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Global Economic Governance: The Antithesis of Trade Liberalisation Paradigm in Africa and the Developing Countries

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Abstract

The increasing fragmentation of the global economy and politics, coupled with the profound and unpredictable diversity of our society, renders the idea of courteous and open-minded discourse seemingly unattainable.

The centralised and uniform global economic governance orchestrated by pivotal entities like the International Monetary Fund (IMF), the World Trade Organisation (WTO), and the World Bank (WB) has had detrimental effects on emerging nations. This dynamic has facilitated the rise of nativist and populist leaders who promote mercantilist and protectionist policies, thereby eroding the foundational principles of a "liberal" international order. This trend is particularly evident in scenarios where globalisation has intensified economic inequality and poverty, as recent historical events demonstrate. International financial institutions frequently advocate for a uniform strategy in development, focusing on neoliberal economic policies like free trade, deregulation, and limited government involvement. These models have faced criticism for not aligning with the unique socio-economic realities of developing nations, which can sometimes result in stagnation or economic dependency.

This paper will explore the origins of the global economic imbalance initiated by the Bretton Woods System and will critically examine whether any developments have occurred since that time to reduce global economic inequality. The assessment will determine if the ambitious initiatives proposed by the International Financial Institutions (IFI) aimed at enhancing living standards across nations have resulted in a transformative shift that influences the ongoing economic challenges faced by developing countries.

Keywords: global economic governance, Bretton Woods, globalisation, inequality, WTO, IMF, World Bank, poverty, developing countries

1. Introduction

The ideology of globalism resonates in global economic governance based on the belief that people, goods and information have to cross national borders unhindered. This idea no doubt was amplified in social economic system dedicated to free trade and free market to bridge the gap in global economic inequalities (Rodrik, 2021a &b).

Global economic governance refers to the collective structures, practices, regulations, and conventions that influence and regulate international economic relations. These instruments aim to synchronise policy, promote collaboration, and address global economic challenges. The reality of global economic governance is profoundly influenced by the economic supremacy of industrialised countries. This may intensify poverty and economic reliance in emerging nations by generating disparities and perpetuating global inequality.

International economic agreements, organisations, and conventions substantially influence global economic governance from the standpoint of international law.

The World Trade Organization (WTO), the World Bank (WB), International Monetary Fund (IMF), and the United Nations Organization (UNO), recognize the importance of raising living standards, equitable distribution of goods and services amongst its member states to encourage economic growth and sustainable development. This paved way for globalisation with dissenting voices, hence, the recently negotiated international agreements such as the road map to 2030 agenda for 17 Sustainable Development Goals (SDGs) adopted by world leaders in 2015 to combat challenges affecting globalisation. (Correia, Erfruth & Bryhn, 2018).

Before the United Nations was established in 1945, a vast nexus of institutions, otherwise known as the Bretton Woods establishments, was formed, for the purpose of world economic integration and governance (Raudino &

Poletti, 2021). These institutions were the International Monetary Fund (IMF), International Bank for Reconstruction and Development (IBRD), or the 'World Bank' and the General Agreement on Tariffs and Trade (GATT), now World Trade Organisation (Scholte, (2005). Other global economic governing institutions were formed for the promotion of ideas or formation of standards, including the United Nations Conference on Trade and Development (UNCTAD), the International Labour Organisation (ILO), the Group of 8 (G8), (Barry, 2000), and of course the Transnational Corporations (TNCs) (Barlow & Clarke, 2001).

The principal aim of these institutions is to encourage the liberalisation of the global economy which has been described by some scholars as 'embedded liberalism (Ruggie, 1982). The spirit of global corporate interactions was promoted through trade agreements as an era of promise and uncertainty (Ohmae, 1995). There exists behind the scenes a global government, hidden from the population of the states but affecting their sovereignty (Keohane, 2000). The institutions make policies for citizens of the planet but with only the wealthy occupying the rule making table which exacerbate transnational challenges (Tussie, 2018). It has led to the fast-track accumulation of wealth for some and left others behind, creating inequalities within and among nations (Amartya, 2005).

Accordingly, the United Nations has been associated with 'global governance'. Kofi Anan stated that the 'Bretton Woods institutions will play a key role in global economic cooperation and governance in the changing conditions of the 21st century within the UN system (UN, 2000). Although the UN represents a 'global political integration', it is not globally democratic and does not give equal political rights to all concerned (Simms, Bigg & Robins). Such integration, if genuinely formulated, could be useful for global market interaction to promote inclusiveness (Paradise, 2016), innovations, efficiency and accountability for the realisation of universal good (Guzman, 2004). However, there are limitations, since nation states will be reluctant to surrender their sovereignty, especially as United Nations policies are dominated by rich countries under the guise of globalisation (UN, 2008). Changing conditions brought about by the emerging challenges of globalisation have contributed to the economic underdevelopment and marginalisation of the developing world (Correia, Erfurth & Bryhn, 2018).

The neoliberalists believe that realization of globalisation includes elimination of government restrictive market forces through process of liberalisation, deregulation, privatisation and fiscal constraint. Globalisation is based on freedom of economic transactions, aimed at making the world a global economic village, as an engine of interconnectedness, growth and increased living standards of all citizens of the world. It is presupposed to be the radical and revolutionary approach of deconstructing unequal economic policy as it affects developing countries. Deconstruction for Derrida is justice, or it is situated between law and justice and will be applied in solving the global economic marginalisation of the developing nations (Igwe, 2009a).

The concept of globalisation has been used in diverse contexts and is at the centre of one of the most contentious debates in contemporary intellectual history. The collectivities of different competing forms of globalisation theory is itself problematic. The reason is based on the fact that the term denotes a proposed interpretative framework for economically governing the world (Cornell, Rosenfeld & Carlson, 1993).

Rosenberg opined that undertaking such a study is 'fraught with difficulty' (Rosenberg, 2001). It becomes even more complicated when issues of global governance pertain to analysing the problem of 'weak' states (Fukuyama, 2004a). The problem mostly relates to the economic aspect of the political and governmental dimensions of contemporary globalisation (Eccleston, 2003). Its central ideological basis is global capitalism and the relationships between national governments and institutions of supranational governance (Fioretos & Held, 2019).

After the Cold War and the so called 'triumph' of capitalism, neo-liberal economic development became the order of economic activity across the world because of the economic fragility of the states (Fakuyama, 1993b). The idea of global economic governance gained momentum in different facets of globalisation skewed towards the practical subjects of protectionism. Academics are of the view that Milton Keynes was open to the suspicion that globalisation is a British form of protectionism that could be referred to as imperial preference. (Krueger, 2003).

Essentially, the process of globalisation leads to poverty and the marginalisation of most of the world's population, but its supporters regard it as genuinely helpful and inclusive (Boaverentura de Sousa Santos, 1995). Paramount on their lists is perception in economic terms. This includes the dominance of 'the market', increase in world trade, greater activities of transnational corporations and the movement of capital and labour (Kim, 2009). This is about governing and being governed. Besides, most writings on globalisation have used 'politics' to include in the description of 'governance' (Fitzpatrick, 2007). Politics comes at the top of the lists when it meets and crosses with the global economies. Obviously, such divide manifests in the 'Washington Consensus' which mirrors the intentions and impositions of the International Monetary Fund and the World Bank (Zohal, 2011).

These institutions focus their global governance on liberalisation of the economy as a requisite for economic assistance to countries in need. Governance implies rulership, control or domination. There is clear inequality in

the application of policies of international law especially as it affects the developing or deprived world. Some of these marginalised people lack the commonest necessities of life such as clean water, food and medical care (UK Parliament, 1997). This paper focuses on the WTO, IMF, World Bank, and the TNCs as the main institutions of global economic governance. Nevertheless, these institutions perform valuable functions; the paper will evaluate their strengths and weaknesses in terms of development programmes as they impact on developing countries, particularly Africa.

This paper will begin with the critical framework of global economic governance which would highlight its legal and critical reasoning. It will make a case for sound multilateral decision-making to ensure the smooth functioning and good management of globalisation. In line with this, the treatise will advocate that in order to legitimise global economic governance, the voices in the poor regions must be widened, where an assemblage of authority and control for the developing world should be paramount in Public International law. Finally, it will address negative impacts of globalisation on domestic economies of developing countries and conclude the paper by suggesting the way forward.

2. Critical Framework

The critical question is; will the world be known as one divided between the super-rich and the miserably poor or a world where hunger and basic needs are conquered, such that longevity of life is increased? It is individual sovereigns' and the international community's responsibility, as the deprivation of basic needs could trigger widespread starvation, distress, identity and social violence with war, terrorism and mass migration inside and outside national borders (Amartya, 2006b). Better global economic governance must be centred on internationally approved values and regard for human rights (ILO, 2004).

Globalisation has emerged from an ethical emptiness where standards are measured in terms of market reaction and the mental view of 'the winner take all' erodes the structure of the global economic body politic (Rosenau, 2003). The main aim of globalising the economy, it could be argued, is to make people act to produce the greatest overall good in the existing empirical world. Such a perspective seeks to bring a kind of scientific certainty to issues concerning ethics.

This ethical dimension raises a major question when dealing with global governance: are there common shared values? How can they be taken into account? Thus, different courses of action and actors are to be scientifically assessed to determine which will have the greatest positive impact, measured in terms of specific intrinsic values such as 'pleasure' (Bentham, 1996), which includes 'happiness' (Bentham, 1983), 'real ideas' such as freedom, knowledge, justice, (Mills, 1874),'beauty' (Hutchinson, 2001), and 'preferences' (Webber, 1947). Ultimately, what is envisaged when we seek to optimise the overall good in the world? (Rawls, 1971).

What constitutes the world - is it our country, race, colour, all human beings, all sentient beings (Bentham, 1789/1970), including animals (Singer, 1990), or even the 'Mother Earth'? (Rawls, 1999).

The advent of a global economy imports the exigency of some kind of global economic governance (O'Brien & Williams, 1999). But the global economy is imperfectly governed through government agencies like the IMF, WTO and the World Bank (Thomas & Wilkin, 1997). Although institutions, regulations and dispute settlement mechanisms have been set up to monitor global interrelationships, it is still far from successful. To ensure a lasting ethical and political framework to a globalised economy, the factors of development and anti-poverty are necessary.

Development appears to be an official political rhetoric, a departure from the tangible reality of national and international policies (Hajinal & Kirton, 2000). The concrete power in global economic decision-making still resides with the economically strongest countries, firms and organisations (Stiglitz, 1999). Instead of achieving increased economic growth for the development of deprived regions under the auspices of globalisation, the policies of these firms and organisations exacerbate poverty (HDR, 1996).

Poverty means a deprivation of basic capabilities rather than merely low income (Amartya, 1999). Adam Smith was worried with such capabilities to function, such as 'the ability to appear in public without shame rather than only with real income or commodity bundle possessed' (Smith, 1979). Poverty in this context becomes 'a denial of the most basic of all human rights, the right to life' (ICCPR, 1976).

Global economic governance presupposes that developed and developing countries would be economically integrated to ensure the reasonability of such lofty ambition - lofty until such time the 'global' becomes a unit governed under one law and sovereignty is jettisoned. Governance must come from government, as on the national level. In this circumstance, it may be that a unitary system of government with a world parliament would suffice. But of what value is it where the governance of the global unit implements policies differently among the so-called unit through the unbalanced policies of the institutions of global economic governance? These policies are

formulated only for the purpose of continuous accumulation of wealth through a neo-liberal capitalism which takes away the possibility of development in the developing countries and leaves them with nothing but underdevelopment, dependency or poverty. In all fairness, poverty relief and sustainable development of these regions need to be much more targeted in trade policy.

In this connection, trade policies require the manifestation of reducing poverty and establishing factors that will sustain the development of these regions (Cleverdon & Kalisch, 2000). Global governance should not be perceived as the formation of international institutions, but as the exchange of information and deliberative processes which results in sincere, non-coerced agreement where systematically constructed principles and ideals are amicably appreciated or accepted and often reconsidered.

Essentially, global governance should allow countries their own trade cultures and social values. Thomas Leslie in 1870 argued that economic laws are not universal but vary from place to place (Backhouse, 2002). A generalised assessment of the practice of global trade should be discouraged whilst sustainable trade should be multi-optional. Otherwise, a generalised trade policy has the potential to be just as anti-democratic and unsustainable as current free trade (Buchman, 2005).

3. The Role of International Financial Institutions in Global Economic Governance

3.1 The WTO

The WTO in January 1995 succeeded the General Agreement on Tariff and Trade (GATT), born out of the Uruguay Round negotiation and saddled with enormous international economic matters**.** No doubt the WTO is one of the main actors in the area of global governance as its rules and activities vastly affect the economic and political activities of over 166 member states (Chakraborty & Dey, 2024). The WTO, like its predecessor the GATT, has seemingly worked in accordance with its mandate - liberalisation of trade and management of international trade in line with multilateral agreed principles - but critics have raised questions on the part played by the WTO in international affairs which would determine its role in global economic governance (Stiglitz, 2002).

Some of the activities of the WTO, especially in relation to the developing countries, have been criticised by researchers and intellectuals which include tariffs and subsidies in textiles/agriculture, undemocratic process, non-transparency, dispute settlement procedure and unequal implementation of its rules and obligations (Igwe, I. O.C 2021). To a great extent, these hindering factors have slowed down the evolving economic growth of the developing countries to eliminate poverty as expressed in the WTO's aim of increasing living standard and sustainable development of these regions. Notwithstanding that the WTO members agreed to the preamble which expressly contains the essence of sustainable development, the idea is not accorded any further recognition in any of the legally binding agreements of the WTO.

International trade transactions could be a mechanism of economic growth but for restrictive measures such as tariffs and subsidies. Notwithstanding the explosion in trade volumes in recent decades through free trade policies, the low- income countries are significantly increasing in inequality (Pavcnik, 2017). Global trade will not reduce poverty when high tariffs and subsidies frustrate the operation of local industries producing goods that are also imported (Alemayehu, 2002).

The WTO role in practice must reflect trade policies that ensure the economic growth, elimination of poverty and sustainable development of developing countries (Cleverdon & Kalisch, 2000). Policies on the 'new issues' which include the trade in intellectual property rights, patent, trademark and copyright protection are concepts introduced in WTO trade negotiations to protect the interest of American pharmaceutical companies (Hopewell, 2013). Critics pointed out that free trade agreements usually contain protectionist stipulations designed for the benefit of influential western corporations (Mercurio, 2016). Scholars such as Jagdish Bhagwati have described developed countries' imposition of intellectual property rights and other restrictive measures as protectionist machinery for the benefit of the rich countries (Bhagwati, 2002). The WTO trade accords may adversely affect developing countries despite their advocacy for free trade. Access to affordable pharmaceuticals and technologies may be constrained by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), thus affecting public health and development.

Keeping agricultural subsidies in developed nations makes it harder for developing countries to compete. African cotton producers, for instance, have faced challenges because of the subsidies given to U.S. cotton farmers. Under WTO Agreement on Agriculture (AoA) the industrialised nations are allowed to keep offering major subsidies to their farmers. It is trade injustice where West African cotton growers lost $250 million yearly owing to lower prices, the United States gave $5 billion in subsidies to cotton farmers in 2020 (Oxfam, 2021). The situation study Burkina Faso proofs that although Burkina Faso is among the top cotton growers in the world, U.S. subsidies make

it difficult for it to compete on worldwide markets. Farmers in Burkina Faso make as low as $0.21 per pound of cotton, compared to production expenses of $0.35, which many find to be insufficient and results to many impoverished (Oxfam International, 2005). However, to improve developing countries involvement in world trade, the WTO's Trade Facilitation Agreement (TFA, 2017), seeks to lower trade obstacles and simplify customs processes, therefore benefiting underdeveloped nations. For instance, Rwanda effectively used the TFA to increase trade flows and lower clearing times for goods at borders (WTO, 2020).

Developed countries were free under WTO regulations to maintain agricultural subsidies. For example, the United States subsidised cotton products with $5 billion annually, therefore reducing the global cotton prices. Consequently, cotton growers lost money in Mali, Chad, and Burkina Faso as prices decreased by more than 25% between 2000 and 2010 and more than 10 million West African farmers were rendered impoverished (Oxfam, 2005). These studies show that occasionally rich nations benefit from IFI subsidy programs while underdeveloped ones suffer.

The act of protectionism stifles ‘competitive ability’. If the ideologies of protectionism are accepted, they destroy the poor countries’ potential to expand new industries and general output and living standards will be at their lowest ebb (Siclia & Cruikshank, 2000). Although developed countries’ trade practices have often been criticised from different fquarters, (Bhagwati, 1988; Bhagwati, 1998), it has not brought to an end such practices, rather they seem a ‘norm’. In line with this, it is argued in this writing that protectionism or self-reliance be given more legitimacy for both low and high income countries.

Prima facie, it is a contentious idea to advocate in the context of ‘global economic integration’, but to an extent protectionism and self-reliance should be viewed as a legitimate possible trade strategy when fighting poverty and trying to achieve sustainable development. Protectionism should be given a chance in the global trade network of the developing countries government policy that restricts international trade to help domestic industries in line with productivity-oriented protectionism: an approach to Marxian reconstruction. After all, it was successfully utilised by today’s industrialised nations in an earlier stage of their economic fragility, development and as well successfully applied by the Eastern Asian countries during the 1980s economic crisis that was later termed ‘Asian Miracle’ (Garnaut & Song, 2005).

3.2 The IMF and World Bank Institutions

The International Monetary Fund (IMF) and the World Bank were conceived by 44 nations at the Bretton Woods Conference in 1944 (Spero & Hart, 1997). They aimed at creating a stable framework for a post-war global economy (Bello, Cunningham & Rau, 1999). The IMF was originally formed to promote balanced growth and full employment by offering unconditional loans to economies in crisis and/or establishing mechanisms to stabilise exchange rates and facilitate currency exchange. The IMF instead, resorted to offering loans based on stern prerequisites later to be known as structural adjustment directed by powerful developed nations in tune with Robert McNamara era (Pereira, 2020).

Originally, the World Bank was known as the International Bank for Reconstruction and Development (IBRD), created to fund the rebuilding of infrastructure in nations ravaged by World War II. However, in the mid-50s, the World Bank shifted its application away from Europe to the Third World, and funded massive industrial development projects in Latin America, Asia and Africa (Morten & McNeil, 2003). The World Bank and the IMF combined their role after 1981 aimed at the involving of the Bank to reduce the effects of poverty through loans for economic and resource reform “…*aiming to ensure that economic recovery would favour the poor*…” (World Bank, 1999). Later they moved from poverty reduction strategy to economic policy adjustment (World Bank, 2001). These institutions thus graduated into a governance body with its governance guidelines approved by the Executive Board in July 1997. By implication, these institutions control through their programme the policies of governments, especially the developing nations (Chang, 2002). African countries experienced the huge impact of this governance which in no way improved them economically (Santiso, 2002). In their previous roles, there was division of labour between the two institutions; while the World Bank was supposed to promote growth, the IMF was expected to monitor financial restraint. Now, their roles fused together and they became enforcers of the industrialised nations’ economic rollback strategy.

The height of this fusion was the establishment of the Structural Adjustment Facility (SAF) formulated to coordinate closely the two institutions’ surveillance and enforcement activities, especially in sub-Saharan Africa. As most of these nations have very weak political structures, aid has been used by the IMF and the World Bank to entice them to undergo Structural Adjustment Programs (SAPs) and stabilization programmes monitored from Washington, a common condition of the South in the 1980s (IMF Annual Report, 1993).

The objective of these programmes was the dismantling of the third world state as an agent of economic development. Historically, IMF-sponsored Structural Adjustment Programmes mandated that developing nations adopt austerity measures, privatise state-owned firms, and liberalise markets to qualify for financial assistance. Critics contend that these policies frequently resulted in reduced public expenditure on social services, impeded sustainable growth, and exacerbated inequality.

Rodrik (2006) revealed that in five years developing nations compelled to implement fast trade liberalisation had a 10-20% decrease in home industries. For instance, under an IMF programme, manufacturing production dropped 26% in Ghana between 1985 and 1990 following liberalisation.

Situation Study was when Haiti substantially lowered import rice taxes from 50% to 3% in the 1990s, unable to compete with subsidised U.S. rice, the nation's own rice sector fell apart. Over eighty percent of Haiti's rice supply was imported by 2015 (FAO, 2017). As a result of this, rural unemployment soared, which raised reliance on foreign help. (Rodrik, 2006).

Urgewald, (2021) research environmental impact shows that between 2010 and 2020 the World Bank funded fossil fuel projects totalling over $50 billion. This money runs counter to the Bank's declared dedication to sustainable development. A situation study on Indonesia intended to transfer millions of Java residents to less-populated islands, the World Bank sponsored the Transmigration Programme in Indonesia. This resulted to clearance of over a million hectares of rainforest helped to account for 20% of Indonesia's 1980s deforestation. Thus, the natives suffered loss of livelihoods and displacement. (Cernea, M. M. (1997).

The World Bank has faced criticism for its funding of big infrastructure projects like dams and mining operations, which have led to deforestation, the displacement of communities, and damage to ecosystems. The Narmada Dam Project in India is another clear example of how such initiatives can lead to the displacement of hundreds of thousands of people and cause significant environmental damage. (Cernea, M. M. (1997).

Despite SAPs' detrimental impacts in some situations, there were also examples when they resulted in favourable outcomes, including macroeconomic stability and enhanced governance standards. Nevertheless, the adverse effects on social indicators, poverty alleviation, and economic diversification are broadly recognised (Danladi & Naankiel, 2016). Nonetheless, the legacy of Structural Adjustment Programmes persists in influencing dialogues over development policies and their effects on African nations.

The United Nations Commission for Africa in 1988 summed up the reason for the SAPs programme as *"…the reduction/removal of direct state intervention in the productive and distributive sectors of the economy,"* (Seamus, 1990). The activities of the IMF and World Bank for more than five decades have had significant influence over the economic development of African countries. Their policies might have contributed to the worst inequalities and explosion of poverty in Africa (Chossudovsky, 1998). Although the IMF and the World Bank do provide support to aid countries minimize poverty in terms of encouraging financing, policy advice, capacity building and debt relief to heavily indebted poor countries (HIPC), they are part of the major cause of poverty in African countries today (Biglaiser & McGauvran, 2022). Most of the debts that contribute to poverty in Africa are due to the policies of the IMF and World Bank. (George, 1990). Programmes from the World Bank and IMF are available to assist nations in managing their debt and reducing poverty, however the IMF's conditionalities can have a big effect on a nation's economy. The conditions set by the IMF may force nations to adopt particular economic policies such as: Reducing expenses, levying indirect taxes, easing import restrictions, lowering the value of their money and eliminating price restrictions.

The Heavily Indebted Poor Countries (HIPC) Initiative was started in 1996 by the World Bank, the International Monetary Fund (IMF), and other multilateral, bilateral, and commercial creditors alike. The programme's goal is to prevent unmanageable or unsustainable debt loads from overwhelming the world's poorest nations. Countries that meet certain conditions get their debt reduced. The HIPC Initiative are for nations that fulfil strict criteria such as having a history of reform and creating a poverty reduction strategy paper has led to long standing structural flaws including sluggish growth, pressures from spending, and weak taxes and made Africa's debt situation worse. Nonetheless, COVID-19 epidemic and the Ukrainian War shocks have also made Africa's debt worse. Over the past ten years, public debt in Africa has nearly doubled, rising from 32% of GDP in 2010 to 62% in 2023. Currently, half of Africa's nations are struggling with debt (Kamande, 2023).

Over time, these organisations have emerged as the main designers of the policies that are to blame for the world's worst inequality and the sharp rise in poverty, particularly in Africa. Their declared objective when they started to interfere on that continent in the late 1970s and early 1980s was to *"accelerate development."* However, the actual record after all these years is just appalling (Dembele, 2005).

The IMF and World Bank's policies have been extensively criticised for many years for promoting an increased

dependency by the developing countries upon the richer nations (World Bank, 2018), The dependence of poor and highly indebted African countries on World Bank and IMF loans has given these institutions political leverage to control economic policy-making and selection of leaders in these countries. Those policies were questioned by people in the developing countries, but they were often afraid that they might lose World Bank/IMF funding and subsequent funding from others (Stiglitz, 2002). Within these institutions, the suffering incurred by those policies was seen as a necessary part of pain countries had to experience to become successful market economies. The poor performance of African economies through adjustment has generated debates among academics and commentators and remains a vexed issue (Stein & Machiko, 1999). World Bank and IMF activities after more than Five decades in Africa may qualify as a failed strategy of the Bretton Woods institution. If this strategy was actually designed for the development of African economies and applied for more than 50 years without significant success, it should have been reformed, modified or dropped. After all, the only sensible approach for a company operating for 20 years without profit is change. Maybe the donors are not aware that the system is not working for African economies or maybe they do not care after all.

The problem seems to be in the foundation and structure of these institutions, which should reflect the membership. In reality the system is highly political with the domination of United States foreign policy towards Africa. The US also dominates the World Bank and the Fund institutions which operate by consensus but US voting power cannot be compromised when a major decision such as a loan approval is to be decided (Ngaire, 2000), as against African marginal voting power. This is largely because the voting structures are determined by financial contributions instead of ensuring equal representation for all member countries. The U.S. has more than 16% of the voting power in the IMF, which gives it the ability to veto important decisions (IMF, 2025). With 16.5% of all voting power held by the United States, it essentially has veto authority over significant measures needing an 85% majority. Although all African countries account for 14% of the world's population, their total vote share is just 6.5%. A Case Study of Greece vs. Sub-Saharan Africa should suffice. Greece got €240 billion in IMF-led bailout packages during the 2010 Eurozone crisis—more than the whole amount of IMF loans given to all of Sub-Saharan Africa over the same decade. This difference emphasises the unfair distribution of resources. (Woods, N. (2006).

It is high time for the African people to be allowed to determine the reasons for their economic crisis and solutions to their economic growth and development. The developing economies foreign finance ministry officials should not be cowed in conferences with International financial organizations as they have responsibility for their countries' interaction with the IMF, world Bank and the United Nations. The language, culture and ideology of the international institutions representative are separative or intimidating amongst the groups, it beholds the developing economies representatives to be responsible for their countries relationship with the International organizations within their economic context, language and background (Bradford & Linn, 2007).

3.3 IMF and World Bank's Role in Africa

The debt exigency that hit African countries in the late 1970s was caused by an association of internal and external impacts, declining market prices of export commodities and skyrocketing interest rates. The rise in international interest rates dramatically increased the costs of financing the severe revenue shortfalls brought on by changing prices of imports and exports. African countries turned to the World Bank and IMF for financial assistance as they became destitute and burdened with debt. The remedies that these institutions proposed were stabilisation and structural adjustment programs. These are macro-economic programmes that promote free-market, export-oriented reforms believed by IMF and World Bank to be essential for economic growth in developing countries.

The financial aid from the World Bank and IMF did little to improve the hopeless financial situation of African countries. With a high rate of poverty and a low average yearly income insitu, the Democratic Republic of the Congo (DRC) ranks among the world's poorest nations:

With an expected yearly income of $449, meaning 73.5% of Congolese people were estimated to be living on less than $2.15 per day in 2024, which is the threshold for extreme poverty (World Bank Group, 2024). Far from delivering growth in developing countries, structural adjustments programmes actually made poverty worse, increasing unemployment, reducing wages and raising the costs of basic services (Easterly, 2005). Austerity measures can make poverty and inequality worse because cuts to public services such as health and education hit vulnerable populations the hardest. This programmes in the 1980s and 1990s in Sub-Saharan Africa resulted in less access to healthcare and a drop in education quality (Stiglitz, J. E. (2002). The SAPs and austerity policies were applied in 77 countries between 1980 and 2000, mostly in Asia, Latin America, and Africa. SAPs were linked, according to a 1987 Cornia, Jolly, and Stewart study, to a 25% average drop in social investment in Sub-Saharan African nations. A situation study was the adoption of SAPs in the 1990s, Zambia committed liberalising trade, privatisation of state-owned businesses, and budget cuts. This resulted to pubic company closures which

dramatically raised unemployment; poverty soared from 49% in 1991 to 68% in 1996 (World Bank, 2002).
Underfunded social services including healthcare helped to lower life expectancy from 52 years in 1990 to 42 years in 2000. (Easterly, W. (2001).

Traditionally, in order for developing nations to receive financial aid, IMF-sponsored SAPs required them to liberalise markets, privatise state-owned businesses, and enact austerity measures. As African governments became clients of the World Bank and IMF, they forfeited control over their domestic spending priorities. Critics contend that these policies hampered sustainable development, increased inequality, and frequently resulted in lower public investment on social services. Much of the loans and grants that donors provided to African governments to address the revenue shortfalls was dissipated through corruption, mismanagement, and poorly conceived projects that raised borrowers' debt burdens without increasing their countries' productive capacity. It is widely debated and accepted by the international community that a substantial proportion of funds has been stolen from the African people, such that the debt continues to grow as these African governments take out more loans to pay for the older ones (UK Parliament, 2023; Kuti, 2023).

These factors have led to Africa's ravaged and prolonged indebtedness. The total external debt of sub-Saharan Africa has gone up from a relatively low level of $1.4 billion in 1971, to more than $790.4 billion in 2021, and up to $1.4 trillion at the end of 2022, (Saifaddin, 2023) with south Africa alone nearly $ 158.3 billion U.S. dollars (South African Reserved Bank, 2024). Notwithstanding that the share of African debt as a dimension of the total debt of developing countries is low; the relative debt clog born by Africa is extremely heavy compared to its maximum possible output, especially to its exports. (Geda, 2006). The performance of African economies, coupled with a mounting debt burden, indicates that they are incapable of simultaneously serving their debt and attaining a reasonable level of economic growth, let alone addressing the issues of poverty alleviation and social development. The accumulation of debt results in 'debt overhang' problem, which in effect, tends to undermine the confidence of private investors, both foreign and domestic**.**

4.1 The Cost of Trade Liberalisation in Africa and Developing World

One impact of trade liberalisation has been the breakdown of many home industries unable to maintain competition with powerful and subsidised competitors from industrialised nations. In fact, Africa's industrial sector has been squarely affected by structural adjustment programmes. However, the United Nations Conference on Trade and Development (UNCTAD) observed that, if Africa's terms of trade had pegged at their 1980 level, Africa's share in world trade would have been twice its current economic level. The policies of the IMF and World Bank have created inequality in trade between African countries and industrialised countries (Dembele, 2001).

Calculatedly, their policies forced African countries into the open market process where they faced strong international competition (Stiglitz, 2000). Unlike the developing countries, the developed countries are able to subsidize some of their industries, making it harder for poor African countries to compete in the open market. These subsidies serve as stiff opposition for poor African countries to export their way out of poverty. To say the least, the policies of the IMF and World Bank weaken insidiously the economic development of African countries. The incidence of complying with the policies set out by the IMF by Africa has occasioned its drop in the share of world trade from 6 percent in 1980 to 2 percent in 2002 (Stein, 2005). Joseph Stiglitz has argued that the IMF's shift from its original policies of providing funds in line with Keynesian macroeconomic theory changed its purpose and presented the IMF in the light of representing only the interest and ideology of the western financial community (Stiglitz, 2002).

Ghana under IMF and World Bank SAPs, underwent structural changes in the 1980s including commercial liberalisation, privatisation of state companies, and public expenditure reduction.
During the changes, inflation dropped and the economy averaged an annual rate of five percent.
However, liberalisation of trade and the abolition of subsidies brought in the demise of domestic businesses including the textile sector, which lost around 75,000 employment.
Reductions in social investment impacted healthcare and education, therefore depriving rural communities with sufficient services. Research shows that with rural poverty rates stagnant at over 50% during the 1990s, the reforms worsened inequality even while macroeconomic indicators improved (Donkor, K. 2002).

Similarly, in the case of Bolivia Cochabamba Water Issue, to get continuous financing, the World Bank put Bolivia's water utilities for sale in the late 1990s. With the contract Aguas del Tunari acquired, Cochabamba's water tariffs were drastically boosted. Rising water costs by up to 200% make life impossible for many low-income homes who started devoting 20% of their income on water. Protests got underway, leading to violent confrontations and ultimately contract cancellation in 2000.

Analysis reveals the shortcomings of one-size-fits-all IFI policies since the privatisation strategy ignored local affordability and social aspects.

4.2 Trade Liberalisation Effect in Asian Economic Crisis

The Asian financial crisis, though attributed to a multiplicity of factors, among others ‘crony capitalism’ (Curtis, 1998) was predominantly caused by stabilization, structural adjustment, a principal demand of the World Bank and the IMF’s laissez faire ideology built on neo-liberalism. The early intellectual proponents of neoliberalism were Friedrich von Hayek and Milton Friedman between 1930 and 1960. By 1970s the neoliberalists changed this classical argument to ‘free markets’ with regards to economies changing into global, (Gamble, 2001; Hovden, & Keene, 2002; Steger, 2004; Steger, 2005). The neoliberalists believe that realization of globalisation includes elimination of government restrictive market forces through process of liberalisation, deregulation, privatisation and fiscal constraint. This usually is named ‘the Washington Consensus’ (Williamson, 1990).

This was focused on dismantling the protectionist trade structure through massive inflows of foreign capital, not to the productive sectors of the economy like agriculture and manufacturing but to the stock market, consumer financing and real estate, with little regulation by governments who had limited experience to control such financial inflows. (Bello, Cunninggham & Rau, 1999).

Although there was a devastating economic crisis as a result of this, in the South East Asian countries, the economic bounce back was phenomenal. This was attributed to the massive infusion of foreign capital in the form of Japanese investment in looking for low-wage production sites after the great appreciation of the Yen in 1985. It was estimated that between 1985 and 1990 about $15 billion equivalent of Japanese investment rushed into these regions and fundamentally led to the stimulation of growth rates in Singapore, Indonesia, Malaysia and Thailand (Cronin, !992).

Most of these Asian countries did not succumb to the structural adjustment programme but used a protectionist trade regime; practiced state-guided industrial targeting in major economic departments such as automobile industries and imposed high levels of control on the operations of foreign investors. Malaysia was among the few developing countries at this period to resist the stabilization principle of the IMF and the World Bank and it was able to achieve a 10 per cent growth rate effectuated through the inflow of Japanese capital in the 1980s. Similarly, through a high degree of protectionism, strong restrictions on foreign investment and the infusion of Japanese investment and lending as the primary source of its raw materials - not structural adjustment as claimed by World Bank officials - Indonesia experienced a growth rate of 5- 6 per cent from 1985 to 1990 (Djisman, 1992). In the case of Thailand, though subjected to IMF and World Bank structural adjustment programme in this period, it did not practice the programme which demanded the opening up of its domestic markets. It was able to achieve its growth rate through strong protectionist trade policies and inclined more towards an import substitution regime that boosted its growth rate in the 1980s (Sakasokui, et. al, 1992; Akrasanee, Dapice & Flatters, 1991).

By and large, the economic growth of Thailand was not stimulated by the IMF and World Bank structural adjustment programme but the constant inflow of Japanese investment to Thai industries. The appreciation of the value of the Yen made Japanese production more expensive, a lower cost production area was badly needed and Thailand took advantage of that, which accelerated its growth rate in 1985. The G8 as well as Newly Industrialized Countries (NIC), such as Malaysia, Singapore, China, Taiwan and South Korea did not achieve economic growth through free market patterns. It was through state interventionist patterns, with government involvement in directing investment, strong trade management, state enterprises, and subsidization of chosen areas of the economy (Bello, 1990). Employed also were government funded research and infrastructure and high tariff barriers to protect infant industries from competition. It is grossly misleading for free market promoters to claim that South Korea achieved economic growth through the free market model. Initiatives from the government were crucial to this process. The South Korean government encouraged companies to innovate and increase productivity through the export-led industrialisation model in order to compete in the global market. President Kim Dae-jung's economic reforms, which saw growth rates of 10.8% in 1999 and 9.2% in 2000, enabled South Korea sustain one of the few rising economies in Asia (Natrella, 2023).

The Korean government has been heavily involved in their economic development, however, as a result of the war of 1950-53, the government of the United States through aid and preferential trade access to the US contributed to the shaping up of markets for Korean goods, the Korean economy and its growth. Through this Korean economic expansion, the Korean government built large business conglomerates such as Hyundai, Daewoo and Samsung. By way of Korean government interventionist measures in the ‘50s, ‘60s, ‘70s and ‘80s the South Korean economy rose to a status equivalent of industrialised nations.

However, the economy crashed in the 1990s when South Korea gave in to Washington’s pressure to open its

controlled economy. A bailout to the Koreans came through a multilateral agency, the IMF loan of $58 billion that will be paid back using tax payers' money to subsidize private corporations (Hart- Landsberg, 1993; 2000). The point is not if the government is involved in shaping the economy but how and on whose interest and under whose control. It was through protectionist activities that the US was able to reach the enviable economic status it attained before its subsequent economic crisis (Eichengreen & Irwin. 1995).

The US heavily used tariff protection and subsidies between World War One and World War Two to develop their industries (Chang, 2002). It is hypocritical for the US government and international institutions under its control such as the IMF, WTO and the World Bank to pressure developing countries to employ free market ideology to achieve economic growth when records show that neither the United States nor Britain, or any other rich country utilised such a device. Instead of trade liberalisation, to bring the economy of poor countries equidistant to that of developed nations, industrialisation of poor countries is advocated. To succeed in this premise infant industry protection is necessary for the poor countries, at least at the early stages of industrialisation.

5.1 The Infant Industry Argument

Originally this argument emanated from Alexander Hamilton (Chernow, 2004; Nettels, 1962), a US statesman in 1791, followed by Fredrick List (List, 1856), a German economist. This argument advocated the need for some initial protection such as tariffs for infant industries with likely comparative advantage to obtain domestic or outside economies of scale, to resist competition from imports in order to reap the benefits of their endeavour (Dunkley, 2000). This could mean a resistance to free trade theory, spearheaded by the United States through the recommendation of high protective tariffs by US economist Henry Charles Carey (Magness, 2009), the German economist Friedrich List (List, 1856), and in the 1800s accepted by Chancellor Otto Von Bismarck. Abraham Lincoln vehemently resisted free trade theory (Lind, 2003).

The protectionist Hawley-Smoot Tariff Act was adopted in the U.S in the 1930s, (Eichengreen, 1986), leading to confusion as to whether or not the implementation of the Act worsened the great Depression. Building on this point, Franklin D. Roosevelt took to Hamilton's argument of softer tariffs with subsidies to US infant industries. However, Fredrick List advocated for temporary protection of infant industries pending the time every country comes to a level of industrial development, then global free trade can be put into practice. To him, "… restrictions are but means, and liberty, in its proper sense, is an end." (List, 1856, p.64).

Some free traders have remained sceptical of this argument based on the point that it could remove competitiveness in infant industries. They suggested that support to infant industries with comparative advantage could from the outset stand on its feet and that subsidy will be more beneficial to infant industries to 'grow up' than tariff (Corden, 1974; 1996), and that government interference may lead to protectionist interests (Bhagwati, 1989; 1991).

In the light of these developments and building on the work of Paul Krugman (Krugman, 1987), who advocated protectionism for developing countries' economic growth, I am more inclined to propose that it is premature to oppose protectionism in place of free trade for developing countries products as protecting it would bring faster realisation of their economic development. It is premature based on the 'crony capitalism' disguised as free trade or opening of market which the only truth in it is continuous accumulation of wealth. The developed nations have coerced the developing countries into opening their markets to the industrialised nations' products while they continue to keep their markets closed to the developing countries' products, especially textiles and agriculture (Igwe, 2021). Similarly, the industrialised countries encourage the developing nations not to advance subsidies to their industries, while they provide large sums of money in subsidies to their farmers, thereby creating an impossible competitive trade atmosphere for the developing nations.

The attempt to resolve some of these imbalances resulted in the Doha 'development' round trade negotiations of November 2001. This innovation has not proved completely successful as the industrialised nations are only ready to redress these imbalances on a concessionary basis (Biglaiser, & McGauvran 2022). This was typically demonstrated in the case of intellectual property rights where the interests of the producers are imposed on the rights of the users without any recourse to balance them out, hence the walkout by developing nations from the Cancun Ministerial meeting in September 2003. The reformation of the WTO requires the move of balancing global trade agenda (McGrew, 2011). To do justice to global economic interaction, developed countries should open their markets to the developing countries' exports without expecting any concessions in return.

5.2 Positive Outcomes Arising from International Financial Institution's Policies

Early in the 2000s, Uganda was one of the first beneficiaries of the Heavily Indebted Poor Countries (HIPC) Initiative; debt relief worth more than $2 billion was obtained.

Positively, the government invested savings in debt payback into social projects.

Programmes for free primary education helped greatly to explain why primary school attendance increased from 61% in 1996 to 94% in 2003. From 83 per 1,000 births in 1995, infant mortality reduced to 63 in 2010 (UNICEF).

Analysis of debt relief has revealed that focused reforms help to create fiscal space for pro-poor investment (UNICEF).

One of IFI's projects today call for social and environmental impact studies to help to minimise unfavourable effects. The largest solar power plants worldwide, Morocco's Noor Ouarzazate Solar Plant Programme was funded by World Bank money of $400 million. With this money, the facility produced electricity for almost a 1.1 million people and reduced annual carbon emissions by 760,000 tonnes (World Bank, 2020).

Predominantly, in rural areas, it has created thousands of jobs, therefore promoting inclusive economic growth. Analytically, the project demonstrates how IFIs could support sustainable development and help to solve climate change.

Conversely, the IMF handled the Financial Crisis Programme for Ireland well by providing a €22.5 billion bailout to stabilise her fiscal balance and banking sector during the Eurozone debt crisis (2008–2010).

Among the highest rates in Europe, Ireland's GDP increased by 7.8% in 2015 as reforms in banking rebuilt financial stability and helped to lower unemployment from 14.7% in 2011 to 8.6% in 2016. The IMF was crucial in Ireland's quick recovery by tailoring its plans to meet local needs and combining austerity with growth-oriented reforms (IMF, 2010).

Though the IFIs' policies have seen some noteworthy improvements, IFI policies produce contradicting results all around. For example, the record $57 billion bailout the IMF granted Argentina to stable its currency and reduce inflation. Positive outcomes of the rescue included a stop of Argentina's total economic collapse and a brief rise in investor confidence, but austerity measures, however, cut social spending, therefore increasing poverty which rates 26% in 2018 and 40% in 2020.

The peso remained losing value, and annual inflation was approaching 50%, therefore threatening economic stability. In essence, the programme demonstrates how challenging it is to achieve long-term sustainability against transient stabilisation in IMF interventions (Li, L. Sy, M, and McMurray, 2015).

The India Rural Electrification Project of World Bank also displayed another contradicting outcome of the IFI policy. Funding for more than $1 billion between 2005 and 2015, the World Bank supported projects for rural electricity in India. On the plus side, almost twenty million rural houses were electrified, therefore improving access to education and healthcare. But since maintenance and cost were problems, many families could not keep their power contacts functioning.

Analytically, even if the project advanced greatly, little attention to local infrastructure and cost pointed up implementation problems.

At this juncture, it could be argued that IFI guidelines have had a major impact producing both transformational success stories and warning stories. Programmes like debt relief in Uganda and renewable energy projects in Morocco show positive outcome when policies are tailored for local needs, for instance, Uganda sharply raised primary school enrolment rates using debt relief savings. Debt alleviation let Uganda focus money on health and education.

Main school enrolment rose from 3 million in 1997 to 8.2 million in 2003;

from 152 per 1,000 births in 1990 to 63 per 1,000 in 2019 infant mortality dropped (UNICEF, 2020).

(Easterly, W. 2002). Similarly, the IMF gave over eighty nations emergency loans during COVID-19 epidemic to help stabilise their economies and stop further severe recessions.

For instance, the Rapid Credit Facility (RCF) of the IMF gave South Africa $4.3 billion in 2020, therefore addressing immediate financial need (IMF (2021). By the same token, the World bank developed Environmental and Social Frameworks (ESFs) by pledging the largest in its history, $22 billion to climate finance in 2022 to guarantee that Bank-funded projects incorporate impacted populations in decision-making and handle environmental hazards.

For instance, projects in sustainable agriculture and renewable energy such as the Morocco Solar complex have attracted more financing, therefore encouraging green growth (World Bank, 2016).

In terms of reform of governance systems, the IFI has helped to somehow increase the representation of developing nations in decision-making.

Evidentially, changes in IMF quotas in 2010 raised national voting shares in China, India, and Brazil.

(Rapkin, D. P., & Strand, J. R. (2006).

Conversely, SAPs in Ghana, water privatisation in Bolivia, and trade inequalities in West Africa highlight the perils of a generic, neoliberal strategy neglecting social and cultural factors. The effectiveness of IFI projects depends on their abilities to balance the social and environmental needs of the people they wish to assist with macroeconomic goals.

5.3 Counterarguments Concerning the Policies of International Financial Institutions

While IFIs have helped to stabilise economies and boost development, impoverished countries still face great challenges from the persistent disparities in world economic governance. Counterarguments highlight the intricacy of these issues and the requirement of appropriate reforms advocated by legislators, scholars, and rich nations challenging the need or viability of these changes.

Critics argue that since IFIs have been so crucial in stabilising economies, advancing world trade, and reducing poverty, reforms to these institutions are useless (Stubbs & Kentikelenis, 2017). For example, the World Bank's infrastructure projects and the IMF's interventions in financial crises such as Ireland during the Eurozone crisis have contributed to propelling world economic growth. Similarly, the World Bank-sponsored initiatives include Morocco's Noor Solar Plant and the IMF's assistance during the Asian Financial Crisis (1997–1998) to stabilise the affected nations. Nonetheless, these successes often fit specific circumstances and do not address systemic disparities. For example, austerity measures imposed on underdeveloped countries have sometimes made poverty and inequality worse even as Ireland works out its financial issue under IMF support (Kentikelenis et al., 2016).

In a bid to reform, IFIs can resort to changing their structures such as customising loan conditionalities to local needs and increasing transparency, which would boost their efficacy and equity instead of undermining IFIs. Proponents of austerity measures and structural adjustment programmes (SAPs) argue that these policies are required to foster fiscal discipline, balance macroeconomics, and create an environment fit for sustainable development. Without significant reforms, developing countries could suffer with inflation problems and ongoing debt. While economic stability and budgetary discipline are completely vital, agreeing on the need for changes may have harmful effects if persistent austerity policies are enforced without knowledge of the local social and economic situation.

Empirical information reversing One-size-fits-all Studies of SAP policies in Latin America and sub-Saharan Africa show that, in many cases, they reduce social spending by 20–30%, therefore reducing access to healthcare and education (Corney et al., 1987.). Moreover, cuts in public services and subsidies usually resulted in a growing poverty (Stiglitz, 2002). The policies should combine inclusive development objectives with financial consolidation in a balanced structure. For example, gradual budgetary adjustments connected to improved revenue-collecting mechanisms, like in the case of digital tax initiatives in Kenya. This can be achieved by protecting social spending during a recession to avoid harmful consequences on existing underprivileged communities. Rodrik (2006) underlines how better local context-specific economic improvements are than more broad neoliberal approaches.

It is argued that either decentralising decision-making or increasing the representation of developing countries will reduce the efficacy of IFIs, therefore undermining efficiency and decision-making. A more flexible government could lead to impasse effects or fragmented policy. The current government structure already suffers from inefficiencies since decisions are sometimes delayed in response to conflicting interests of major nations like the U.S. and EU (Jones & Howarth 2012).

Organisations like the African Development Bank (AfDB) clearly demonstrate good inclusive government. Keeping budgetary discipline, the AfDB has generously supported significant projects all throughout Africa. Double majority rules used in IFIs call for both financial contributions and regional participation to attain consensus and hence aid to break any deadlock.

Developed nations sometimes argue that they already significantly assisted other developing nations financially through debt reduction, trade benefits, and aid programmes. For poor nations, the Paris Club has restructured debt; the WTO's Aid for Trade programme provides instruments for boosting trade capacity. Programmes like the Heavily Indebted Poor Countries (HIPC) Initiative have clearly helped with debt relief; contributions from wealthier countries have supported infrastructure, health, and education in low-income nations. But many aid projects, meanwhile, are constrained in impact by political or financial limitations. For instance, linked aid sometimes asks recipient countries to purchase goods and services from donor countries, therefore reducing the efficacy of the aid (Moyo, 2009).

The WTO's Aid for Trade have been accused of elevating export promotion over local economic development as the first concern. The aid and trade policies should evolve to unbundle political conditions' aid to enhance their developmental impact. Moreover, lowering tariffs on agricultural exports from low-income countries helps to reorient trade policy so that emerging countries have fairer access to world markets.

Another counterargument is that developing nations should give internal changes first priority. Some critics argue that internal elements, including corruption, inadequate institutions, and inefficient government, cause the economic woes of developing countries rather than issues with world economic governance. Reforming IFIs is said to be less important than driving internal improvements. Surely, bad administration and corruption slow down development. Global economic governance sometimes aggravates these issues, though, by adopting policies that either strain national capability or encourage dependency.

As Bolivia's water situation indicates, IMF-mandated privatisation projects in the 1990s occasionally produced monopolies instead of fostering competitive markets. In relative terms, both internal and exterior reforms require synergy. Reforms in global economic governance should enhance local efforts by means of financial and technical support for institution-building. For example, the World Bank's Capacity Development Programme in Rwanda has strengthened government financial management systems rather successfully. Both inside changes and outside enhancements to world governance should help to establish an atmosphere suitable for sustainable development.

If we argue that economic liberalisation has helped world development, then different points of view still exist. Proponents of neoliberalism claim that trade liberalisation, deregulation, and privatisation have driven world development and moved millions out of poverty. The growth of China and India as two rising marketplaces have often been cited as evidence of the success of globalisation. While China and India benefitted from globalisation, their wealth was derived from selective liberalisation combined with major government intervention. India's protection of important industries and China's state-owned companies, for example, highlight the need for finding a balance between liberalisation and home control (Rodrik, D. 2011).

Many low-income countries have not benefitted as others have; sometimes, early market entrance causes deindustrialisation. For example, African countries observed a decline in manufacturing's percentage of GDP after trade liberalisation (UNCTAD, 2020). It is argued that IFI should encourage slow liberalisation that fits local capability and development aspirations instead of pushing rapid and total deregulation.

6. The Way Forward and Reformation

6.1 Government as Actors

The governments of developing nations should be actors to achieve economic growth of their countries with workable good economic policies in place for themselves. East Asian governments contributed immensely to the successful development of their regions through the creation of institutions that promote savings and the efficient allocation of investment. Countries have a better chance of developing if their governments take full responsibility for devising their own plans with commitment from their political leader and under the scrutiny of their citizens. The African Commission in 2005 concluded that history has demonstrated that externally shaped and imposed policies cannot and do not support development (Commission for Africa. 2005). Development encompasses not only resources and capital but a transformation of society. This transformation includes the acceptance of change or acknowledging science and scientific reasoning or readiness to face the financial risk of entrepreneurship (Stiglitz, 1998).

Although the international institutions may not be held accountable for this transformation, nonetheless, they are expected to inject a change in the process or support private entrepreneurs through grants or loans with no strings attached. Most importantly, they should not blockade the smooth transformation of the South with certain knowledge peculiar to poor nations which are capable of improving their economy. The WTO should protect indigenous knowledge by not allowing it to be patented away by some groups of people for profit, as in the case of bio-piracy *(Bio-piracy is a term used to describe the patenting of traditional medicines or foods by international companies in quest of profit making from resources or knowledge legitimately belonging to the developing countries)*, where the domestic industries that long provided the product are undermined.

In the case of IMF funds for development, assistance should not be based on ‘conditionalities’ - that is the imposition of a legion of conditions on a loan or grant received by a country (over and above the actual repayment) from a foreign institution which most often comes in a political form as a precondition for assistance (Larsson, 1994). This factor has not led to better policies, faster growth or better outcomes; rather it has eroded democratic processes and made it tough for developing countries to strategise properly (Bourguignon & Morrison, 1992). Allowing the developing countries to choose their development strategies will promote growth and reduce poverty.

Development assistance in the form of ‘aid’ should be increased free from macro-economic ideology. Aid should not be another weapon for the North’s strategic arsenal which will summarily breed poverty and underdevelopment in the developing South. In addition, the Marshall Plan for developing countries or Africa should take into consideration that conditionality is a requisite feature of aid, as donor countries have a right to anticipate that money given should be expended in a transparent manner and concisely accounted for. However, conditions attached to aid and debt relief should be applied in a more flexible manner over a longer period of time. Trade liberalisation of the DCs should be gradual with the United States and Europe providing greater market access (Igwe, I. O. C. 2009).

6.2 Inclusive Governance

The IMF’s activities affect the lives of a great many in the developing world yet they have little say in its operations. The WTO operates a voting system to take decisions mainly by consensus (Peres, 2024). The modalities of these voting rights must be radically changed to ensure a change in global governance where all the international institutions will stand to make sure that the voices heard in the WTO are not only that of trade ministers or in the case of IMF and World Bank not just the voices of the finance ministers and treasuries (Das & Espinoza, 2000). When the IMF and World Bank decide which NGOs to consult and recognise, opponents contend that they take on the role as gatekeepers of power and social organisations. Some contend that nations with greater authority have a tendency to vote in ways that benefit them, which can result in unfair decisions.

There must be increased openness and transparency in these institutions though there is no direct accountability to the public. Most of these institutions in their operation adopt secrete deliberations in which the decisions reached are imposed on the weaker nations. This modus operandi undermines democracy. Democratic accountability can only be achieved if these public institutions keep informed the public they represent of the options they face, and how decisions are reached.

6.2.1 More Inclusive and Efficient Policy Making

To ensure more faith among developing nations and civil society organisations among other stakeholders, there is an urgent need for IFI to strengthen DCs institutions to enhance regional cooperation. The dependency on international institutions had been much and has sometimes neglected regional remedies fit for local situations. This call for strengthening the function of regional development banks (e.g., African Development Bank, Asian Development Bank) to supplement worldwide IFIs in handling region-specific problems. Regional institutions can carry out more successful initiatives and often have greater awareness of local settings (Birdsall, 2006).

Using their particular development experiences, will help emerging nations to share knowledge and engage in cooperative investments. A decentralised governance models should be instituted by IFI to transfer some decision-making authority to regional authorities to guarantee policies are catered to local needs and priorities. It is expected to result to more locally pertinent and successful initiatives for development, a welcome less reliance on Western-led institutions.

6.2.2 Juggling Austerity with Inclusive Growth Problem

IMF programmes sometimes stress austerity policies meant to reduce public expenditure, hence aggravating poverty and inequality. For instance, SAPs in Latin America and Africa caused social spending drops of 20–30% (Corney et al., 1987). This can be fixed if IFI should change loan conditions by giving investments in infrastructure, healthcare, and education first priority so that austerity loses favour to inclusive growth. They should link conditionality not only to macroeconomic goals but also to social results like gender equality or the decrease of poverty. Rodrik (2006) contends that local needs-based "growth diagnostics" are more successful than generic programmes.

6.2.3 Improving Developing Country Representation and Voice

This can be achieved by creating advisory committees to give impoverished groups such as small island developing states (SIDS) a formal platform so that their particular challenges are reflected. Besides, remove the unwritten rule letting Americans control the World Bank and let regional representation, merit, and experience define leaders. By so doing, greater legitimacy and trust into IFIs will help to inspire more developing country collaboration.

6.3 Democratized Financial Institution

The industrialised nations of Europe, North America and Japan controlled about two-thirds of the World Bank’s votes, (Mason & Asher, 1973), with the U.S hitherto occupying the highest vote (Boas & McNeil, 2003). The US maintains veto power on matters of great importance to the World Bank and any loan short of US approval may not be presented to the Board for consideration (Woods, 2003). Developed nations rule in terms of global economic

governance, and their disproportionate voting power in institutions like the World Bank and IMF shows**.** Voting reforms and quota systems ought to help to balance things out. This can be accomplished by allocating voting power based on population density and economic contributions to more realistically depict the reality of a multipolar globe. (Miriri, D. and Strohecker, K.2024) Rising market targets should be increased including those for Nigeria, Brazil, and India. Scholars such as Stiglitz (2002) argue that by including the opinions of the Global South, modifications to voting practices will boost credibility and enhance decision-making.

Financial institutions parade their interests as multilateral lending ideals for the economic development of developing regions. However, critics have discovered that these institutions represent the interests of the transnational corporations and banks work for the IMF and World Bank by providing capital but receiving most of the 'development' projects in return (Danaher, 1995).

The economic marginalisation of the peoples of the South calls for a new basis for solidarity among them. The structural adjustment policies formulated under neo-liberal globalisation are a unilateral adjustment of the developing countries to ensure extension of the world for the benefit of the developed countries. What is required is multilateral adjustments among the developed, developing and least developed countries built on participatory negotiations or consensus based on global interdependence that would address inequalities created by opposing policies. The solidarity needed today will have to be built by the people themselves based on development that must be participatory, accountable, transparent and democratic with a view that the policies are designed to particularly meet the needs of low-income nations.

6.4 Global Banks and Other International Financial Organisations Development Loan Swaps

As an alternative to paying back their creditors, nations with high levels of debt might participate in loan-for-development swaps, which allow them to reinvest their debt in social programmes or environmentally friendly infrastructure. Global and regional development banks, as well as the International Monetary Fund (IMF), frequently play a facilitating role in this strategy.

The methodology from this is possible through debt conversion that allows creditor countries to move their debt burden by making sure investment is done by the borrowing country in sustainable development projects. Creditor countries may also participate in such investments as may help them in reducing their debt burden such as Renewable energy (solar, wind, hydro), Climate change activities (coastal defenses, reforestation, public health and education), or social safety nets for vulnerable populations. In such a situation, IFI would provide guarantees by managing fund disbursement and project funding for the financial institution. This helps the countries in debt manage their finances while addressing specific social and environmental issues which encourages funding in renewable energy infrastructure leading to a lower carbon emissions and better adaptability. It would lead to job creation, increase in standards of living, and develop local economies and meets world objectives such as the Paris Agreement and UN Sustainable Development Goals (SDGs).

Nevertheless, this option may have risks and considerations. It requires the cooperation of the creditors and the misuse of reallocated resources. Achievable only with willingness by creditor to swap debt for developmental efforts. Therein lies the challenge, implementation has to be as per stated not only for desired impact but for results achieved too. This approach has been used in debt-for-nature exchanges in countries such as Ecuador and Belize, proving its capacity to create win-win conditions for creditors and borrowers both.

6.4.1 Reforming Trade Policies to Promote Equity

WTO regulations favour wealthier nations, as shown in agricultural subsidies to lower commodity prices. Poor farmers, notably West African cotton growers, lose $250 million yearly from U.S. subsidies (Oxfam, 2005). Agricultural Support Programmes should be eliminated via stricter WTO rules that phase down trade-distorting subsidies in wealthier nations while providing transitional support to farmers. Bhagwati (2002) says eliminating subsidies could boost market efficiency and aid developing nation farmers. In agriculture, technology, and services, the WTO should improve Special and Differential Treatment (SDT) and extend SDT rules to provide developing countries more freedom to meet WTO requirements.

The WTO should provide extra mobilization and legal assistance to poorer states to improve their WTO dispute participation. This method should increase global market fairness and improve the lives of small producers and farmers in developing nations. Although the World Bank and other IFIs have focused more on climate finance, much of this money is still insufficient and unreachable to vulnerable states.

The Paris Agreement requires IFI to mobilise $100 billion annually to help developing nations mitigate and adapt to climate change. Stern (2007) claims that early climate adaptation expenditures save future costs, resulting in long-term profits.

To help small, weak nations access climate assistance without administrative hurdles, IFI should simplify climate funding application processes. In such a case, expanding green bond efforts could help poor nations fund climate-resilient infrastructure and renewable energy projects. This method should accelerate progress towards world climate targets and reduce impoverished nations' climate shock susceptibility.

6.4.2 Debt Burden and Relief

International corporations are frequently required to alleviate the debt burden in Africa and developing nations. Debt relief, concessional loans, and prudent lending procedures can mitigate debt-related difficulties. The correlation between debt burden and African developmental outcomes is intricate and multifarious. Individuals residing in undeveloped and transitional countries endure the profound consequences of corruption. In addition to other common forms of corruption within, illicit financial transfers by government officials to banks in developed countries total billions, if not trillions, of dollars annually through bribery, embezzlement of public funds, and misappropriation of foreign aid and direct investment. Such practices should be discouraged or the funds repatriated to their countries of origin for economic development. The Jubilee 2000 movement viewed the forgiveness of some of these debts, especially the corrupt or ‘odious and immoral debts’ or ‘dubious debts’ from the developed world as morally obligatory or in satisfaction of common principles of economic justice and law (Amin, 1977).

For any sincerity to exist in loans or debt forgiveness from International Financial Institutions, it must be unconditional, facilitating rapid economic growth for impoverished nations whose citizens have spent their lives repaying debts to the IMF and World Bank.

Although some concerted joint effort had been made by IMF – World Bank in 1996 for debt relief under the heavily indebted poor countries (HIPC), as stated above, there are still some challenges. This process is designed to ensure that no poor country faces a debt burden that is difficult for it to manage. A comprehensive review of the HIPC was followed through 2005 by three multilateral institutions, namely, the IMF, the World Bank, and the African Development Fund (AfDF) to speed up efforts towards the United Nations Sustainable Development Goals (SDGs), and the HIPC was supplemented by the Multilateral Debt Relief Initiated (MDRI). The HIPC and the MDRI programme have so far relieved debt of about $100 billion from 37 eligible participating countries, therefore freeing funds for infrastructure, education, and health. However, obstacles still persist in guaranteeing that debt burdens do not revert to unsustainable levels (IMF, 2023).

In recent years, there has been an increasing recognition of the necessity for sustainable and ethical lending methods, as well as initiatives to mitigate the debt burden in developing nations. Initiatives such as the Debt Service Suspension Initiative (DSSI) and the G20 Common Framework for Debt Treatments (Paris Club), that offer ways for nations to manage their debt obligations while maintaining a focus on development objectives is still suffering debtor non-participation (Cassimon, Essers, and Presbitero, 2023).

Responsible borrowing and debt management are crucial; but, international cooperation, supporting policies without ‘conditionalities’, and an emphasis on sustainable development are also vital for African nations to properly tackle their debt difficulties while pursuing developmental objectives.

7. Conclusion

This paper has considered the activities of the agencies of global economic governance such as the WTO, IMF and the World Bank and how their policies impact on the development of developing countries. The marginalisation of the developing countries in these institutions has labelled development as a foreign idea rather than indigenous in accordance with the people’s values or interest.

The implementation of SAPs programme as a ‘one size fits all’ by donor countries and conditionalities cries out for an urgent amendment to induce wealth than poverty. These economic institutions argue that the failure of the policies in donor countries was caused by improper implementation of the policies of the donor governments. But this perception had been debunked by the economic framework adopted by the Asian Tigers, China, Brazil, Latin American countries that brought them back on their financial feet through government interventionism. The activities of IFI however are not all glum in every cases as they have recently taken some reasonable reform steps to bridge the economic gaps between nations, but the financial inequality and poverty scars still are ongoing in the developing world. A lot is expected of IFI or ought to be done to arrest the economic inequality and poverty tipping point of the developing countries. However, it may be apt to say that expecting more from developed countries, may be expecting much from a system that may never truly want the developing world to economically stand on their feet where the developed world would like to continue to expand their market in the DCs to ensure economic domination for a cyclical economic dependency.

Poor countries could need a little financial push from the IFI's free of unreasonable conditionalities and full acceptance into financial economic regulatory policies under a genuine balanced global economic policy that applies to all. The time is ripe for the financial institutions to reassess their unfair policies that unleash negative outcomes on the donor countries; otherwise, there is always going to be a huge divide in the economic world.

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