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World Bank, International Monetary Fund and United Nations Led Democratic Governance and Economic Development Campaign: Can Africa Speak One Voice?

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Abstract
The subject of democratic governance and economic development is currently of critical importance in various fora of debate in Africa. This paper discusses the subject with respect to the voices of Africa's academia. The paper discusses the subject in the context of Western world-Africa interaction since the early 1960s when the fight for political independence by African countries was at its peak. The paper also discusses the subject around modern economic development thought, defined as that which emerged in the mid 1940s when the World Bank and the International Monetary Fund (IMF) were created by the United Nations Organisation (UN). The paper observes that while there has been consensus in the Western academia on critical subjects like the one under discussion in this paper, in the African academia such consensus is missing, making it difficult for the later to give policy guidance on such critical issues. The paper calls for consensus in the African academia on issues critical to the economic development of Africa. To this effect, the paper makes a proposal of how consensus can be reached with particular reference to the World Bank, IMF and UN-led democratic governance and economic development. From this example consensus on other critical issues can be reached.
Keywords: Good Governance, Democracy, Economic Development

1. Introduction

The subject of democratic governance and economic development is currently of critical importance in various fora of debate in Africa. This paper discusses the subject with respect to the voices of Africa's academia. The paper discusses the subject with reference to the development of the literature on modern economic development focusing on the period beginning early1960s when the process of political independence was at its peak in Africa. For the purpose of this paper, we have only focused on modern economic development as it relates to the Western world and its interaction with Africa that commenced with the creation of the World Bank and the International Monetary Fund by the United Nations in 1945, soon after the Second World War. The main thrust of the paper is to make a call to the African academia to draw important lessons from its Western counterpart. In this respect, the paper has observed that the academia in the Western world has been instrumental in the debate and practice of democratic governance and economic development of that world. More precisely, the paper observes that the issue of which democratic governance format the Western governments were going to take had been sorted a long time ago, and that by the early 1970s it had been known as to which of the two basic economic approaches, the neo-classical (liberalism) or Keynesian (government active involvement in guiding the direction of the economy), should be applied when respective economic problems prevailed. The paper recommends that the African academia, through drawing lessons from its Western counterpart needs to move on from the current state of debate to the level where basic agreement would be made in ways similar to the way it has been made in the West, as described in the paper latter.

For lack of better terms, the two basic academic voices in Africa have been referred to, in this paper, as moderate and radical respectively. The moderate academic voice takes the concepts democratic governance and economic development to be universal and, therefore, ones that can be imported and adapted to each country's particular context. The radical academic voice, on the other hand, mistrusts the West because of its colonial history with Africa and is suspicious of any proposals for improvement made by Western related institutions, such as the World Bank and other United Nations institutions. This paper sees hope in the radicals coming to a discussion table with the moderates in the introduction of the New Partnership for Africa's Development (NEPAD) created in 2001 in Abuja, Nigeria, as it has seeds of a truly African initiated and owned institution, especially after taking into account the self-criticism made recently by the United Nations related organisations concerning their prescriptions for democracy and good governance for developing countries. It is the view of this paper that the self-criticism made recently by the United Nations related institutions has been genuine enough for the African radical and moderate academic factions to latch on and reach levels that would lead them to speak one voice in ways similar to what their Western counterparts have done.

The rest of the paper is structured as follows. The second section discusses the establishment of Western democratic governance and the two basic economic approaches in the Western world. Section three discusses the application of Keynesian approach to the African economies in an effort to develop Africa, up to the point where developments in the global arena indicated that Keynesianism was no longer useful and that it should be replaced by the neoclassical approach. Section four discusses the neoclassical approach that replaced the Keynesian approach. This is discussed with reference to Structural Adjustment Programme (SAP) being the term that was used to represent neoclassical approach. This section ends at the point where it became necessary to introduce governance requirement for the African governments as it was observed that that aspect was the missing link in making SAP a success. This was the point at which the New Partnership for the Development of Africa (NEPAD) was introduced as the African institution that would spearhead democratic governance in Africa. Section five discusses the debate by the two African scholarly factions on the World Bank/UN-led democratic governance in Africa around NEPAD. Section six discusses the recent critique of the World Bank/UN-led democratic governance both within and outside the United Nations circles, pointing out the willingness by these UN institutions to make necessary modifications. The last section, section seven, observes that the willingness by the UN institutions to make necessary modifications to their democratic governance requirements is a window of possibility for the African scholarly factions to engage each other in an effort to speak one voice on World Bank/UN-led democratic governance for Africa in ways similar to that of their Western counters parts.

2. The Establishment of Western Democratic Governance and the Two Basic Economic Approaches

The current democratic governance concept, which when defined simply, means representativeness and legitimacy and effectiveness of the government (World Bank, 1992) was imported into the Western world from Greece and Rome, then both Middle Eastern countries (Spielvogel, 1999). Democracy and good governance are two sides of the same coin as one cannot exist without the other. In the Western world, among the popular ways of representation is one whereby the majority votes for people to represent them in the government and one where the majority participates in decision making, through such methods as being members of a cooperative or civil society (Craig and others, 2000; Carter and Stokes, 1998)

Two economic approaches have come to establish themselves in the Western world as the basic approaches. These are the neo-classical approach (liberalism) and the Keynesian approach (government active involvement in guiding the direction of the economy). Before the Great Depression of the 1920s and 1930s only neo-classical approach was dominant. However, the failure by the economy to automatically deal with the unemployment problem, as expected under the neoclassical approach, led to the rise of Keynesian approach as the right approach under situations of high unemployment. Keynesianism, for its part, worked well until the 1970s when the major problem was no longer unemployment but inflation. Once again, neoclassical approach (in various forms) became the right approach. Since this time it has been established as to which of the two economic approaches would be best for which one of the two types of key economic problems (Blaug, 1986). In this sense, it can be said that the academic factions in the Western world have come to an agreement and can, therefore, in this respect, be said to speak with one voice.

3. Attempts to develop Africa by using the Keynesian Approach

The period 1945 to the late 1970s saw the World Bank and other United Nations institutions try to help Africa develop by using the principles described by the Keynesian economic approach.

From 1945, when the World Bank and the IMF were created by the United Nations, to the early 1970s efforts to develop Africa were characterized by the following Keynesian principles, among others. The government was expected to spearhead development by providing public infrastructure, such as roads, schools and hospitals. The approach also encouraged the government to borrow and run a deficit budget in order to finance the projects that it was implementing. Keynesianism also encouraged the government to nationalize strategic industries to facilitate its operations. Growth was taken to be the most important driver of development. It was believed that once a country attained a high level of economic growth, this growth was going to trickle down to the other areas of development such as creation of employment. It was believed that in turn, poverty would be reduced indirectly through these trickle down effects.

Also dominant during this period was the belief that development for Africa meant developing the industrial sector, which was believed to be the modern sector while shrinking the agricultural sector (believed to be primitive) bytaking its labour (believed to be excess) to the industrial sector. Thus, economic development models such as Arthur Lewis's (1954) Development with Unlimited Supply of Labour, were popular.

It was also believed that as African countries followed in the steps of development that Western developed countries had followed many years back, they too would develop and catch up with them. Thus, development models such as Rostow's (1960) Five Stages of Economic Growth were famous.

In addition to the Keynesian prescriptions mentioned above, African governments also employed import substituting industrial policy whereby a country would produce locally what it used to import from developed countries. This policy was adopted because of the belief that international trade was favouring Western developed countries. The import substituting industrialization policy, however, created financial problems for the African countries as only very few industries were left to create foreign exchange through trade. As a result, most African countries resorted to borrowing from developed countries. The debt problem was compounded by the global shocks of the early and mid-1970s and the early 1980s, especially the increase in prices in oil products.

4. The Need to Abandon Keynesianism and Reintroduce Neoclassicism

By early 1970s it became clear that although African countries had attained high levels of economic growth, poverty levels were too high, indicating that growth had not achieved the trickle-down effect it had been expected to achieve. It was observed that the African economies were not operating efficiently mainly because of heavy involvement by the governments in the direct running of the economic activities. Among the specific reasons for government inefficiency were the fact that government had nationalized most of the important industries but that they could not maintain them because the governments had no money to do so. Furthermore, the governments were too indebted to devote enough of their hardly earned foreign exchange to the development of their countries. Consequently, the World Bank and other United Nations institutions concluded that it was time to move away from the Keynesian approach and adopt the neoclassical approach for Africa. The proposed neoclassical approach came under the term Structural Adjustment Programme (SAP).The basic principles of neoclassical approach were the opposite of those that had prevailed under the Keynesian approach namely, replacing the government by the market forces as the main agent for directing the economy, privatization of industries that had been nationalized and deregulation of industries that were being regulated. Reduction in budget deficits was also an important change. These measures were expected to redress the problems that countries were facing, including reduction of foreign debt (Adejumobi, 1996; Akokpari, 2001).

It is important to mention that the fact that Western governments and academic factions always come to an agreement as to which economic approach to use when a particular important economic problem arises is evidenced by the fact that the agreement to introduce the Structural Development Programme has been called the Washington Consensus.

5. Introduction of the Governance Requirement for Developing Countries

The World Bank and other United Nations related institutions introduced good governance as conditionality for their assistance to Africa and other developing countries in early 1990s. The reason for bringing in the governance requirement was the observation that it was the missing link in making successful implementation of the Structural Adjustment Programme. As defined originally by the World Bank in 1992, the term governance was broad and referred to legitimacy and effectiveness of governments. Latter, more operational definitions were adopted such as that in Levy (2007) that included consideration of the process by which governments are selected, the capacity of the government to effectively formulate and implement sound policies, observation of the rule of law including respect of citizens' human rights, and the creation of institutions through which democratic governance would be carried out.

The World Bank prescribed six indicators of governance (World Bank, 1992) namely,

- Voice and Accountability.
- Political Stability and absence of violence.
- Government Effectiveness.
- Regulatory Quality.
- Rule of Law, and
- Control of Corruption.

Among the sub-proposals for the governance requirement was the creation of institutions by respective continents that would enable the countries in those continents to spearhead the governance agenda. These institutions were supposed to be created by the respective continents, while only consulting the World bank and related United Nations institutions and developed countries, the G-8. In the case of Africa, the institution created was the New Partnership for the Development of Africa (NEPAD). This was formally launched in 2001 in Abuja, Nigeria.

NEPAD aimed to deal with four broad areas of governance, namely peace and security, democracy and politics, the economy and regional integration. These broad areas were designed to incorporate specific processes and practices of governance such as transparency, accountability, integrity, respect for human rights, pluralism and multiparty politics and promotion of the rule of law.

6. African Academic Debate on NEPAD as Africa's Institution for Spearheading Democratic Governance

African academic debate on NEPAD is the most recent and ongoing debate on democratic governance as it relates to Africa. For this debate, two distinct schools of thought or factions can be identified that, for lack of better terms, can be referred to as moderate and radical factions respectively.

The moderate academic faction has taken as its starting point in discussing NEPAD the admission by

African leaders of their failings in implementing SAP. More precisely, the admission of the African leaders on this subject is well document in the African Union Secretariat publication on the subject since the creation of NEPAD in 2001 (e.g.NEPAD Secretariat, 2002, 2003----) where justification of the creation of NEPAD and how it is expected to operate are spelled out. In this documentation African leaders agree that Africa had failed to uphold good governance through the Organisation of African Unity (OAU). For example, wars and leadership by persons who were not democratically elected as well as tolerating corruption in the public sector had been prevalent under OAU. In order to redress this situation the African leaders agreed to form NEPAD in 2001 and convert OAU into African Union (AU) in 2002. In addition, an African Peer Review Mechanism (APRM) was put in place that requested African countries to review each other's performance. This is a voluntary institution taken to be complementary to NEPAD.

Against the foregoing background to NEPAD, the moderate African academic faction begins by giving African leaders credit for admitting their failure and subsequently creating NEPAD. They maintain that African leaders should be given time to prove that this time around, they would do a better job. They also observe that the initiative taken by the African leaders in creating NEPAD is the best so far since no one has proposed any credible alternative. The moderate African academic faction takes the World Bank and related institutions to be accurate in their judgement of African leaders and to have good intensions in advising African leaders to design NEPAD.

By contrast, the radical African academic faction does not trust the Western countries or their institutions, such as the World Bank because of their history in the colonization of Africa. In the first place, this faction sees the governance failure in Africa as a creation of colonialists as they supported bad leaders in order to further their goal of exploiting Africa. They maintain that even programmes designed by the West, including SAP contributed to maintaining undemocratic leaders who misgoverned the economies. This being the case, this faction maintains that the World Bank and other UN institutions as well as Western developed countries cannot design or give advice in designing governance institutions for Africa, that for that Africans themselves should be left to create their own institutions. This faction, therefore, does not see NEPAD in its current form as a genuinely African institution. Among the reasons forwarded for this view are the following:

(i).The World Bank and other United Nations institutions had a disproportionately high input in the creation of NEPAD (Beckam, 1991, Asante, 2003).

(ii). NEPAD replaced genuine African institutions, including:

- The Lagos Plan of Action, Africa's Priority Programme for Economic Recovery
- The African Alternative Framework to Structural Adjustment Programme for Socio-Economic Recovery and Transformation (Olukoshi, 2002).

(iii). The conditionalities of NEPAD that would fit a country for the award of Western aid are as extensive and normative as those that had been directly imposed by the West, making no real difference between the two (Bratton and van de Walle, 1992; Szeftel, 1998).

(iv). The type of democracy and governance prescribed by the World Bank and sister institutions are alien to Africa and, therefore, cannot be successfully be implanted in Africa (Owusu,1992; Tandon, 1996).

7. World Wide Empirical Based Critique of the World Bank and other United Nations Institutions Led Democratic Governance Record That Has Received Positive Consideration by These Institutions

Empirical studies and reviews of literature on the World Bank and other United Nations- led democratic governance record, including those made by El-Mikawyand Oia (2009) and Menocal (2011) have revealed areas that need modification in order to make this agenda more practical and more acceptable to developing countries for whom it is intended. The critique may be summarized as follows:

(i). **Disappointing record since introduction of governance in the 1990s**

One area of disappointment is that hardly any country has satisfied all the requirements in one evaluation. For instance, Kaufmann and others (2011) report that none of the G-8 countries namely France, Germany, Italy, Japan, UK, USA, Canada, and Russia, the Southern Asian Association for Regional Cooperation (SAARC) countries and Association of Southeast Asian Nations (ASEAN) comprising, more than twenty countries including China, South Korea, India, Parkistan, Indonesia and Malaysia succeeded in improving governance by all six indicators during 1996-2010. Menocal (2011) reports that such poor governance record such as corruption has remained rampant in countries purporting to be implementing democratic governance.

(ii). Reasons for the poor performance record

Democratic governance requirements have been characterized by the following difficulties:

- Normative nature: This subjective nature of democratic governance have made it difficult to countries to pin down what is really required of them as goals may be adjusted quite arbitrarily by donor institutions:
- Technocratic approach: A lot of identical mechanical indicators have been required of all countries that leaves little room for home grown approaches.

- Excessively long list of conditionalities: All the countries are expected to be successful in all the governance indicators each time evaluation is made. There is no allowance for prioritising and sequencing of the governance requirements.

(iii) Key lessons learned by the World Bank, other United Nations institutions and the donor community.
According to Menocal (2011), the World Bank, other United Nations institutions and the donor community have learned the following lessons on which they have not made much headway in implementing partly because they require them to make some fundamental changes. The need to start with the local context so that a good understanding of local dynamics would be had before further work with them can be made. The need to move away from subjective prescription and allow for local analysis and possible multiple paths. The need to allow for setting priorities on indicators so that those that are most important to any given country would be implemented earlier. Underlying these recommendation is a call for realizing the long-term nature of economic development.

8. Can Africa's Academics speak the same voice on the World Bank and on the United Nations Institutions- Led Democracy And Good Governance Agenda?

It is the view of the authors of this paper that the latest developments on this issue indicate that Africa's competing academic factions on the World Bank and other United Nations institutions- led democracy and good governance agenda can engage each other with the hope of speaking one voice in ways similar to what their Western counterparts have been doing. More specifically, these authors see the donors' acknowledgement of the weaknesses that have persisted since the genesis of the democratic and good governance agenda and the desire to make required modifications as a common ground for the two academic factions from which engagement with each other can start. This engagement should not only involve the two academic factions, but rather should also involve the World Bank and related United Nations institutions, developed donor governments, and African leaders. If this was done, there would be a high possibility of arriving at an agreement that would include the two African academic factions identifying the basic type of problems when the recommendations of one view would be more suitable and the other basic type of problems for which the recommendations of the other faction would be more suitable just as it is with Western academics concerned with economic development who are based in the West.

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