africa, besides its Annual Reports, the Bank produced following special reports in the first half of the 1980s:

1) Accelerated Development in Sub-Saharan Africa: An Agenda for Action - 1981;

2) Sub-Saharan Africa : Progress Report on Development, Prospects and Programmes, 1983;

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1. Monetarist School believes that Money Supply is the prime determinent of the economic behaviour of an economy. According to this school, money supply should be curtailed to the minimum so as to check the inflationary behaviour in an economy, because inflation pushes ~~xxxxxxxx~~ up prices of goods and services, and reduces the demand of the consumers. The most representative figure of this school of economics is prof. Milton Friedman of USA.

3) Toward Sustained Development in Sub-Saharan Africa: A Joint Programme of Action, 1984.

In the beginning of this chapter it has been stated that the Bank's basis and method of evaluation on the performance of an economy is based on the theory given by the Monetarist school of the West. The whole conception of the Monetarist school is totally biased against the third world countries. The Monetarist school demands to reduce Money supply in order to curtail inflation, while the third world school of economics demand structural reforms in their economics. They believe that Money supply is the only method of increasing their purchasing powers, to reduce money supply means decreasing the purchasing power. The World Bank follows the Monetarist School, because the Bank wants to see that its investments are in safe position, so for this it demands curtailing of Money supply and checking inflation. Therefore, the basis and prescriptions of the reports seem to have nothing to do with African conditions. This can be well examined by analysing and evaluating the special reports of the Bank on Africa.

The first report identifies that the constraints of economic development in Africa are structured - internally and externally, and which have been exacerbated by domestic policy inadequacies.[2] Among the internal factors acting as constraints for economic development are underdeveloped human resources, political fragility, failure to adapt the sub-regional and supra-national institutions created by the colonial governments to post-independence realities, backward economic system characterised by its duality - modern economic system dominated by the settlers and the native and subsistence economic system, climatic and geographical factors, population growth, endemic diseases, etc.

Among the external factors, the most important is the deterioration of the balance of payment due to oil price hikes, unfavourable terms of trade and slow growth in export.

According to the report, in order to do away with the above constraints, four important areas need reforms and change[3].

a) Change should be in trade and exchange-rate policies: This policy comprises change in the

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2. World Bank: Accelerated Development in Sub-Saharan Africa: An Agenda for Action, Washington, D.C., 1981 pp 9-21

3. op.cit., pp 24-44

official exchange rate by devaluing currency and removing import restrictions and duties incentive for export and import of food grains for meeting the deteriorating food crisis.

b) Change in public policy and resources allocation: This includes reducing allocation of resources for social service sector and increasing allocation for agricultural and infrastructural sectors.

c) Change in organisation and public sector: This policy emphasises on private sector management by curtailing and reducing the activities of public sectors.

d) Shortening the size of the government in the context of financial constraints, by reducing the governmental commitments and welfare activities of the government, and by reducing the growth of public sectors.

The entire report finds the causes of the present backwardness of Africa in the African setting: the high population growth, under-developed human resources, political fragility like frequent military coups, balance of payments deterioration, etc. The report speaks as if the Africans themselves are the creators of their own problems. It never finds the causes of African backwardness in the colonial and neo-colonial exploitation of Africa and the present imbalanced international economic and trade relations.

For the solution of the problems it needs the overthrow of the colonial and neo-colonial regimes from Africa, and the restructuring of the internal class relations within the African nations and the restructuring of the international economic and trade relations toward a stable and balanced state of relationships. Instead, the report finds the solution in the devaluation of the currency, removal of import restrictions, reducing allocation for social service sector, reducing the governmental sphere of activities and role of public sector organizations, increase in privatization of economic activities, incentives for foreign investors, etc. All these indicate that the main concern of the report is to patch up the existing problems of Africa by short term measures without taking into account the hidden reality of the problem.

The second and third special reports of the Bank on Africa have in no way deviated from the first report regarding the basic understandings of the problems of Africa. The basic framework of understanding of the three reports on Africa remains the same. In finding a solution to the problems in Africa each succeeding report added more to the existing stock of recommendations.

The second special report[4] of the World Bank on Africa highlighted some of the major problems confronting the African countries in designing and implementing the programmes of reform and examined changes at the level of pattern and design of World Bank economic works and operations in support of reforms by African Governments. The report states that African governments are more clearly aware of the need to take major steps to improve efficiency in the use of resources - especially in the productive sector of their economies (agriculture and industry). As a part of the Bank's programme of support for policy reforms undertaken by African countries, the report states that these have been a modest beginning by the African countries in this direction. According to the report, 'policy reform' is necessary to meet the present crisis in Africa.

In the same manner, like the earlier report, the second report views that the African problems are due to the peculiar African and international settings, and unlike

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4. World Bank: Sub-Saharan Africa: Progress Reports on Development Presents and Problems, Washington, D.C., 1983

the fir~~1~~st report it emphasises policy reforms by the African countries to meet the present African crisis. Policy reforms involve priorities for agricultural development, flexibility in national economic management, reward of restrictions in external trade relations, etc. Thus, like the fir~~1~~st report it never tried to understand the present African problems, instead it emphasises policy reforms to meet the present African problems.

The third special reports[5] reiterates the main theme of its predecessors (reports), the need for domestic policy reforms to accelerate growth. The special features of this report are (a) a Joint Programme of Action (JPA)& (b) a Special Assistance Facility.

The Joint Programme of Action is intended to remove the long-term hindrences for development in Africa like population growth, lack of human resources development, lack of technological change and erosion of natural resources. The JPA involves National Economic Management through flexibility of planning, fuller utilization of existing capacity in all sectors, institutional reforms and external technical assistance to carry out the reforms programme:

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5. World Bank: Toward a sustained Development in Sub-Saharan Africa: A Joint Programme of Action, Washington, D.C., 1984

b) donor programmes and aid coordination i.e. donors must recognize the efficiency and relevance of their assistance;

c) external support for reforms programmes;

d) public expenditure programmes should give greater emphasis to the rehabilitation and maintenance of existing infrastructure in supporting policy reforms rather than investing in new capacity.

Besides calling for Joint Programme of Action the report also called for the creation of a Special Assistance Facility to be managed by the Bank, in support of reforms programme undertaken by African governments. The special facility was created on July 1, 1985. It will provide the means for facilitating the formulation of the reform programmes undertaken by the African governments. The Special Facility for Sub-Saharan Africa is funded from two types of resources:

a) direct contribution from donors, and

b) resources for joint financing with the special facility.

Funds from the 'Special Facility' will be used by the World Bank to provide 'African Facility' credits to the LDA. Only countries undertaking specific policy reforms will be given support facility from this Fund.

It seems that none of these reports has a deep understanding of the African affairs and whatever solutions these reports advanced remain short term in nature. Secondly, these programmes for solution can't be implemented in the existing colonial and neo-colonial environment of Africa. Any solution in order to be effective must be directed first against the forces of colonialism and neo-colonialism and second against the internal class structure of exploitation within the African Society.

Financial Assistance:

The finance plans of the World Bank not only involve financing from its own resources but also co-financing from ~~its own resources and from~~ other sources of finance - Official Development Assistance, export credit, private commercial Banks and institutions. The co-financing system is devised to support those countries who have undertaken certain policy reforms.

Criterion for Selection:

The Annual and Special Reports provide guidelines to the Bank in formulating its financial policy and in selecting countries for availing its credit facilities.

The general guide lines of the Bank determining its financial policy and criterion for selection may be summarized into the following points.

a) Flexibility in national economic management:[6] emphasis should be given on domestic policy reforms, devaluation of over-valued currency, wider scope and incentive for foreign investments, reducing subsidies to the social service sectors, increasing the areas and sphere of activities for private sector management and reducing the activities of public sector.

b) Removal of restrictions from external trade and related policies:[7]

The country concerned should strive to remove all types of restrictions from its export-import policies, because in the opinion of the World Bank protectionism hinders the efficient growth of national industries and is more cost-effective. Removal of restrictions means opening the doors for international competition which will be less cost-effective and will facilitates for the efficient growth of the national industries.

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6. World Bank: Toward sustained Development in Sub-saharan Africa: A Joint Programme of Action, Washington, D.C. 1984 pp.7-8.

7. op.cit. p.9

c) The fulfilment of the above criteria by a country in the opinion of the World Bank is the most "deserving"[8] nation worthy of getting the World Bank Credit. It refers to those countries which have proved that they are able to make the best use of the World Bank aid - those with the most efficient economies should get the most of it.[9] The deserving countries in the opinion of the World Bank are those which have flexibilities in their national economic management and have no restrictions in their external trade policies.

Thus the Bank's lending policies reflect that it is not only concerned with project lending policies but also with the general economic policies of the country to which it lends. - irrespective of the country concerned has free economy or a close economy etc., For the first time in 1968 the Bank's Annual Report Specifically referred to the fact that it is making its lending conditional: "...the need to make the most effective possible use of ressources available for development has been constantly stressed by the Bank over

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8. Devised by the World Bank president Mr.A.W.Clousen, cited in Far Eastern Economic Review, Hongkong, October 10, 1985, p.52.

9. Far Eastern Economic Review, Hongkong, October 10, 1985, p.52.

the years and is its guiding principles in its relationships with borrowing countries. The performance by a country in the promotion of its economic development is an important criterion of financial assistance from the Bank or the IDA.[10] The performance of a country is an important criterion for determining its eligibility to avail the Bank's credit facilities. The criterion of performance is judged by the Bank in relation to its national economic management and external trade relations. The Bank's Annual and Special Reports provide important guidelines to the Bank for evaluating the general economic performance and development of a country.

None of the criteria of the Bank specifically mentioned that the level of poverty and the general economic backwardness are the most important factors for availing Bank's loans. Rather, the important criterion, for the general economic policy of a country, is that the trend should be more towards a free market economy. A country following this type of policy is considered by the Bank as the most "deserving" and worthy of getting Bank's credit facilities. Thus, the general poverty, in the eyes of the Bank, is not the important criterion. The important criterion is the general economic policy.

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10. The World Bank: The World Bank Annual Report. Washington, D.C., 1968, p.7.

Secondly, there is an ideological underpinning behind the Bank's criterion of selection. Though, the Bank always claims that it is a non-political organisation its policies and way of functioning reflect that it adheres to a certain fixed ideology - the ideology of a free market society. Countries not coming under this criterion are simply deprived of Bank's credit facilities, on the plea that the country concerned is not a "deserving" case for getting Bank's assistance. On this ground many poor countries of Africa like Ethiopia, Mozambique etc. are simply deprived of the various facilities of the Bank,[11] other countries pursuing policies in line with the World Bank are considered by the Bank as most "deserving" cases for availing Bank's facilities e.g. Nigeria, Kenya, Ivory Coast, Sudan etc.[12]

These countries avail maximum benefits from the World Bank in comparison with other African countries, whereas countries like Ethiopia, Mozambique who suffered most from drought and famine are considered as not 'deserving' for availing the 'due' benefits from the World Bank.

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11. See appendix No.3

12. See appendix No.3

<u>Sector Wise Allocation</u>

The sectoral policy and financial allocations of the Bank mark the same lopsided policy of the Bank. The selection of projects in the sectoral policy of the Bank goes through six stages.

Identification:- Selection by Bank and borrowers of suitable projects that support national and sectoral development strategies and are feasible according to the Bank standards.

Preparation:- Examination of technical and institutional and financial assistance available for preparation and help.

Appraisal:- Bank Staff reviews comprehensively and systematically all aspects of the project - technical, institutional, economic and financial.

Negotiations:- Discussion with the borrowers on the measure needed to ensure success for the project. At this stage the Bank secures commitment from the borrowing government.

Implementation and Supervision:- Measures necessary for the proper implementation of the Bank projects and the follow-up action necessary for its success.

Evaluation:- It follows final disbursement of the Bank funds.

The various stages in the selection of a project for Bank's assistance gives sufficient time to the Bank to influence the policies of the recipient governments. The Bank while allocating credits to the recipient country/countries specifically and clearly states the purpose for which the credit has been allocated. In this direction the Bank lays great emphasis on agricultural and infrastructural development and lays no such great emphasis on laying foundations for the industrial base of Africa. Of the total cumulative lending of the IBRD & Fee IDA, the agricultural and rural development sector alone constitutes $ 5,562.7 mln., the infrastructural sector $ 5,388.1 mln and the industrial sector only $ 662.5 mln.[13] In 1985 the share of the agricultural sector and a rural development was $ 300 mln only, infrastructural development $ 82.5 mln and industry $ 6.4 mln.[14]

Agriculture:

In the agricultural sector it particularly emphasises on the production of export oriented crops and cash

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13. For detail allocation see appendices Nos. 6,7 and 8.

14. See appendix No.5

crops (e.g., cashew nuts in Tanzania, Cocoabeans in Ghana and Nigeria, coffee in Ivory Coast, Uganda and Tanzania).[15] In 1984, it has sanctioned a sum of $ 93.1 mln credit for restructuring the export sectors of Ghana - Cocoa, timber and gold. For cash crops development two notable World Bank assisted projects are the Mali-sood project (for cotton development) in Mali and West Volta agricultural development programme (for cereals and coffee development) in Upper Volta. Both the projects are assisted by the IDA - Mali-sood, 15.5 mln. and West Volta $ 20.2 mln. In both the projects there are the involvement of private agencies - the CMDT is associated with the Mali-sood project and SOFITEX with the West Upper Volta project.

The Bank's emphasis on export oriented crops and cash crops production in Africa is aimed at the forced dependence of African agricultural system on the western market system. The demands in the western market system will determine the African agricultural price structure.

The Bank's special report on Africa, "Accelerated

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15. For detail allocation in agricultural sector See appendix No.4.

Development in Sub-Saharan Africa", 1981 stressed on agricultural modernization by expanding agricultural research on marketing and input supply policies and high yielding varieties of crop, etc.[16] The report also stressed that focus should be on small holder production; improved incentive structure by hiking producer prices, developing more open and competitive marketing arrangements, and involving the farmers in the decisions that affect them; and undertaking quick yielding activities in irrigated agricultural areas.[17]

The Bank proceeds from the assumption that poverty in Africa is a rural phenomenon.[18] So, the best way to tackle it is to place emphasis on small holder production. The Bank emphasises on the development of small holder farming system by way of providing incentive for the marketability of their products, reducing export duties from the export oriented food crops, hiking producer prices and supply of inputs like fertilizer at lower rates, etc.

This reflect that the only way of abolishing rural

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16. World Bank: Accelerated Development in Sub-Saharan Africa: An Agenda for Action, Washington D.C. 1981 pp 54-65.

17. ibid.

18. op.cit. p.50

poverty, according to the Bank, is to ~~the~~ support for the small holder farming system. In this scheme, the landless labourers, those who do not have a single acre of land, have no place. Thus, the Bank's Scheme's for the elimination of rural poverty begins from the premise of the small holder farming system and not from the level of landless rural workers. Secondly, the Bank by emphasising on small holder farming system opposes any move for large farming systems controlled by the state (e.g. state farms in Zambia, Tanzania, Ethiopia, Congo, Mozambique etc.). According to the Bank, state farms are best e ed with problems of management, over employment of staff, Under utilization of expensive machinery, and maintenance of equipment and infrastructure.[19] Drawing by the result from the Bank assisted small holder farmings in Kenya (in tea, coffee, pyrethrum, dairy products and sugar cane) and Northern Nigeria (Millets, Sorghum and Maize), the Bank viewed that small holder farmings are better suited for raising more crops and increasing the incomes of the farmers. The Bank's small-holding farming system is aimed at raising agricultural production. It does not aim to tackle the problem of unemployment, distribution of its products, etc.

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19. op.cit. p.51.

The second emphasis of the Bank in Africa is modernization of agriculture and raising the prices of produces, wihtout ever looking at the problem of unemployment in agriculture connected with modernization and the real income of peasantry and other landless workers. As there is no industrial development, the surplus agricultural workers could not be transferred from agriculture to industry.

The third emphasis of the Bank's agricultural policy in Africa is undertaking quick yielding activities in irrigated agricultural areas. This shows that Bank has not ~~the~~ shown slightest regard for the development of land and agriculture in the unirrigated areas of Africa.

A more detailed analysis of the Bank's agricultural and other policies have been done in the chapter 'A Profile of African Development scene.'

<u>Infrastructure</u>:

After the agricultural sector, the second most important sector considered by the Bank, for African development is the infrastructural sector. In the infrastructural sector, the Bank finances the development of transportation, air line and air ports, highways, ports, waterways, railways, etc. Till June 30, 1985, the total cumulative assistance to Africa given by the IBRD and the IDA stood at $ 5,388.1 mln. of which the maximum has gone for highways development.[20]

The Bank believes that infrastructural development is the primary requirement for the development of Africa and better transport and communications systems contribute significantly to the process of political integration and administrative consolidation.[21] The Bank, while formulating its infrastructural policies for Africa is not only concerned with the end product and on economic benefits arising from its policy but also with the 'process' by which the end-product is achieved. The process of the infrastructural projects of the Bank in Africa is concerned with the participation of domestic and foreign private enterprises in the construction of the project. For example, the Ghana Government with Bank assistance increased the participation of private contractors in road works from a negligible amount to about fifty percent of the total expenditure of high ways in a period of about five years.[22] In Kenya there is the system of local resident

20. For detail allocation in the infrastructural sector see appendix No.4.

21. World Bank: Accelerated Development in Sub-Saharan Africa, Washington D.C. 1981 p.105

22. World Bank: Sub-Saharan Africa: Progress Reports on Development perspects and programms, Washington D.C. 1983 p.51.

'contractors' for the construction and maintenance of rural roads and for the operation of the transport on the rural roads.[23]

The Bank-assisted railways and port development programmes in Africa are based in the various productive zones and areas of Africa. The Bank views that more emphasis should be given to maintenance including track renewals in the railways system, while the construction and extensions of new lines be required only in connection with new mineral development areas, e.g., the Bank-assisted railways projects connecting mineral areas are Nimba & Miferqui areas in Liberia and Guinea, respectively, and rail lines connecting the Ajaokuta iron and steel complex in Nigeria.[24]

The World Bank assisted projects for the development of port system in Africa are mainly intended to connect the port system by rail or roads to the agriculturally and minerally productive areas of Africa. Thus, facilitating the external marketability of the African products.

The infrastructural development policy of the World Bank in Africa is part of the 'Global Strategy'

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23. World Bank: Accelerated Development in Sub-Saharan Africa: An Agenda for Action, Washington, D.C. 1981 p.108.

prepared by the UN Economic Commission for Africa. The global strategy refers to the need for special efforts by Governments and lending agencies to develop local African Civil Works Contractors.[25]

Industry & Minerals:

In comparison with the agricultural and infrastructural sectors, the Bank's assistance to the industrial sector of African economy is considerably less. The total cumulative assistance to the industrial sector (includes minerals) by the IBRD and IDA stood at $ 662.5 mln[26] The amount was considerably less in comparison with the agricultural and infrastructural sectors of the African economy. The Bank's assistance to the industrial sector in 1985 was $ 6.4 mln.[27]. This indicates that the Bank has not taken great interest for the industrial development of Africa.

The World Bank while formulating its industrial policy in Africa takes the following factors into account;

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25. op.cit. p.106

26. For detail see appendix No.4

27. World Bank '*Annual Report*', 1985, p.86

- emphasis should be on a policy for import substitution.
- processing raw materials for export;
- promotion of indigenous entrepreneurship;
- incentive for industrial export to reduce protection for import substitution and to reduce extreme variation in protection among industries, and to phase out direct controls;
- effective fiscal incentives to foreign investors; and
- regional economic integration for larger markets.[28]

The Bank while emphasising on a policy for import substitution is more concerned with ~~for~~ productivity and economics of scale. This reflects that the worth of an industry is judged from its productivity and the marketability of its products and not its utility, from the social point of view. Secondly, the industry is considered as economical its ~~it~~ functioning doesn't require large amount of labor power.

The Bank views that an industry can function properly if there is less governmental intervention and more

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28. World Bank: Accelerated Development in Sub-Sharan Africa, An Agenda for Action, Washington, D.C. 1981 pp 93-97.

emphasis on the development of indigenous entrepreneurs. The development of a class of indigenous entrepreneurs with less governmental controls will provide a skilled support base for the industrial development of Africa. This class of indigenous entrepreneurs with Bank & other assistance can be able to take initiative for the development of industrial base of Africa.

Another important component for the industrial development of Africa, according to the Bank, is that there should be incentive for private foreign investment. This, in the opinion of the Bank, can be achieved only when there is political stability, low probability of confiscation, a stable, predictable, and reasonable tax regime and the ability to repatriate profits.[29] The Bank considers that through external investment and assistance the African countries could be able to develop an industrial base of their own. In this regard, the Bank stressed on removal of direct controls by the government, reducing protection for import substitution and orienting industries for export purposes and regional integration for the marketability of industrial products. For balanced industrialisation, the Bank views that there

29. op.cit. p.97

Should not be any discrimination between the public and private managed industries. Like the private managed industry the public managed one should be subject to the same tax-laws and regulation. The public enterprises should not be placed in a separate category on the plea that they are aimed at social service and social welfare of the community. That means social service of the public sector enterprise should not be at the cost of other non-public sector enterprises. In the mineral sector, the Bank's policy is aimed at rehabilitating the existing mineral facilities, attracting foreign private capital for new ventures, and giving increased attention to exploration.[30] The total IBRD and IDA cumulative lending to the mining and other extractive sectors stood at $ 424.4 mln.[31]

Until 1977, the Bank didn't extend loans to the African countries for the purposes of their oil and gas exploration or production. Because, it considered that petroleum production in most developing countries was uneconomical at prevailing international prices and supplies from low cost sources, middle-east, were abundant.

In 1977, the Bank announced that, it would finance for a small portion of the oil and gas sector and the

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30. op.cit. p.98.

31. For detail see appendix No.4

remaining will come from private investors and producing nations. Secondly, the Bank would finance oil and gas production rather than exploration, because the latter involves risk of capital. However, in 1979, the Bank changed its earlier policy and announced a programme for oil and gas production that would also include exploration. For exploration purposes, it assisted countries like Zambia, Ghana, Kenya, Mauritania and Sudan.

The Bank also assisted countries like Zimbabwe, Botswana, ~~Switzerland~~ Swaziland and Mozambique for production and exploration of coal. Private companies like Anglo-American, Shell [illegible], Union Carbide and Rio-Tirto have negotiated exploration concessions in these countries.[32]

<u>Social Services:</u>

The least priority sector of the World Bank in Africa is the Social Service Sector. The Bank in its aims and objectives in Africa never gives priority to the Social service sector. What it emphasises on is checking population growth, family planning, etc. For the Sub-Saharan Africa the Bank invested a sum of

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32. World Bank: <u>Accelerated Development in Sub-Saharan Africa: An Agenda for Action</u>, Washington, D.C. 1981 p.101.

$ 151 mln. on population, health and nutrition. In the African context, the Bank emphasises on expanding primary health care system. This can be made a success by the participation of voluntary agencies - local and foreign.

The Bank has played not only key roles in various sectors of the African economy but also started undertaking researches in fields of interest to African countries:[33]

- A small econometric study of the Bank is reviewing the experience of the Sub-Saharan Africa over the past twenty years to try and quantify the major domestic and external factors, that can be expected to have the greatest effect on the growth of national income.

- A project on the economic consequences of the coffee boom in East Africa will trace the effect of macro policy changes to the micro-level, drawing lessons for the government policy and the form of external assistance.

- A study on Mali is measuring rural demand for health and schooling services, so as to draw conclusions about the potential for recrment cost financing of these services, through, in particular, user less which may help

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33. The Worl Bank: Annual Report, Washington, D.C. 1984 p.50.

to broaden their ability.

- A study in Kenya and Tanzania is examining the adaptation of East African labor market to the rapidly growing supply of educated workers.
- A global study examining the success of production cost changes overtime in infant industries, includes Nigeria in the sample of countries that the research will cover.

All these indicate that the Bank has a wide range of activities in Africa and which activity is important is to be considered by the Bank and not by the African countries. Accordingly, the Bank puts the order of priority, i.e., which project is to be considered as important one and needs urgent attention and which one is not. From the beginning, the Bank made considerable efforts to ensure that its projects are priority one. In its Annual Report for 1949-50, the Bank stated that to be of maximum effectiveness Bank investment must be devoted to those undertakings which will contribute most to the strengthening of the borrowing country. According to the Bank Reports and its projects lending policies, the Bank has tried to increase the organizational efficiency and financial viability of the projects concerned. In this regard, it is not only concerns with the project lending policies but also with the general economic policies of the country to which it lends.

Since the inception of the World Bank, there has been marked changes in its plans and policy proclamations on development: the change has been from the untied aid to tied aid, i.e., aid attached with conditionalities, that the country concerned should follow liberalization in its economic policies, etc.; change from uncoordinated to coordinated aid system, i.e., the development of consortium techniques in order to coordinate the policies of several western aid givers; a shift in emphasis from project to programme lending, so as to put some leverages on the economics polices of the recipient countries; a shift in the Bank's definition from relative to absolute poverty';[35] and a shift in the allocation of credits from the most needy and poor nation to the "deserving"[36]

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35. According to McNamara, the then, President of the World Bank, 'absolute poverty' means those whose percapita income was less than $ 100. It is based on the assumption that the poor possess some tangible assets, however meagre, it is possible to help them become more productive. As against relative poverty means few countries are less well off than others or those having an overage income than the national average.

36. Developed by the World Bank president Mr.A.W. Clousen, it refers to those countries who are following a policy of flexibility in their national economic management' and free trade policy in their external trade relations.

nation.

All these have been effected by the Bank in order to have a comprehensive understanding of a particular situation, i.e., viewing a situation from the various angles - from the donors' angle and their capabilities; from the recipients' angle and their credit worthiness, etc.

From the World Bank's wide, variegated and changed roles a general analysis can be drawn in the context of African development. This has been done in the next chapter.

CHAPTER IV

A PROFILE OF AFRICAN DEVELOPMENT SCENE IN THE CONTEXT OF THE WORLD BANK'S ROLE IN AFRICA

A profile of African development scene needs to be analysed in the context of the World Bank's roles, objectives and strategies in Africa.

The operation of the World Bank in Africa has contributed little for the development of the African nations. Rather, it has helped to reverse the gear of their development. Many of the African nations since their independence, have not been able to reach the boundaries of development: characterised by autonomous national development, selfsufficiency in national economic management, high per-capita income and standard of livings, low mortality rate and development in other sectors of the economy. Though, the purpose of the Bank's aid is to achieve all round development of the African nations but the conditionalities attached to the aid system thwart the very purpose of its developmental objectives. Its model of development has proved to be a model of underdevelopment for the African nations and is a model of dependency relationships between the western and the African nations. This can be evaluated by analysing the general pattern of political and economic development and the sectoral changes in the economies of the African nations, since their independence (1960s).

a) <u>General Pattern of Political and Economic Development:</u>

i) <u>Political development:</u>

As seen from the third chapter those countries who fulfill the Bank's criteria for selection are worthy of availing the Bank's credit facilities. It means, the country concerned should follow a policy of flexibility in its national economic management - policy for a free economy, incentive for foreign private investments, etc. - and should remove restrictions from its external trade relations. Under such category will come those countries who have adopted non-socialistic path of development, e.g. Nigeria, Kenya, Sudan, Ivory Coast etc. As a result, in such type of countries, due to unequal distribution of resources, power and offices the political power will, naturally be monopolized by a handful of people - be they civil or military, leading to what may be called, the one party democracy or military rule.

In this type of situation, the World Bank's role has helped on the monopolization of political and economic power in the hands of a few thus, preventing the equal distribution of the resources of the society and the healthy functioning of democracy. In such type of countries, restricted political competition has lead to the consolidation of political power in the hands of the upper classes of the society.

ii) Economic development:

In such type of countries as a result of restricted competition the economic resources of the society have been monopolized by the upper classes of the society. In this type of environment the World Bank's role in Africa is aimed to create conditions which will disallow the development of the African nations. This can be evaluated by analysing the following points:-

1) Structural Change:

It has been seen in the African context that as a result of the World Bank's role there ~~was~~ has been virtually no structural change in the aid recipient African nations. Agriculture continues to play a dominant role in the economy. Manufacturing and services sectors play a minor role in the total economic development of Africa, except in a few countries. For economic growth and development of a nation, besides agriculture, the other sectors of the economy (industry, services, manufacturing etc.) must have to play an important role. It is through industrial and technological development that a nation's economy can be able to march faster. Develop- in the industrial and manufacturing sectors of an economy relieves considerable burden of dependence on the agricultural sector of that economy, by creating new employment opportunities, creating shadow zones surrounding the industrial belts for the development of other ancilliary industries - for the reuse of industrial by-products of the big industry, utilization of the unused raw materials, development of the attitude for entrepreneurships among the individuals, etc.

Development in technological spheres will facilitate for the use of modern technology for higher yield in agricultural sectors and for modernization and upgradation of industries, etc. Likewise, the development in the services sector will give a new orientation to the economy. Because modern economic systems rely not on services based on birth or ascription but on professionalism-individual expertise based on achievement.

Taking the above things into consideration, it has been seen in the African case that the World Bank's role has done little for the diversified dependence of the African economies. In its Annual and Special Reports, it emphasises on the agricultural and infrastructural development of Africa rather than on the industrial and technological development of Africa. The Bank in its Special Report observed that "Agriculture is at the heart of African economies...agricultural output is the single most important determinant of overall economic growth and its sluggish record of recent years is the principal factor underlying the poor economic performance of the countries of this region. For this reason, growth oriented policies for this sector are crucial for improving the overall economic performance."[1] Thus, in the opinion of the World Bank, agricultural development is the main factor for determining the overall economic development of Africa. So, accordingly, it formulates its financial policies for Africa and of its total allocation to Africa the share of the agricultural sector was the maximum.[2] As a result, the non-developed/under-developed industrial and technological system in Africa was relegated to the background.

Even from the World Bank's own analysis, it has been seen that the Bank considers agricultural development in Africa as the main factor for determining the

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1. World Bank: Accelerated Development in Sub-Saharan Africa: An Agenda for Action, Washington, D.C. 1981 p.45.

2. See Appendices Nos. 4 & 5

overall economic development. This will be proved in this chapter as a faulty system of economic planning of the World Bank in the African situation. Secondly, the World Bank's emphasis on achieving agricultural development in Africa has proved counter-productive in the African case.

So what is needed is the substantial growth of industrial and manufacturing and the services sector for the overall economic development of Africa.

From the World Bank's operation in Africa it has been observed that there are no appreciable structural changes in the economy of majority of the African nations. Of the total contribution to the GDP from different sectors of the economy the share of the agricultural sector continues to ~~the~~ dominate. In Chad, Ethiopia, Somalia, Guinea-Bissau, Burundi, Tanzania, Equatorial Guinea, Uganda and Ghana the relative contribution of agriculture to the gross domestic product (GDP) continues to be more than fifty percent of the total contribution.[3] In majority of the African countries - except Congo, Nigeria, Zimbabwe and Zambia - the share of the agriculture in the GDP is more than the other sectors of the

3. See Appendix No.10

economy. Countries like Nigeria and Zambia where the contribution of the agricultural sector to the GDP is less in comparison to other sectors is only because they are rich in mineral resources like oil (in Nigeria) and copper (in Zambia) and not due to the role of the World Bank.

Likewise, as a result of the World Bank's role in Africa, the contributions of the manufacturing and industrial sectors to the GDP have not shown any marked improvement in the last two decades (1960-80).[4] In countries like Uganda and Congo the share of the manufacturing to the total GDP has declined considerably in the last two decades (1960-80). During the same period there were marked improvements in countries like Kenya, Zimbabwe and Zambia. But, in the majority of the countries the share of the manufacturing was below 10 percent to the total GDP.

2) <u>Institutional Reforms:</u>

In the existing unequal economic system and relations, the World Bank's investment programme in Africa neither envisages for initiating institutional reforms nor for

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4. See Appendix No.10.

equality in the inegaliterian socio-economic structure of Africa (discussed in the Third Chapter). In its Annual and Special Reports, it nowhere mentions equality and institutional reforms. Instead, its envisaged reform programmes are for establishing a free economy and strengthening the infrastructural, agricultural and other sectors monopolized by the African bourgeoisie in collaboration with the monopoly capitalists of the west. To counter the long-term constraints of the African nations like population growth, underdeveloped human resources, a backward economic system, etc. the World Bank's recommended measures are for a change from the protectionism in external trade relations to a more external free trade policy; from overvaluation to devaluation of currency, screening expenditure proposals and policy analysis in favour of agricultural, livestock and rural self-help projects; a change from the public sector management to private sector management, etc. All these envisaged policy prescriptions and reform measures of the World Bank did not ~~envisage~~ mention for structural reforms in order to remove the external system of exploitative relationships existing between the western capitalist-neocolonialist nations and the African nations and the internal system of exploitative relationships based on the colonial structure of class relations.

The World Bank's envisaged policy programmes for reforms have helped the expansion of private capital. The World Bank through its system of aid provided the sustenance for the dependent development of a class of capitalists in Africa, who for their very survival are dependent on external sources of help and assistance. This system of class structure was very much the creation of the colonial system of domination and exploitation. And the World Bank through the system of aid and policy advice provides sustenance to this type of class structure in Africa. This is implicated from the system of conditionalities attached to the World Bank's aid. The conditionalities attached to its aid system, among others, emphasise for free enterprise without governmental control, reduced role of the public sector in the economy and increased role of the private sector managements and enterprises, and other sectors like agriculture, transport civil works, industry, drug distribution etc. should be in the hands of the private sectors.[5] In the agricultural sector, the World Bank's policy, besides other things, favoured development of small holder production system and maintaining price stability for the producers; in the industrial sector

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5. World Bank: Accelerated Development in Sub-Saharan Africa: An Agenda for Action, Washington, D.C. 1981 pp. 31-36

its policy emphasises on the development of indigenous enterpréneurships, regional economic integration for larger market for the industrial products, incentives for industrial exports and aid to reduce protection for import substitution etc.[6] All these indicate that the World Bank is not at all interested in restructuring the colonial ~~structuring~~ structure of class relations. On the other hand, its aid system has strengthened the existing system of class relations by promoting a class of capitalists in Africa.

Thus, without measures for equality and institutional reforms the beneficiaries of the Bank's investment programmes would naturally be the upper classes of the African Society.

3) <u>Growth of GNP, Investment & Savings</u>:

3.1 <u>Growth of GNP</u>

In an economic environment of this type, the overall growth pattern in the economics of the aid recipient African countries has shown a decelerating rate of growth. In 1960-70 the gross national product (GNP) average

6. op.cit. pp.93-97

growth rate was 4.9 percent and in 1982-84 the average growth rate was negative.[7]

This was mainly because the contributing factors to the GNP have declined considerably. Except agriculture (which has not shown marked deceleration though not marked increase in growth rate), all other contributory factors to the GNP of the African economy have shown declining and negative growth rate since the 1960s. The growth rate of the overall agricultural production in 1960-70 was 2.2 percent, in 1970-80 1.3 percent, in 1981 0.1 percent, in 1982 2.1 percent, in 1983-0.3 percent and in 1984 4.0 percent.[8] The larger contribution of agriculture to the GNP was only due to the fact that the African economy is predominantly agricultural and the only role of the World Bank in this sector is to commercialize this sector by hiking its marketability to the western market economy. This contribution of the manufacturing sector to the GNP was less than the ten percent. Its growth rate declined from 8.2 percent in 1960-70 period to 4.1 percent in the 1970-80 and in 1982 and 1983 it had shown a negative growth rate of

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7. See Appendices Nos. 11 and 9.

8. See Appendix No.11.

-4.2 and -7.5 percent respectively.[9] The World Bank has never taken encouraging initiative for the development of this sector, whatever initiative it has taken, is only aimed to discourage the development of this sector.

3.2 Investment & Savings:

The slow and negative of growth in the GNP has its impact on the gross investment and gross national savings and over all in the economies of the African nations. Gross investment in 1970-80 was 24.3% and it declined to 18.9% in 1982; like wise in the corresponding periods the figures for gross national savings in Sub-Saharan Africa were 22.3% and 14.5%. Investment and savings are the key to economic growth. Their declining rate has the adverse impact on the economic growth of the African-nations. Because, economic growth, among the others, demand capital formation or investment, and savings. Capital formation is a key element in expanding opportunities for providing a fuller and more productive employment of the labor force, bringing about sustained economic growth. But most of the African countries, despite of the increasing involvement of the World Bank

9. See ibid

and other western aid agencies are lacking in the power to create real capital in all its varied forms. This involves agricultural machinery and equipment, irrigation facilities, factories, power stations, transport and communication facilities, construction equipment and projects etc.

The percapita income to the GNP has also declined from 2.4 percent in 1960-70 to -3.8 per cent in 1984.[10] The declining percapita income has its adverse impact on the investment, because investment depends on savings and savings in turn on the living standard of the people. The declining per capita income forces the people to curtail their rate of savings, thus curtailing the investment rate.

The present rate of the declining capital formation is mainly due to the low rate of the economic growth. This was mainly due to the colonial legacy of unbalanced development presently being perpetuated by the World Bank and its other allied agencies. This can also be seen while analysing the development of Africa in the spheres of agriculture, industry, infrastructure, etc.

10. Ibid

b) Sectoral Development

From the operation of the World Bank in Africa it can be evaluated here that the main concern of the Bank in Africa is to assist the African nations in their agricultural and infrastructural developments and not in their industrial development. Secondly, the Bank's emphasis on agricultural and infrastructural development in Africa is not according to the pattern of development desired by the Africans but according to the Bank's discovered path of development. This can be evaluated by analysing the Bank's pattern of aid for the sectoral development of the African economies - agriculture, infrastructure, industry, etc.

i) Agriculture: For the agricultural development in Africa, the World Bank followed two types of agricultural project: based on transformation approach and improvement approach.[11]

The transformation approach of the Bank means producing particular type of crops for market/export. In these type of projects, the programmes of the World Bank in Africa is to help the production of single cash crop

11. Payer, Cheryl: "The World Bank and the Small Farmers" Journal of Peace Research, Oslo, Vol. xvi, No.4, 1979, p.299.

commodity and commercialization of the African agriculture by making their agricultural productions dependent on the demands of western market economy. Under such type of projects the Bank had supported tea production projects in Kenya, Mouritania and Uganda; Cocoa in Ghana, Ivory Coast and Nigeria; cashew nuts in Kenya and Tanzania; coffee in Ivory Coast, Cameroon and Uganda; and rice in Guinea and Zaire. In those type of World Bank Projects, it is difficult to trace the real control, because in many projects private capital is associated with partial government ownerships. For example, in Ivory Coast the Two corporations managing the palm oil industry (which had received seven World Bank loans), Palm Voire and Palm Industries are 60 percent and 27.6 percent respectively privately owned.[12]

In the improvement approach the Bank emphasises on the use of modern inputs so as to ensure productivity for the market. These inputs are used in those areas that are best provided with land and water resources, thus, what may be called the programmes for 'building on the best'. The Bank financed two important projects-the West Volta agricultural development programme (for cereals and cotton development) on the Volta riversides

12. Ibid.

of Burkina Faso and the Mali-Sud project (for cotton development) in Mali are meant for the development of the already irrigated and developed areas of Africa. In both the projects there are the involvement of foreign private agencies - the CMDT (France) is associated with the Mali-sud project and SOFITEX (France) with the West Volta project.

From the discussion in the Third Chapter of this dissertation, on the role of the World Bank in the agricultural development of Africa, it has been seen that the Bank's financed projects are meant for the production of single cash crops for export from Africa, integrating the African agricultural production to the demand of western market economy, development of class relations within the agricultural sector through the system of small holder production etc.

The World Bank's agricultural policy in Africa led to the destruction of subsistence farming and the integration of all fertile agricultural lands into the commercial sector through the production of 'marketable surplus' of cash crops for the domestic market for export.[13] This has facilitated to a great deal by the participation

13. Payer, Cheryl: The World Bank A critical Analysis, New York, Monthly Review Press, 1982, p.221.

of giant foreign enterprises and their subsidiaries in a big way in the Bank assisted agricultural development programmes in Africa. For examples, the Bud Senegal (an affiliate of Bud Antle Inc.), untill, 1976, received three commitments from the World Bank for various development projects in Senegal; Lafiaji Sugar Estate in Nigeria participated in a numbers of World Bank projects for the development of Sugar industries in Nigeria.[14]

The World Bank's agricultural development programmes in Africa (as discussed in the Third Chapter) never envisaged for land reform measures. Instead, its policy programme for agricultural development envisaged for consolidation of land holding systems through development of small holder farming systems, producer price stability, commercialisation of agricultural production etc. For example, in Malawi, it had assisted in the transformation of communal tenure into absolute private ownership.[15] In Kenya even during the colonial period, the Bank had, also extended help to the colonial government to establish individual tenure in the heart of the territory during the Mau Mau rebellion.

The World Bank, in its agricultural development

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14. op.cit. p.211

15. Payer, Cheryl: "The World Bank and the Small Farmers" Journal of Peace Research, Oslo, vol.xvi, No.4, 1979, p.307.

programmes has never shown concern regarding the beneficiaries of its programmes i.e. whether it is benefitting the Africans or not is of little concern to the Bank. The only concern of the Bank in Africa is to see that its programmes for agriculture are 'production' oriented and are meant for 'export'. According to the World Bank's schemes a site is selected, which Bank's agricultural experts (not the African agricultural experts) believe, can be cultivated more intensively than it is being cultivated, then the land is acquired by the Government and the people who have been cultivating or pasturing animals are evicted or resettled in some other place. this scheme has been devised at a time when large agribusiness farms are realising that their future lies not in direct ownership (because it is open to risk like drought etc.) but in control over production through contact with producer suppliers.[16] In this scheme, small holders are clustered around a smaller plantation and processing plant run by a company that provides technical supervision, inputs and processing for outgrowers who have to sell their crops through company. In this scheme, the Bank had supported tea projects in Kenya, Uganda and Mauritania; Cocoa in Ivory coast; and oil palm in Nigeria.

16. Paper, Cheryl: '<u>The World Bank A critical Analysis</u> op.cit p.225.

Thus, the World Bank's agricultural development programmes in Africa are aimed at production and (not aimed at the African beneficiaries) production for the Western Market economy. Secondly, its programmes in Africa are meant for building on the best, because the Bank's programmes do not challenge the existing systems of stratification and inequality prevailing in many of the African nations. Instead, its assistance and developmental measures in Africa help the creation of a new system of inequality based on new method of production and marketing system. For example, in Malawai the Bank supported measures transformed the communal ownership into private ownership in the Lilongue development programme. The Bank believes that private ownership of land would act as an incentive for the overall development of land and for better rate of growth in the agricultural productions. The Bank argues that private system of ownership will give security of tenure and encourage investment to improve the land. But it is not private ownership that is harmful, but what is harmful is how far private ownership is corroborated with equality and social justice. Private ownerships holds good if it is aimed at equality, in possession and distribution otherwise it should be repudiated in toto in favour of equality and Social justice. Because private ownership, minus equality and Social justice, breeds a system of stratification based on the inequality. The resultant effect will be the creation of a new class of rich agricultural cultivators and this class for their sustenance will be dependent on the external sources of help and on the western markets for the marketability of their products.

ii) <u>Industry and Manufacturing:</u>

Africa is the only continent which is least developed in industrial and manufacturing products. Though the continent is rich in industrial raw materials like chromium, platinum, cobalt, copper, diamond, iron, coal etc. it is still lagging far behind in industrial development. It's raw materials instead of serving the industrial development of Africa are now being utilized for the industrial development of the already industrially developed western nations. It is in this context of the industrial scene in Africa, the role of the World Bank in the African industrial development is to be analysed. In the third chapter it has been seen that the Bank's assistance for the industrial development in Africa is negligible. Whatever assistance it has provided has helped only in providing public subsidies for private profit and in fostering the development of a class of local capitalist class or indigenous enterpreneurs.

In the same chapter it has also been discussed that the Bank's industrial policy in Africa place much more emphasis on the processing of raw materials for export purposes, developing industries for export purposes in order to reduce import substitution, providing fiscal incentives to foreign investors and to reduce direct governmental controls.

In many of the African nations' economies the manufacturing sector plays little role for pushing the overall growth rateof the economy. In 1960-70 period the average annual growth in manufacturing was 8.2 percent 1970-80 the growth rate had declined to 4.1 percent and in 1982 and 1983 the growth rate was negative.[17] The share of manufacturing in the GDP was aound five to seven percent in 1984-85 which remains constant since 1960. In 1980, industry contributed less than 5 percent to the gross domestic products (GDP) in 10 African countries (Chad, Djibouti, Botswana, the Gambia, Guinea, Lesotho, Sieraleone, and Zaire) around 10 percent in 30 countries (Burundi, Central African Republic, Mali, Somalia, Tanzania, etc.) and 15 percent and more in rest of the countries (like Zimbabwe, Kenya, Senegal, Nigeria,

17. See Appendix No.11

Ghana etc.).[18] From the above it has been seen that the role of the industrial structure in the African economic development is far behind. In this respect the Bank has played little role for fostering the industrial development of Africa.

The Bank sponsored industrial development in Africa has helped only in providing public susidies for private profit and in fostering the development of a local capitalist class. As a result the domestic manufacturing enterprises are opened to international competition. Secondly, Bank's emphasis on private enterprises and private commercial investments provided enough scope for the rise of a local capitalist class. This class would grow in alliance with the international capital rather than in opposition to it. Thus the industrial development in Africa is dependent on the international capital and on the interests of the western monopolies. As the World Bank's capital is borrowed largely from the western monopolies, (discussed in the 2nd Chapter in the organization structure of the World Bank), so it is obvious on its part to demand for free enterprises, removal of import restrictions widescope for foreign investments, subsidies for private foreign investments etc.

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18. See Appendix No.10

Mining:

Likewise in the mining sector, also, the beneficiaries of the Bank-sponsored projects are the private agencies and the giant multi-nationals.

In 1960 the Bank's loan to Mauritania for exploration of iron-ore largely went to the MIFRMA concortium composed primarily of European steel producers; in 1971 the Bank sanctioned a loan to Se piviere copper nickel, of which the chief share holders are American Metal Climax (AMAX) and the Anglo-American Company of South Africa.[19] In the field of oil and gas the Bank's assistance is confined mainly to production rather than exploration because the latter involve risk of capital. However, this policy was modified slightly in 1979. Despite of of its changed policy its financial assistance is confined mainly to a small portion of this sector and the remaining come from foreign investors and producing nations. From the involvement of the Bank in this sector it can be seen that it stepped up its activities for oil and gas production only after 1977, because it considered petroleum production in most developing countries as uneconomical and secondly, supplies from the low cost

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19. Payer, Cheryl: The World Bank, A critical Analysis op.cit. p.160

sources, middle-east and other OPEC producers, were abundant.

In the mineral sector also, the African nations are dependent on the world Bank aid and on the other western consortiums for technological skill, instrumentation, etc. for production and explorations.

iii) Infrastructural Development

The same lopsided and dependent development is also marked in the Bank's highly emphasised infrastructural development (transportation, communication, power etc.) in Africa. Railroads, ports, airports and high ways are the type of projects financed by the Bank in Africa. Though infrastructural development is necessary for development and modernization the way the Bank deals with those projects deserve criticism.

Many of the African nations are lacking in the basic infrastructural facilities - roads, highways, rail roads, ports, etc. The World Bank in its policy is giving special emphasis on the infrastructural development of Africa. During the colonial periods in Africa, the systems of transportation was used as a means to supply raw materials to the metropolis and to resupply the finished products of the metropolis to the colonies, thus giving rise to a system of interaction based on dependent relationship. The pattern of transportation development of colonial Africa has not been significantly altered in post-colonial periods. It has been seen in the third chapter, that the Bank assisted infrastructural development project in Africa are aimed at tying the productive areas of Africa (prices & raw materially developed areas, agriculturally developed areas, etc.) with the western market economy through the system of ports, highways, etc. while remaining areas for the most part remain totally separate from one another. One of the Bank's sector working paper on transportation states that: 'Transportation is a necessary concensistent of the exchange economy and is indispensable to economic growth, where there is no transportation, economic activity is restricted to hand-to-mouth subsistence levels. Specialization and the generation of surpluses for exchange on the basis of comparative advantage are not possible without the capability to move resources and goods from one place to another.[20]

Rail roads, ports, air ports and highways are the type of projects financed by the Bank in order to promote the neo-colonial type of development. The Bank

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20. Payer, Cheryl op.cit pp.88-89

argues that through roads and highway development there would be effective integration of economic-social and administrative unit of a country.

But the role of the World Bank in Africa, as examined in the Third Chapter, clearly reveals that in reality the Bank's infrastructural development programmes in Africa are aimed at facilitating the extraction of agricultural and mineral surplus and the destruction of subsistence African agriculture. These type of projects, also provide enough outlet for the penetration of western produced manufactured consumer goods, thus making the domestic household industries unviable. These projects (Railways, air ports, ports, etc.) are heavily capital intensive requiring expensive imported capital equipment produced mostly by the Western capitalist and other developed capitalist nations. As a result the World Bank sponsored infrastructural development projects instead of facilitating the development of the African nations have in turn facilitated their dependent development and the development of the already developed western capitalist nations.

As the Bank's policies are determined and devised by the western monopoly capital and the economic thinking of its top executives (discussed in the Ist chapter), so naturally the criterion of efficiency of Bank's project and economic policy can't always serve as a yard-stick to actual progress made by the African countries nor can they say what policies the Affican nations should follow for their own best interests.

It is maintained that the recommendations of the World Bank are purely technical in nature and have nothing to do with ideological issues. It can be said that no issues are purely technical. Because every issue arises as a result of the interactions between socio-economic and political factors.

But in this situation the Bank's task are concentrated on financial and monetary issues and how to achieve growth and development, and the policies and measures that are needed to achieve all these objectives. In its stabilization measures, it lays its emphasis on public investment policies, increasing government revenues, diversification of exports, and incentives for agricultural production and private investment.

The concern for increasing the government revenues arises from its desire to reduce government deficits. The hopes for increase in private investment depend largely on the somewhat unlikely hypothesis that the private sector will have confidence in the final outcome of stabilization programme and would invest with a renewed feeling of certainty; by import liberalization measures, greater availability of spare parts and raw materials will be achieved and through this measure, there is greater likelihood that foreign firms will be able to repatriate their pofits.[21]

But the monetary, financial and stabilization measures, followed by the bank, are not themselves the solution to the problems. What is needed is to know how and why the problems are arising. Without taking these into account the Bank goes on emphasising policy changes in the recipient African countries, and the financial and technical assistances in support of these measures.

Secondly, the adverse effects of the stabilization measures followed by the Bank are many: demand and availability of credits are reduced; import liberalization reduces protection from foreign manufactured goods; devaluation and price control increases cost and many redistribute income in favour of the rich, thus, further reducing demand and widening the gap between the rich and poor.[22]

Thirdly, the Bank's project design and project

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21. Hayter, Teresa: Aid as Imperialism, U.K.Penguin, 1971, pp.157-158.

22. Ibid.

implementations are an exercise in economics divorced from political, sociological and cultural factors. Poverty is simply quantified, technical and statistical datas are paraded and the poor are spoken in para-military terms such as the target population, etc.[23]

Thus, the programmes of the World Bank have rarely been development oriented in the African context and the third world context at large. The common result is recession, decelerating growth in the economy, widening the inequalities and political crisis and in building up a dependency relationships between the African nations and monopolist capitalist countries of the west.

23. Collins & Lappe: 'Whom Does the World Bank Serve?' Economic & Political Weekly, Bombay, May 12, 1979

CHAPTER V

CONCLUSION

From the analysis of the World Bank's role in Africa it has been seen that its role instead of fostering African development has in turn provided impetus for sustaining its present backwardness and strengthening its dependency relationships with the Western capitalist nations.

The Bank as a sponsored institution of the developed capitalist nations is working to advance their interests, aims and objectives. To that end, its investment, assistance and policy advice in the African context are only to promote and safeguard the interests of its sponsors. The reports of the Bank, while providing a general policy outlines of the Bank towards its member countries, do not at the same time make clear the assumptions on which the reports' economic projections and proposals are based and the effects of reports' assumptions on a number of issues. These do not suggest alternative ones when they propose a set of policies for implementation by the government concerned.

The circumstances of the Bank's origin and its functioning indicate that it has remained faithful to its status, in its concern to promote foreign private investment due regard is paid to business conditions in its members' territories. The World Bank is not the real actor in the African situations rather the representative of the actors like the MNCs and of the capitalist world at large. The various aid systems of the Bank - multilateral, aid consortium etc. - as such raise no question but when they are dominated by the imperialists and capitalist powers and monopolized by them there arises many important questions. As Mao Tse-Tung had said 'the sugarcoated bullets of the bourgeoisie' are likely to prove more fatal to revolutions than real bullets. The World Bank's role in the African situation is like an outside money-lender who is concerned only with its investments and the profits to be earned from the investment.

The Bank is concerned only with transforming the profit of its investments from Africa to the western nations, because its organisational structure is fully dominated by the western capitalist nations and its capital stocks are borrowed from the monopoly capitalists. This type of investment activity of the Bank in Africa must lead to a siphoning off of resources to external sources of capital and commercial suppliers. The siphoning off by the monopolies of value created in Africa naturally will lead to stringent exchange controls against the movement of currencies within the region and against interstate trade, and freezing the fund allocated for developmental activities. The World Bank's role in Africa has opened up to foreign investors avenues to make quick profits on their investment. As a result, the natural tendency of foreign investors in Africa has been to invest in high profit sectors of the African economies. The profits from these sectors are sent back to metropolitan banks or to their home offices. This practice of outflow of capital from the African economies to the developed capitalist economics in the form of repatriated profits, royalties, interests, etc. prevent domestic capital formation. This will reduce the rate of investment and savings in the economies of Africa, and generate unemployment etc., thus producing a chain effect of reactions. The World Bank's only concern in Africa is, thus, to raise profit-oriented projects without ever concerning itself whether the projects are of any benefit to the Africans or not. In this context the World Bank's role can best be viewed as serving the economic interests of a handful of big companies and capitalists in the colonial metropole at the expense of the African economic interests.

The World Bank has never tried to create growth pole centres (e.g. the Sao Paul of Brazil in Latin America) within African economy. Growth pole centres have the effect of spreading the economic growth rate towards the surrounding regions, while autonomously developing itself by utilizing the local raw materials, labor skills etc. These sort of centres will be an example for autonomous national development in Africa. The growth pole centres will have the effects of creating their own local national and international markets; developing ancilliaries and subsidiary centres of development in various activities and thus producing a chain effect of development. The role of the World Bank in Africa has oriented none of the African cities or areas to that end. Rather its role has the effect of sustaining colonial system of Satellite economies, whose primary function is the production of one or a few cash crops and raw materials for export to the colonial metropolies. As a result of the World Bank's role, the present day economies of many African countries are characterized by a lop-sided dependence on the export of raw materials, and the import of manufactured goods from the metropoles. As a result the deformed development that has taken place due to the World Bank's role has rendered the economies of present day African nations highly dependent on external economic interests and has made their balanced development extremely difficult.

Thus, the World Bank's plan of development is totally inapplicable for the development of Africa. Its plan for development is totally different from the Lagos plan. This has been explicitely stated in the Lagos plan of Action (LPA)[1]. The Lagos Plan of Action formulates the economic policy for Africa by declaring that the African nations should achieve economic independence' through collective self-reliance and South-south cooperation by 2000 AD.[2] The basic underlying declarations of the LPA are to increase the food production and the rate of industrialisation and to achieve regional economic cooperation. For this sake the LPA calls for to increase the rate of investment for food production and streamlining its Marketing sector; to develop capital goods industries and reduce reliance on imports; to develop and and enlarge the small national markets through regional cooperation in order to reduce the dependence on world markets.

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1. Ist ever economic Summit Conference of the OAU, held in Lagos, Nigeria, in April 1980.

2. Ramchandani, R.R.:'Economy Lagos Plan of Action' World Focus: New Delhi, Vol.4, no.2, Feb.1983,p.23.

As against the LPA, the World Bank plans and programmes for Africa emphasises on the World Market economy and that African countries should orient their policies to world markets. This imply that the Bank is still clinging to the old theorem of metropole-satellite relationships, i.e. African nations can only be developed by linking their economies to the world market economy.

Secondly, the Bank's policies are oriented more toward agricultural development of Africa than toward their industrial development, i.e. no emphasis on balanced development. In the agricultural sector the Bank emphasises on export oriented single cash crops agriculture without ever bothering whether this type of agricultural system is fulfilling the African needs or not.

Thirdly, the Bank's policies are oriented toward privatization of the African economies, opening the outlets for foreign private investments, the multinationals etc.

All these signify that the LPA and the Bank's plan of actions are far removed from each other not only in policy perspectives but also in the diagnosis of the conomic crisis.

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3. ibid

In this case the Bank is an obstacle to the autonomous national development of the third world nations. Secondly, the Bank's role in the African nations very much depends on the nature of their international class structure, because the dependency of a nation on external help depends on its internal class structure. 'The class basis of a government, determines both its choice of an external economic strategy, and the strength of its will to carry through its chosen strategy ... , conversely a revolutionary government will find it necessary notably to restrict its ties with the outside world but also to repress or destroy those classes which are the allies of its external enemies. In this context the dependence of a government on the international financial institutions like the World Bank ... is determined to a great degree by its internal class structure and the external environment.

So what is needed is, first, the restructuring of the internal class relations towards a more classless framework within the African nations. The studies show that African nations with socialist orientation, Ethiopia, Zimbabwe etc. have shown higher growth rate in their economic sectors than countries with non-socialist orientations.

Secondly, to delink from the World Bank's aid process, barring the entry of MNC and TNCs to the African nations. World Bank itself is not the only source of funding to Africa, there are other sources which can be achieved through regional economic integration and cooperation with the neighbours and socialist nations. However, this cannot be achieved unless the internal class relation within the African nations has been restructured.

Thirdly, the economic unification[4] of Africa is absolutely essential if Africa is to break free of its present dependency on western capitalism and satisfy the aspirations of its people.

4. Green and Seidman emphasis on this aspect: quoted from R.Harris, 'Introduction' in R.Harris ed. Political Economy of Africa, Massachusets, 1975, p.41.

APPENDIX NO.1.

IBRD Till June 30,1985

Leading Members	Subscriptions Share expressed in thousand dollars	% of total	Expressed in SDRS	Valuing Power No. of Votes	% of total
USA	123177	20.90	12317700	123427	19.70
Japan	40830	6.90	4083000	91080	6.56
U.K.	35376	6.00	3537600	35626	5.69
FRG	34347	5.83	3434700	34597	5.52
France	34260	5.81	3426000	34510	5.51
Canada	21782	3.70	2178200	22032	3.52
Italy	19842	3.37	1984200	20092	3.21

Source: World Bank : Annual Report, Washington, D.C., 1985, pp 200-3.

APPENDIX NO.2

Shares of the major IDA donors (1961-84)

% of total contribution

Countries	Initial	IDA-1	2	3	4	5	IDA-6	IDA-7
USA	42	42	38	39	33	31	27	
UK	17	13	12	13	11	11	10	
France	7	8	8	6	6	5	5	
FRG	7	10	9	10	11	11	23	
Canada	5	6	6	6	6	6	4	
Japan	4	6	5	6	11	10	15	
Italy	2	4	4	4	4	4	4	
Nordic Groups	4	4	10	7	7	7	6	
OPEC	1	-	-	-	1	8	6	
Others	11	7	8	9	10	7	10	
Total:	100	100	100	100	100	100	100	

Source: World Bank, <u>IDA - Retrospect and Prospect</u> N.Y.Oxford Publ. 1982, p.6 and World Bank Annual Report, 1985 p.22

APPENDIX No.3

Summaries of Projects approved

IBRD and IDA Cumulative Lending operations, By Borrower or Guarantor, June 30, 1985
(amounts in Millions of US Dollars)

Borrower or Guarantor	IBRD Loans		IDA Credits		Total	
	Number	Amount	Number	Amount	Number	Amount
Benin	-	-	21	213.6	21	213.6
Botswana	17	232.2	[illegible]	15.8	23	248.0
Burkina Faso b.h	-	1.9	28	315.5	28	317.4
Burundi	1	4.8	24	213.7	25	218.5
Cameroon	34	718.4	15	253.0	49	971.4
Capeverde	-	-	2	11.2	2	11.2
Central African Republic	-	-	10	87.2	10	87.2
Chad b	-	-	13	78.5	13	78.5
Comoros	-	-	7	32.6	7	32.[illegible]
Congo	6	111.7	8	74.6	14	186.3
Djibouti	-	-	5	25.4	5	25.4
East African community d	10	244.8	-	-	10	244.8
Eastern African Regions d	-	-	1	45.0	1	45.0
Equatorial Guinea	-	-	4	19.7	4	19.7
Ethiopia	12	108.6	36	771.1	48	879.7

contd...

Appendix No.3 contd...

Gabon f	6	69.3	-	-	6	69.3
Gambia	-	-	12	56.3	12	56.3
Ghana g	17	490.8	-	-	17	490.8
Guinea	3	75.2	17	219.2	20	294.4
Guinea-Bissau	-	-	7	68.9	7	68.9
Ivory coast g, h	44	1480.3	1	7.5	45	1487.8
Kenya	46	1200.00	31	702.8	77	1902.8
Lesotho	-	-	15	98.9	15	98.9
Liberia	21	156.0	14	114.5	35	270.5
Madagascar i	5	32.9	30	493.3	35	526.2
Malawi	7	99.6	32	497.7	39	547.3
Mali b,h	-	1.9	30	336.4	30	340.3
Mauritania	2	126.0	19	116.1	21	242.1
Mozambique	-	-	1	45.0	1	45.0
Niger b	-	-	23	243.1	23	243.1
Nigeria	55	2692.7	2	35.5	52	2728.2
Rwanda	-	-	24	234.7	24	234.7
Sao Tomo & prinipe	-	-	1	5.0	1	5.0
Senegal b,h	19	164.9	33	372.6	52	537.5
Sierra Leone	4	18.7	11	110.8	15	129.5
Somalia	-	-	28	247.5	28	247.5

contd....

Appendix No.3 contd...

South Africa	11	241.8	-	-	11.	241.8
Sudan	8	166.0	36	910.4	44	1076.4
Swaziland	11	75.8	2	7.8	13	83.6
Tanzania	1[illegible]	318.2	55	833.3	73	1151.8
Togo g	1	20.0	21	243.7	22	263.7
Uganda	1	8.4	23	561.7	24	570.1
Western African Region	1	6.1	2	47.0	3	53.1
Zaire	6	220.0	39	653.5	45	873.5
Zambia	28	679.1	11	182.6	39	861.7
Zimbabwe o,n	14	487.1	3	53.9	17	541.0

Note: Joint IBRD/IDA operations are counted only once, as IBRD operations when more than one loan is made for a single project, the operation is counted only once. Details may not add to totals because of rounding.

b. One IDA project, in fiscal year 1974, for drought relief is shared by the following countries: Chad $2 mln; Mali $ 2.5 mln. Mauritania$2.8 mln

d. Jointly guaranteed by Kenya, Tanzania and Uganda

e. The credit is shared equally, in amounts of $ 15 mln. each, by Burundi, Rwanda and Zaire.

contd....

Appendix No.3 contd...

b- One IBRD loan of $7.5 mln. in fiscal year 1954, is shared in amounts of $ 1.875 mln. each by Ivory coast, mali, Senegal, and Burkina Faso, but is counted as one operation, against Ivory coast. One IBRD loan of $ 23 mln, in fiscal year 1978, is guaranteed by Ivory coast and Burkina Faso, but is counted as one operation against Ivory cost.

f- One IBRD loan of $ 35 mln, in fiscal year 1959, is jointly ~~[illegible]~~ guaranteed by peoples Republic of Congo, France and Gaben.

g- Of the one IBRD project, of $ 60 mln., in fiscal year 1976, $ 49.5 mln. has been lent to CIMAO and is jointly guaranteed by Ghana, Ivory Coast and Togo. The remaining amount of $ 10.5 mln. has been assigned in equal shares to each of the three countries. The operation is counted only once, against G Togo. Two IDA credits in fiscal year 1983 - one of $ 9.3 mln. to Ghana and one of $ 5.7 mln. to Togo - for the restructuring of CIMAO are counted as one operation against Togo

i- The IDA credits include an amount of $ 45 mln for the sixth Highway project approved in fiscal year 1983. In fiscal year 1984, $ 20 mln. of this amount.

Appendix No.3 contd...

was transferred to the Special Fund administered by the International Development Association.

l- One loan of $ 6.1 mln. and one credit of $ 14 mln. in fiscal year 1983, counted in one operation, and one credit of $ 3 mln. in fiscal year 1980 are to the West African Development Bank (BOAD), the regional development bank of the West African Monetary union (UMOA), which is a monetary union of six francophone states - Benin, Ivory Coast, Niger, Senegal, Togo and Burkina Faso. One credit of $ 30 mln in fiscal year 1984 is shared in equal parts by Benin and Togo, and is counted as one operation.

m- Includes one IBRD loan of $ 80 mln. made in fiscal year 1956 to Northern Rhodesia (Now Zambia) and Southern Rhodesia (now Zimbabwe), at the time of Central African Federation and before independence, and one IBRD loan of $ 7.7 mln made in 1968 to (Souther) Rhodesia and newly independent Zambia. Both loans are assigned in equal shares to Zambia and (Southern) Rhodeisa, but are noe xounted only once, against Zimbabwe. The loans are guaranteed by the U.K. Zambia and Zimbabwe.

contd...

Appendix No.3 contd....

n- Includes three IBRD loans, made in 1952, 1958 and 1960 and totaling $ 43.1 mln. to (Southern) Rhodesia (now Zimbabwe). The loans were guaranteed by the United Kingdom and have been repaid

Source: World Bank: Annual Report, 1985, pp 166-69

APPENDIX No.4

Summaries of Projects Approved

Bank and IDA cumulative lending operations, by major purpose and Region, June 30, 1985

(Millions of USA Dollars)

Purpose s	IBRD Loans to borrowers by region		IDA credits to borrowers by region	
	Eastern & Southern Africa	Western Africa	Eastern & Southern Africa	Western Africa
Agriculture and Rural Development				
Agricultural credit	30.0	253.5	219.5	56.1
Agricultural Sector loan	5.6	9.0	87.5	6.5
Agro industry	-	-	293.5	-
Area development	155.5	933.9	626.8	504.5
Fisheries	-	-	65.6	1.3
Forestry	70.0	97.3	119.8	54.3
Irrigation & drainage	78.2	32.0	441.2	167.2
Livestock	22.5	32.6	206.2	100.0
Prennial Crops	57.4	445.8	150.6	186.5
Research & extention	13.1	-	71.3	19.5
Total	432.3	1804.1	2262.4	1063.9

Appendix No.4 contd...

Development Finance Companies	324.9	239.3	285.9	76.3
Education	157.1	155.6	698.4	323.6
Energy: Oil, gas & coal	35.7	131.5	172.6	92.5
Power	997.1	571.0	300.9	145.5
Total:	1032.8	702.5	473.5	238.1
Industry Engineering	-	-	4.3	-
Fertiliser & other chemicals.	-	-	4.0	21.0
Industrial sector loan	-	20.0	-	-
Iron & steel	-	20.0	-	-
Mining & other extractive	212.5	191.0	13.5	7.4
Paper & Pulp	36.4	12.0	50.0	-
Textiles	63.0	-	20.0	-
Total:-	311.9	223.6	91.8	35.3

contd....

Appendix No.4 contd...

Non project	412.9	510.7	562.5	305.2
Population Health & Nutrition	11.0	34.0	148.1	53.3
Small scale Enterprises	-	140.7	19.2	63.5
Technical assistance	6.0	87.0	152.0	159.3
Tourisms	17.0	37.5	14.0	4.0
Telecommunications	198.9	61.8	141.6	44.6
Transportation.				
Airlines & airports	49.0	10.0	9.0	5.0
Highways	455.3	939.4	1127.4	741.3
Pipelines	-	-	-	-
Ports & waterways	91.1	194.8	170.2	110.5
Railways	490.2	183.8	158.0	129.6
Transportation sector	36.6	25.0	15.0	-
Total:-	1122.2	1353.0	1479.6	986.4

contd....P

Appendix No.4 contd....

Urban Development	126.0	132.8	152.3	88.4
Water supply and sewarage	161.2	367.5	215.6	113.3
Total:-	4314.2	5850.1	6596.9	3560.2

a) Operations have been classified by the major purpose they finance, many projects include activity in more than one sector or sub-sector.

Source: World Bank: <u>Annual Report</u>, 1985, p.164

APPENDIX No.5

Lending to Borrowers in Eastern and Southern Africa, by Sector, Fiscal 1976-85

(Millions of US Dollars)

Sector	Annual Average 1976-80	1981	1982	1983	1984	1985
Agriculture and Rural Development	187.2	254.3	177.6	315.6	166.8	225.6
Development Finance Companies	49.9	15.0	92.5	79.9	48.3	50.0
Education	44.1	161.2	61.0	81.8	15.4	85.0
Energy Oil,gas and Coal	9.7	-	35.7	26.0	53.0	25.1
Power	58.0	10.0	19.0	149.5	189.6	41.1
Industry	25.6	4.0	4.0	29.3	75.0	6.4
Non project	47.5	217.0	70.0	130.9	145.0	45.0
Population Health & Nutrition	-	-	23.0	6.8	13.8	3.5
Small-scale enterprises	2.0	-	5.2	-	-	-
Technical Assistance	5.3	40.4	30.7	6.0	26.6	27.8
Telecommunications	4.0	15.2	71.7	22.0	-	72.6
Tourism	6.2	-	-	-	-	-
Transportation	115.9	133.0	83.2	169.3	375.3	134.9

contd...

Appendix No.5 contd...

Urban Development	18.2	15.0	-	49.0	55.8	20.0
Water supply and sewerage	33.1	9.0	41.0	63.7	22.0	49.0
Total:-	606.8	874.1	714.6	11298	1186.6	786.0
Of which:						
IBRD	221.3	304.0	107.9	326.6	445.2	74.5
IDA	385.5	570.1	606.7	803.2	741.4	711.5

Note: Detail may not be add to totals because of rounding.

Source: World Bank: <u>Annual Report</u>, 1985, p.86

APPENDIX No.6

Lending to Borrowers in Western Africa, by sector, Fiscal 1976-85.

(Millions of USA Dollars)

Sector	Annual average 1976-80	1981	1982	1983	1984	1985
Agriculture & Rural Devp.	172.4	409.8	288.9	104.6	503.5	124.4
Development Finance Companies	24.6	-	19.0	140.1	-	9.3
Education	29.2	22.4	19.7	58.5	9.5	34.0
Energy, Oil, gas and coal	1.0	15.5	114.0	36.0	51.0	2.6
Power	36.3	61.5	100.8	24.0	30.0	15.5
Industry	12.0	5.7	20.0	19.7	21.9	-
Non-Project	-	60.0	150.0	80.0	326.7	119.2
Population, Health and Nutrition	-	-	-	15.0	16.7	60.6
Small scale enterprises	20.8	28.0	16.0	15.0	41.0	-
Technical Assistance	5.3	66.3	26.0	26.0	53.9	47.7

contd....

Appendix No.6 contd...

Telecommunications	1.0	-	38.0	-	-	-
Tourism	6.4	-	-	-	-	-
Transportation	165.5	264.1	115.5	96.8	88.4	275.0
Urban Development	16.4	-	61.0	20.0	29.2	22.0
Water supply & Severage	37.0	5.0	110.0	31.5	10.9	101.0
Total:	527.9	938.3	1086.9	664.2	1181.7	811.2
Of which						
IBRD	322.1	554.8	853.8	236.5	710.2	419.1
IDA	205.8	383.5	233.1	427.7	471.5	392.2

Source: World Bank: Annual Report, 1985 p.94

Appendex No.7

LDA Commitments by Sector, 1961-82 (Mlns. of dollars)

Countries	Agriculture & Rural Devp.	Development Finance Companies	Education	Energy	Industry	Non Project	Population Health & Nutrition	Technical Assistance & Tourism	Telecommunication	Transport	Urbanization	Water supply & Sewerage	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Chad	50.1	-	13.2	-	-	-	-	-	-	15.2	-	-	78.5
Ethiopia	207.8	41.0	84.7	-	-	-	-	-	37.4	102.2	-	-	473.1
Somalia	58.5	5.0	29.5	6.0	-	-	-	3.0	-	49.4	-	21.0	172.4
Guinea Bissau	-	-	-	6.8	-	-	-	-	-	9.0	-	-	15.8
Mali	72.8	8.0	15.0	3.7	-	-	-	6.5	17.1	78.8	12.0	-	213.9
Burundi	52.6	8.6	25.0	-	4.0	-	-	4.0	7.7	44.4	15.0	1.1	162.4
Rwanda	64.4	9.2	18.0	-	-	-	-	5.0	7.5	69.0	-	-	173.1
Upper Volta	93.4	4.0	16.9	-	-	-	-	-	22.3	83.0	8.2	-	227.7
Zaire	83.2	75.0	27.5	19.0	-	-	-	7.9	-	156.0	-	39.5	407.1

contd....

Appendix No.7 contd...

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Gambia	5.4	3.0	5.5	1.5	-	-	-	4.0	-	16.0	-	-	38.4
Sierre-leone	29.8	-	10.3	13.2	-	-	-	2.5	-	13.5	-	-	69.3
Tanzania	282.6	6.0	71.2	50.0	50.0	65.0	-	43.0	27.0	87.2	20.5	4.0	706.5
Guinea	34.9	19.0	8.0	29.6	-	-	-	-	-	27.0	-	12.5	131.0
Central	2.5	-	4.8	-	-	-	-	4.0	-	46.5	-	-	57.8
African Republic	5.2	-	6.0	-	-	-	-	-	-	11.3	-	-	22.5
Equatorial Guinea	-	-	-	-	-	-	-	-	-	2.0	-	-	2.0
Uganda	10.4	35.0	17.3	-	4.0	142.5	-	8.0	[illegible]	46.6	[illegible]	9.0	[illegible]
Benin	31.3	10.0	18.0	9.8	-	-	-	1.7	-	77.4	-	5.0	153.2
Niger	91.6	21.0	21.5	-	-	-	-	-	5.2	45.2	-	-	184.5
Sudan	323.0	11.0	18.5	88.0	-	65.0	-	10.0	-	136.0	-	-	651.5
Ghana	70.5	19.0	-	26.1	-	-	-	-	-	78.5	-	13.9	208.0
Lesotho	11.6	6.5	21.5	-	-	-	-	-	-	33.4	-	17.9	120.5
Mauritania	22.8	8.0	9.5	3.0	-	-	-	6.2	-	24.7	-	-	74.2
Djibouti	-	-	-	-	-	-	-	3.0	-	-	-	-	3.0

contd....

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Malawi	96.4	-	73.4	20.8	2.0	-	-	-	-	65.5	-	11.0	269.1
Togo	43.5	-	11.0	2.0	5.7	-	-	5.7	-	48.2	-	-	116.1
Kenya	243.6	19.0	76.1	-	-	55.0	35.0	4.5	-	62.1	33.0	-	519.3
Senegal	107.1	2.5	39.0	3.3	-	30.0	-	11.6	-	50.3	8.0	2.5	254.3
Liberia	41.7	4.0	7.2	-	-	-	-	-	-	2.6	10.0	8.0	73.5
Zambia	31.5	-	25.0	-	-	-	-	5.0	-	26.3	-	-	87.8
Zimbabwe	-	-	-	-	-	15.0	-	-	-	-	-	-	15.0
Former IDA Recipients													
Cameroon	119.2	3.0	20.7	-	-	-	-	14.5	-	95.6	-	-	253.0
Swaziland	-	-	5.0	-	-	-	-	-	-	2.8	-	-	7.8
Congo	5.6	-	4.0	5.0	-	-	-	-	-	60.0	-	-	74.6
Botswana	1.7	-	-	-	2.5	-	-	-	-	5.6	3.0	3.0	15.8
Nigeria	-	-	20.0	-	-	-	-	-	-	15.5	-	-	35.5
Ivory Coast	-	-	-	-	-	-	-	-	-	7.5	-	-	7.5

(a) Include Small scale enterprises.

Source: World Bank, LDA Retrospect, NY, Oxford Publ. 1982 pp 98-99

APPENDIX No.8

IDA Disbursements (mln.U.S.A. dollars)

Countries percapita below $731	1961-65	1966-67	1971-76	1977	1978	1979	1980	1981	1982	1961-82 Cumulative
1	2	3	4	5	6	7	8	9	10	11
Chad	-	0.3	12.8	7.2	7.0	9.6	1.2	0.2	-	38.3
Ethiopia	3.8	17.4	64.7	37.3	26.9	43.8	33.4	33.5	27.4	288.2
Somalia	-	5.5	25.6	9.6	8.3	8.3	8.7	15.5	17.1	98.6
Guinea Bissau	-	-	-	-	[illegible]	[illegible]	4.[illegible]	4.8	[illegible]	11.1
Mali	-	5.6	39.6	11.7	15.7	15.6	19.6	19.2	17.1	144.1
Burundi	-	0.9	2.8	1.9	4.8	10.1	9.9	10.5	15.0	55.9
Uppervolta	-	-	15.3	18.4	14.9	18.3	15.0	10.3	8.1	90.3
Zaire	-	0.3	43.8	20.5	32.4	29.0	21.0	18.1	27.3	192.4
Gambia	-	-	4.8	0.7	1.2	5.1	3.4	4.9	3.6	21.7
Sierraleone	-	-	10.9	1.9	3.3	9.5	1.8	2.4	4.1	33.9
Tanzania	2.3	26.5	59.3	27.0	38.7	31.6	33.2	58.2	98.6	377.4
Guinea	-	-	0.4	3.4	8.3	6.8	7.4	11.5	11.5	49.3

contd.....

Appendix No.8 contd....

1	2	3	4	5	6	7	8	9	10	11
Central African Republic	-	0.1	8.7	0.6	0.9	3.5	10.6	3.9	5.3	33.6
Comoros	-	-	-	-	-	1.2	2.4	1.6	0.7	5.9
Rwanda	-	-	18.0	10.7	4.1	9.3	10.7	9.6	12.5	74.9
Equatorial Guinea	-	-	-	-	-	-	-	-	-	-
Uganda	-	11.0	24.6	1.6	1.2	1.6	1.2	3.9	33.0	78.1
Benin	-	0.3	21.3	7.3	3.3	3.6	13.0	16.5	9.8	75.1
Niger	-	3.1	15.5	3.4	8.4	10.1	13.3	16.9	13.2	83.9
Sudan	7.7	4.6	36.6	35.3	34.1	28.7	32.2	42.2	85.6	307.0
Ghana	-	8.4	37.0	17.2	21.7	5.6	4.4	5.2	16.5	116.0
Lesotho	-	4.1	4.2	2.9	4.3	2.4	3.4	6.2	7.1	34.6
Mauritania	-	4.4	8.9	6.9	5.8	4.9	4.6	4.0	6.8	46.3
Djibouti	-	-	-	-	-	-	-	-	-	-
Malawi	-	10.9	50.4	10.6	12.3	20.0	15.0	13.7	25.0	158.3
Togo	-	1.2	7.2	5.3	4.7	8.1	9.8	10.1	10.3	56.7
Kenya	0.1	29.7	51.4	13.2	18.5	22.7	17.7	68.8	15.6	237.7

contd....

Appendix No.8 contd...

1	2	3	4	5	6	7	8	9	10	11
Liberia	-	-	5.1	3.1	3.0	4.0	5.1	6.3	6.7	33.3
Zambia	-	-	-	-	-	-	1.2	1.6	4.2	7.0
Zambabwe	-	-	-	-	-	-	-	11.0	3.1	14.1
Senegal	-	7.7	37.4	10.7	7.8	15.1	12.9	30.8	31.1	153.5
Former IDA Recipients										
Cameroon	-	6.7	48.7	21.8	22.0	19.3	17.7	25.6	34.0	195.8
Swaziland	2.8	-	0.1	0.4	2.6	0.8	0.2	0.3	0.5	7.7
Congo	-	0.5	15.5	2.1	1.4	0.7	0.4	10.4	11.7	42.7
Botswana	0.2	3.4	8.6	1.2	0.8	0.4	0.1	-	-	14.7
Nigeria	-	16.6	15.9	1.5	1.3	-	-	-	-	35.3
Ivory Coast	-	-	2.1	2.7	2.7	-	-	-	-	7.5

Source: World Bank

IDA Retrospect, New York, Oxford Publ. 1982 pp 96-97

APPENDIX No.9

Growth of Production

Countries	Gross Domestic Product (GDP) GDP Average Annual Percentage Growth Rate 1960-70[1]	1970-80[2]	GDP Million dollars 1960	1980[b]	Gross National Product GNP Per Capita Average Annual Growth Rate 1960-80	1983 (dollars)
Chad	0.5	-0.2	180	500	-1.8	
Ethiopia	4.4	2.0	900	3690	1.4	120
Mali	3.3	4.9	270	1410	1.4	160
Somalia	1.0	3.4	160	1130	-	250
Guinea Bissau	-	3.0	-	140	1.0	180
Burundi	4.4	2.8	190	790	2.5	240
Rwanda	2.7	41.	120	1120	1.5	270
Uppervolta	3.0	3.5	200	980	0.1	180
Zaire	3.4	0.1	130	6160	0.2	170
Gambia	5.4	2.7	18	130	1.7	290
Sierraleone	4.3	1.6	-	930	Neglible	330
Tanzaina	6.0	4.9	550	4350	1.9	240
Guinea	3.5	3.2	370	1670	0.3	300
Central African Republic	1.9	3.0	110	780	0.9	280

contd...

Appendix No.9 contd...

Equatorial Guinea	-	-1.3	-	9.0	-	n.a.
Uganda	5.6	-1.7	540	12790	-0.7	220
Benin	2.6	3.3	160	950	0.4	290
Niger	2.9	-2.7	250	1890	-1.6	240
Ghana	2.9	-0.1	1220	15390	-1.0	310
Lesotho	5.2	7.9	30	250	6.1	460
Mauritania	-	1.7	-	-	1.6	480
Djibouti	-	-	-	-	-5.3	n.a.
Malawi	4.9	6.3	170	1420	2.9	210
Togo	8.5	3.4	120	1060	3.0	280
Kenya	6.0	6.5	730	5990	2.7	340
Senegal	2.5	2.5	610	2650	-0.3	440
Liberia	5.1	1.7	220	1040	1.5	480
Zambia	5.0	0.7	680	3790	0.2	580
Zimbabwe	4.3	1.6	780	3640	0.7	740
Cameroon	3.7	5.6	550	6010	2.6	820
Swaziland	8.6	5.7	29	440	6.2	870
Congo	2.7	3.1	130	1750	0.8	1230
Botswana	5.7	13.2	35	820	9.2	920
Nigeria	3.1	6.5	3150	91130	4.1	770
Ivorycoast	8.0	6.7	570	7030	2.5	710
Sudan	1.3	4.4	1160	7190	-0.2	400

Note: 1. Figures on underlined are for 1970-79 and not 1970-80

Sources:- World Bank: *IDA Retrospect*, N.Y. Oxford Publ 1982 pp. 102-107. World Bank: *Annual Report*, 1985 pp 85 & 92.

Appendix No.10

Growth of Production

Countries	Agriculture				Industry				Manufacturing				Services			
	Average Annual Growth Rate (%)		Distribution of GDP (%)		Average Annual Growth Rate (%)		Distribution of GDP (%)		Average Annual Growth Rate (%)		Distribution of GDP (%)		Average Annual Growth Rate (%)		Distribution of GDP (%)	
	1960-70	1970-80	1960	1980	1960-70	1970-80	1960	1980	1960-70	1970-80	1960-8	1980	1960-70	1970-80	1960	1980
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Chad	-	-0.3	52	57	-	1.1	12	5	-	0.8	4	4	-	-0.8	36	38
Ethiopia	2.2	0.7	65	51	7.4	1.4	12	16	8.0	2.4	6	11	7.8	4.2	23	33
Somalia	-0.6	3.0	71	60	3.4	-2.6	8	11	4.0	-3.8	3	7	4.2	6.9	21	29
Guinea Bissau	-	0.9	-	53	-	1.6	-	-	-	-	-	10	-	7.9	-	-
Mali	-	4.4	55	47	-	3.0	10	10	-	-	5	6	-	6.0	35	48
Burundi	-	1.8	-	55	-	7.8	-	16	-	5.3	-	9	-	3.0	-	29
Rwanda	-	-	81	48	-	-	7	22	-	-	1	16	-	-	12	30
Upper Volta	-	1.2	62	40	-	3.2	14	18	-	3.7	8	13	-	5.7	24	42
Zaire	-	1.2	30	32	-	-1.1	27	23	-	-1.5	13	4	-	0.7	43	45

contd...

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Gambia	4.6	5.9	43	26	2.1	3.1	18	8	7.8	-	2	2	6.6	0.5	39	66
Sierraleone	-	2.2	-	36	-	3.8	-	20	-	3.8	-	5	-	4.2	-	44
Tanzania	-	4.9	57	54	-	1.9	11	13	-	3.6	5	9	-	5.9	32	33
Guinea	-	-	-	37	-	-	-	33	-	-	-	4	-	-	-	-
Central African Republic	0.8	2.3	51	37	5.4	5.1	10	15	-	-	4	7	1.8	3.0	39	48
Equatorial Guinea	-	-	-	90	-	-	-	-	-	-	-	-	-	-	-	-
Uganda	-	-0.9	52	76	-	-9.6	12	6	-	-9.1	9	6	-	-0.8	36	18
Benin	-	-	55	43	-	-	8	12	-	-	3	7	-	-	37	45
Nigeria	3.3	-3.7	69	33	13.1	11.3	9	34	-	-	4	8	-	-	22	33
Sudan	-	2.6	-	38	-	3.1	-	14	-	1.3	-	6	-	6.4	-	48
Ghana	-	-1.2	-	66	-	-1.2	-	21	-	-2.9	-	-	-	1.0	-	13
Lesotho	-	2.9	-	31	-	8.2	-	21	-	9.0	-	5	-	10.4	-	48

contd....

Appendix No.10 contd...

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Mauritania	-	-1.1	59	26	-	Negli-gible	24	33	-	0.2	3	8	-	6.8	17	41
Djibouti	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Malawi	-	4.1	58	43	-	7.0	11	20	-	6.7	6	13	-	9.1	31	37
Togo	-	0.8	55	26	-	6.6	16	20	-	-	8	7	-	3.9	29	54
Kenya	-	5.4	38	34	-	10.2	18	21	-	11.4	9	13	-	5.8	44	45
Senegal	2.9	3.7	24	29	4.4	3.7	17	24	6.2	3.8	12	19	1.7	1.5	59	47
Liberia	-	4.7	-	35	-	-0.2	-	31	-	8.0	-	9	-	1.9	-	33
Zambia	-	1.8	11	15	-	0.1	63	39	-	0.4	4	17	-	1.2	24	46
Zimbabwe	-	-0.5	10	12	-	1.8	35	39	-	2.8	17	25	-	2.1	47	49
Cameroon	-	3.8	-	32	-	8.6	-	22	-	5.2	-	9	-	5.7	-	46
Swaziland	-	-	31	-	-	-	23	-	-	-	5	-	-	-	46	-
Congo	1.0	1.7	23	12	7.0	4.0	17	45	6.8	-0.1	10	6	2.1	3.1	60	43
Botswana	1.6	-	54	-	12.6	-	11	-	4.7	-	8	-	7.6	-	35	-
Nigeria	-0.4	0.8	63	20	12.0	8.1	11	42	9.1	12.0	5.	6	4.9	9.7	26	38
Ivorycoast	4.2	3.4	43	34	11.5	10.5	14	22	11.6	7.2	7	11	9.7	7.0	43	44

Note: 1. Figures on underlined are for 1961-70 and not 1960-70
2. Figures on underlined are for 1970-79 and not 1970-80

Source: World Bank *IDA Retrospect*, New York, Oxford Publ. pp 104-107

APPENDIX No.11

Overall growth rate in Africa, South of the Sahara
(Percentages)

Real Rate Growth	1960 -70	1970 -80	1981	1982	1983	Preliminary 1984
Total GNP	4.9	3.8	1.0	-2.0	-2.7	-0.7
Agricultral Production	2.2	1.3	4.1	2.1	-0.1	4.0
Manufacturing production	8.2	4.1	6.3	-4.2	-7.5	n.a.
Population	2.5	2.8	3.1	3.1	3.2	3.2
GNP Per-capita	2.4	1.0	-2.1	-5.0	-5.7	-3.8
Gross Investment	8.2	6.0	9.4	-0.4	-13.0	n.a.
Share in GNP						
Gross Investment	18.8	24.3	23.8	20.9	18.9	n.a.
Gross National Savings	16.2	22.3	15.8	13.3	14.5	n.a.

Source: 'The World Bank' Annual Report, 1985, p.174

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