

# Implications of Ngozi Okonjo-Iweala's Candidacy for Civil Society in Africa

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## Abstract

Nigeria's Ngozi Okonjo-Iweala's candidacy for next president of the World Bank (WB) has raised numerous comments in the media. It received mixed reactions but mostly endorsement from, the Economist, New York Times, past executives of the bank and governments of South Africa, Nigeria, Angola and Ethiopia. Sections of civil society have also been speaking out in her favour and against her. But what do we know about her? What is the implication of her candidacy for Nigeria, the civil society and Africa? Chances of her winning are very slim, and given her status quo role, it will not make any difference whether or not she wins. Her credentials as an orthodox or conservative economist, her many years as an executive of the Bank and her roles as Finance Minister and coordinating Minister of Nigeria's economy, imposing neoliberal institutional reforms, are enough reasons to call off celebrations and prayers for an African president of the Bank this time.

## Introduction

The International Bank for Reconstruction and Development, nicknamed World Bank (IBRD), was created in 1944 in context of war-torn European need for recovery and reconstruction. The Economist first used the term in reference to IBRD in an article on January 22 of that year.<sup>2</sup> Since then, the Bank has evolved with self-declared mission of being an institution, passionately fighting poverty in developing countries. It must do this by promoting foreign direct investment, growth, fighting corruption, improving education, health service delivery and protecting the environment in these countries. For the most part, it claims to be foremost institution that offers development assistance to nations. These are missions clearly stated or implied in the Bank's third edition of the book, *A Guide to the World Bank*.<sup>3</sup>

As one of the world's largest source of funding for developing countries, the Bank's arrogated main task of working 'with the poorest people of the poorest countries' is instructive. The Bank gives to these countries loans, grants, technical assistance and policy advice. One question of interest is how these services have reduced poverty in these countries? A cloud of afro-pessimism, frustration and disappointment surround the bank in its relationship with developing countries in context of increasing gap between rich and poor countries. And between the poor and rich within countries taking the road provided by the

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<sup>2</sup> World Bank became the official shorthand for IBRD in 1975.

<sup>3</sup> The International Bank for Reconstruction and Development/The World Bank, *A Guide to The World Bank*, 3<sup>rd</sup> edition, Washington DC: IBRD/The World Bank, 2011, pp.9-15

Bank. Governance of the Bank is based on ownership power of countries. This is derived from their individual percentage shareholding which Africa is basically on the margins. Succession to key position of the president had been by simple nomination by hegemonic US and ratification by rest of the countries. It seems pressure for better representation in the organisation from key developing countries is about to bring slight change. But as yet, the strength of financial contribution in relation to voting and determination of the president has continued to favour rich countries with the US alone leading with 16 per cent of entire voting strength. In fact, the US, Japan and European countries wield 54 per cent of the total vote. The rest of the countries have 46 per cent. This screwed structure gives the US undue advantage for being the highest subscriber to the Bank. This also explains why all 11 past presidents of the body since establishment have been Americans.

Against this background, I examine the significance of Ngozi Okonjo-Iweala's candidacy as president of the Bank, to Nigeria and by extension to Africa.

## **Nigeria**

At face value, her emergence as candidate for the top position represents one opportunity which African governments seem to be speaking through in one voice. At least, her endorsement by the African Union and those of other countries including the most advanced country in the continent, South Africa attest to this. But this could also be the voice of neoliberalism agitating for its own.

It gives an impression of seething discontent of developing countries for the nature of governance of the Bank. The lack of democracy and adequate representation of Africa in key decision making processes of the organisation calls for change.

Okonjo-Iweala first appeared on the political scene in Nigeria during the administration of former president Olusengu Obasanjo between 2003 and 2007. . Apparently, her many years as staff with the World Bank and sophisticated neoliberal educational qualifications in the US had earned her a position in the government as Finance Minister. As a state fully regulated by neoliberalism, she was expected to be a resource and not liability. She was responsible for many neoliberal policies that failed to change living conditions of the poor in Nigeria. A perfect description of her role as tacit representative of the World Bank and the International Monetary Bank would be seen in the way the privatisation policy of the government gathered momentum. She was part of the bogus policy of National Economic Empowerment Strategy (NEEDS) of the government. The programme died like many others after promises of massive poverty reduction in Nigeria. None of those associated with it have explained nor mentioned what happened to the programme. Not one of the goals of the policy which include economic empowerment of poor Nigerians was achieved before it collapsed.

In 2005, amidst smarting economic hardship, Nigerians woke up to realise the Minister's agreement to a \$12.4 billion debt repayment deal to debt recovery hungry Paris Club. This was counted as poverty alleviating. It was worrying that the correct debt owed was not known with precision as much conflicting figures based on guesswork by relevant ministries

and departments filled the air. Governments of creditor nations are aware that often, politicians steal much of the loans or monies given to debtor nations. But always, the burden of repayment is shifted to ordinary people. Meanwhile, much of the money stolen by politicians are stacked in Banks in the creditor nations. The Minister authoritatively acknowledged that late president Sani Abacha stole whopping \$3-5 billion but Nigeria could only retrieve \$700 million from Swiss Banks where the money was kept.

She is currently coordinating Minister of the economy and Finance Minister in Nigeria. The tacit role of a neoliberal marketer of policies and programmes flowing from the World Bank reflects in the order of institutional reforms taking place in Nigeria. Electricity is one of Nigeria's number one problems. Already the sector has gulped huge tax payers money without Nigerians seeing light. Privatisation of the sector is a priority for the government. But no mention of how renewable energy comes into the picture has been mentioned.

Her role in the removal of fuel subsidy on 1 January 2012 was compatible with the neoliberal project. Many who predict and argue her being a better candidate actually do so because of her neoliberal credentials. They call her orthodox economics, but it is mere shorthand way of saying she represents the interest of the World Bank. Which means Obama might lose nothing if by any reason Jim Young Kim fails to surface.

Preparation for a sustained national protest was almost done with Lagos starting on January 3<sup>rd</sup>. The Nigerian Labour Congress and Trade Union Congress were to lead the protests. The issues bordered on removal of fuel subsidy. Poor Nigerians who have felt the only support from government enjoyed had been paying N65/litre of petrol. Analyses of the issue revealed intense corruption in the oil industry in Nigeria of which the burden should never have shifted to the poor. Nigeria has earned over \$600 billion since oil became key source of national revenue and foreign exchange. Citizens have lived barely without feeling the impact of this wealth. The roads are bad. Hospitals are mainly without drugs where free services are offered in some state hospitals and health centres. Not even recently won minimum wage of N18,000 by labour is helping. For states in South-South where the oil industry has been influential, living standards are much higher. In the city of Port Harcourt, accommodation and cost of food have remained above what the poor can afford. Nigerians living in relative poverty currently stands at 112.519 millions.<sup>4</sup> There is clear disconnect between the country's gross domestic growth rate of 7.7 and living conditions of Nigerians. Total population of Nigeria is currently 163 million. So, removal of oil subsidy was seen as callous by Labour and the civil society.

In the same spirit, she defended deregulation of the sector. In a meeting of staffers at the Ministry of Finance in Abuja, she said "Nigerians won't suffer in vain."<sup>5</sup> She counted

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<sup>4</sup> Ifeanyi Onumba, 112.5 million Nigerians live in poverty –NBS  
February 14, 2012 <http://www.punchng.com/business/business-economy/112-5-million-nigerians-live-in-poverty-nbs/>

<sup>5</sup> Ifeanyi Onumba, Subsidy Removal: Nigerians won't suffer in vain-Okonjo-Iweala,' Punch January 8, 2012  
<http://www.punchng.com/viewpoint/fuel-cartel-and-related-issues/>





Photo: Celestine Akpobari

Clearly, social deficits of the neoliberal project are most pronounced in oil and gas sectors in Nigeria. Their impacts on local communities in the Niger Delta include severe destruction of the environment, poverty, conflict and loss of livelihoods.

Oil problems are many. We are the owner of the Grandgbene Deep Oil Well “A”, but since Agip came here and dug a carnal we have not seen anything. They came here and dug the carnal. They did not invite us or involve us about anything, about the oil found here. Agip followed backyard to this place without informing us about their arrival and activities. Now, they have blocked our major access creek –Olumu Creek—with a carnal. One cannot also go through the carnal which is theirs. Blaziagha is a federated area of eleven communities but Agip does not recognize our existence. Look at the river, we cannot drink the water anymore because of what this carnal has caused the environment. Agip has polluted it. Even fishes have either died or run away from this area.<sup>8</sup>

Figure 3. Oil and gas neoliberalism and disruption of eco-systems in the Niger Delta

<sup>8</sup> Interview with David Alukpa, Elder Blaziagha Federated Communities January 31, 2012



Photo: Fidelis Allen

As we can see, oil and gas problems in the region include, land grabbing, destruction of aquatic life, conflict and general poor living conditions of local community people. Nigerian Agip Oil Company (NAOC) has new oil field in Blaziagha Federated Community in Delta State. To develop this field, it must construct a carnal to convey equipment and other heavy duty materials. But this is at great risk to the immediate communities next door. It has constructed a carnal (Olomu Carnal-see photo above) which blocks Olomu Creek. This is a Creek which community people have used as access for many generations. Hunting, fishing and medicinal herbs were major resources from the areas now turned carnal which community people cherished. By blocking the Creek, community people have also been denied access to economic trees for the production of local potassium. This has been a traditional commodity processed from particular specie of trees (See Figure 4.). Fish ponds and timber resources are not spared. Worse, the oil company has failed to conduct credible environmental impact assessment to predict impact of the project on the communities. All of this is now under severe threat from the development of the new oil field.

The land acquired by Agip contained several fish ponds dug by our forefathers, timber resources and herbs which used to help our people live well. God gave us the land, our only resource and factor of production. Our native medicines in leaves have now been cleared by the company in the name of oil exploration. Look at the water, this is not the real colour of the river. Now that the colour has changed, what do you think has happened to the fish? There is also a security dimension to the problem. Those from distant villages are fighting us and claiming part ownership of the land acquired by the company. The company encourages this type of conflict in order to effectively occupy the land.<sup>9</sup>

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<sup>9</sup> Interview with Lekumo Benedit, youth president of Blaziagha Federated Communities January 13, 2012

Figure 4: Potassium manufactured from trees



Photo: Fidelis Allen

Figure 4. Villagers complaining about impact of oil company.



Photo: Fidelis Allen

They point to the neoliberal character of oil and gas which fuelled anger of some of the people that protested against removal of the subsidy in January. Figures, 3 and 3 an 4 reveal social conditions created and ignored by the neoliberal oil and gas complex in the Niger Delta.

If the world is now looking for a president of the World Bank from the developing world with pro-market qualities of the standard needed by the bank's shareholders Okonjo-Iweala will best fit the position. This can happen with or without democracy within the system. So, does it really matter who becomes next president of the World Bank? Endless wait for: a democratic WB; waned ideological grip by the United States of America (USA); repentance of accomplice nations are some reasons we cannot border much about who takes the position shortly. What is important is to maintain a pessimistic disposition against the institution for its growth oriented policies in developing countries. Two years ago, it offered \$3, 75 billion to South Africa's energy company Eskom for expansion of its coal-fired electricity projects. This perhaps remains one example of how an institution that claims commitment to poverty reduction and growth in developing countries can be lukewarm to the environmental, climate change and human costs of such funding. Certainly, this climate change financing role of the WB deserves a separate space for details. But remains an issue for the civil society.

The role of the WB (and its sister institution, the International Monetary Fund) in most African countries' economic systems does not call for celebration.<sup>10</sup> Both institutions' literal supervision of neoliberal policies in many countries of Africa was strongest between the 1980s to 2000s. Outcomes include increasing poverty and reduction in public service delivery. This is due to its privatisation message, accounting for series of backlash and protest by citizens against accomplice national leaders. These have in turn brought huge discredit to the institutions. And now, they have to struggle hard to regain credibility if they ever had one.

The WB as it is the sticking point. The tale of woes, emanating from critical minds, point to two facts about the institution: an institution mainly dominated by the United States and; one serving the interest of markets. Token social questions around the ideological foundation of the institution attracts penalty. It was so with Joseph Stiglitz who, as temporary insider should not have raised questions around Post-Washington Consensus that would earn him sack. The same questions of possibilities of a Post-Washington Consensus are on the public scrutiny. But America's grip on the bank delineates a neoliberal trajectory that wrenches where necessary to give capital unbridled access to fertile grounds. At least, this was learnt as early as my first year in the university as an undergraduate student of political science. Then, the honour of a student outside the liberal traditions was in understanding and following up this dimension of reasoning around global multilateral financial institutions in their instrumental integration of emerging nations into the world capitalist system.

The politics of succession at the WB exposes the limited democratic aspirations of the United States of America when it comes to protecting her economic or national interest. This is more or less a suggestion of how the country elevates her national interest above democracy. Democracy is not the interest when economic issues are at stake. So that, if it requires sacrificing it in order to maintain her hegemony, so let it be. Of course, the country is still counting her losses and grievances for not being around during the era of direct colonial

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<sup>10</sup> Patrick Bond, Africa's 'Recovery' Economic Growth, Governance and Social Protest' Insight 41 (3) December

conquest and must fill the gap within a neoliberal or neo-colonial dispensation in which key multilateral financial institutions like the WB would remain centres of regulation of the global economic systems.

Unfortunately, the three candidates fall within the space of the hegemon. Most likely president Jim Young Kim might as well have greater problem as subject of the hegemon. “To me, the most disappointing part of President Jim Yong Kim’s departure is what he’s leaving behind: a vision tailored to his expertise and an uncaring administration,” writes Dennis Zeveloff, a 12 year old kid in Dartmouth College where Jim is president.<sup>11</sup> Jim’s nomination to the presidency is problematic. The social fatalism this underscores will be part of a tradition of insensitivity of a Bank that for instance give loans to countries, only later to squeeze ordinary citizens to repay, even when they know that citizens need not pay for what was stolen by politicians. Shouldn’t a bank insist on fairness of efforts at guarantee, such loans would not be stolen? An uncaring administration of the WB will not be new. But, does require no place exists for productive politics as speculated by those who prefer this to the other candidate in the race for the presidency.

## **Conclusion**

If truly the World Bank fights poverty, and Okonjo-Iweala represents that vision enough for her to want to lead the Bank, it should show at the domestic level where she has been a Minister of Finance. orthodox economists have different logic altogether of how poverty is fought. Their faith in the market time and again have failed. Her role in tackling issues that affect the poor in Nigeria has been regrettable. The handling of the fuel subsidy issue and seeming neglect by the federal government to issues raised by the civil society with respect to impact on the poor are troubling. Palliative measures identified are yet to be seen. Instead, severe economic inequality permeates the Nigerian society. Life has become harder for the poor as he seems to live perpetually without electricity, security, good roads, health facilities and assurance of daily meals. All of this point to one fact: the neoliberal project which she represents.

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<sup>11</sup> <http://thedartmouth.com/2012/03/29/opinion/voces>