

International Financial Aid to African Nations

Posted on October 10, 2018

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Foreign Aid and the Postcolonial Development of African States

A lot of African countries have been getting foreign financial aid since they acquired independence. Upon obtaining freedom, international institutions such as the International Monetary Fund (IMF), the World Bank, the United Nations, and some Western countries began offering loans to African governments to assist them in development agendas and also raise the living standards of the continent's population (The). The primary funders that have been consistently offering loans to developing countries are the IMF and the World Bank.

The two institutions, which are managed and controlled by the United Nations, play significant roles in sustaining the living and development agendas of some of its members who depend on loans and foreign support. First, the IMF is responsible for guiding and advising countries in matters that require monetary cooperation to help them enhance and strengthen their economic growth. The institution's staff provides the concerned individuals and organizations within these governments with the relevant information that they can utilize in the decision-making strategies concerning development (The).

IMF Lending, Macroeconomic Stabilization, and Development Finance

Second, the institution plays a role in the provision of short and medium-term loans to developing nations. The finances are meant to aid the borrowers in solving macroeconomic-related issues within their boundaries. Additionally, the IMF assists countries in dealing with matters of payment balance in difficult situations where they cannot meet the laid terms and conditions of net international loan payment. IMF efficiently performs its role in serving and helping the concerned countries since it is constituted of economic experts who are knowledgeable and experienced in macroeconomic and financial principles and policies.

Finally, the World Bank is responsible for aiding developing countries in Africa with long-term projects related to essential needs, including the environment, health, water, electricity, and schools, among others. It lends them practical assistance and funds to technically and financially boost their efforts in

the projects respectively (The). Hence, the African nations can sustain their projects and enhance their development plans.

The loans given to the African countries are intended to assist them in their development missions through which they can fund some of their long-term projects, such as building infrastructure and reducing poverty among its people. However, the lending institutions, including the IMF and the World Bank, have set conditions, including borrowing and payment terms, that the borrowers find difficult to meet when acquiring loans. Also, there are restrictions by the institutions concerning the loans because some countries have accumulated massive debts over the years, and they are still borrowing. Hence, to mitigate the problems that might be associated with such cases, the institutions' managerial teams have collaboratively introduced regulations monitoring the rate of loan provision.

Reform, Conditionality, and the Changing Rules of International Assistance

In 2009, specific reforms were made regarding the lending institution IMF. The changes were aimed at regulating the provision of loans to developing countries, including Africa. Nations are required to have specific and substantial economic policies that will enable the borrowers to repay their loans. The IMF conditionality and other conditions, including trade liberalization and privatization, imposed on the impoverished countries stall development since the borrowers find it difficult to access financial support from the international communities. The poor African nations are unable to access vital services because they are denied financial support by the IMF and World Bank due to the restrictions accompanying the anticipated loans. For instance, in 2005, Uganda could not be granted financial credit by the World Bank because it was facing 197 conditions that it had to solve to acquire the development financial support (Eurodad). Concerning the 23% rate of malnutrition of children under the age of 5 years in the country, the restrictions stalled the development in Uganda because it could have utilized the funds to deal with the level of poverty in the country.

Trade liberalization and privatization of some sectors, such as banks and electricity in an African country with a significant percentage living under poverty lines, such as Liberia, lead to augmentation in slowed or underdevelopment since these are conditions restricting the nations from getting the financial development from the Fund and the Bank. The countries might be in urgent need of the loans, but due to the conditions imposed on them, they are prevented from acquiring the funds; hence, they are unable to solve the problems affecting their citizens. In other situations, some poor African nations have to give something in return to be granted the loan. For instance, Mali had to relocate its land management unit to the office of the CEO to be offered development funds by the World Bank in 2005 (Eurodad). Therefore, instead of the Fund and the Bank being international aids to the poor African countries and helping them in development matters, they have introduced conditions on the loans that worsen the situations, forcing them to seek financial support.

In conclusion, the IMF and the World Bank should provide developing countries with preferential loans,

especially those whose debts have accumulated to a significant amount of money and they apparently do not have the relevant means to pay them. Reforms such as Highly Indebted Poor Countries (HIPC) and the Multilateral Debt Reform (MDR) initiatives should be utilized efficiently to ensure that the developing countries are benefiting from the financial support given (The). Also, they will help reduce cases where nations borrow to pay an existing debt, making it impossible for any development to take place. Hence, preferential loans will aid developing African countries in starting and managing projects with the intention of enhancing economic growth.

Works Cited

"The IMF And The World Bank". *IMF*, 2018,
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