

Africa's (Under) Development at the Mercy of International Financial Institutions' Reform Programmes: A Dependency Theory Perspective



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ABSTRACT

Global financial institutions such as the International Monetary Fund (IMF) and the World Bank (WB) have played a dominant role in shaping the global financial architecture since their establishment at the 1944 Bretton Woods Conference in the United States. On paper, critics say that these institutions were created to promote international economic cooperation, stabilize currencies, and rebuild economies after World War II. However, their operations in the global south have often been critiqued for perpetuating structural inequalities. This is because IMF and WB through the structural adjustment programs (SAPs) to debt servicing obligations, impose neoliberal economic reforms that prioritize *laissez-faire* and fiscal austerity, frequently undermining the role of state sovereignty. The African continent has not been immune from the impacts of these institutions on development possibilities. Therefore, the paper used the classical Dependency Theory to explore the role of International Financial Institutions (IFIs) in Africa's (under)development possibilities. The paper utilized a qualitative secondary analysis, drawing on existing literature as the foundation for the analysis. The findings indicate that IFIs function to integrate African economies into the global capitalist system as subordinate entities, perpetuating exploitative dynamics. The paper concludes by arguing that the current IFIs loan and reform policies are both a constraint and a paradox for Africa's development possibilities. The paper recommends alternative development paradigms that challenge capitalist hegemony and foster equitable, self-determined growth pathways for Africa. The paper contributes to the ongoing debate on the role of IFIs in shaping Africa's economic trajectory, highlighting how their loan conditions and structural reforms reinforce dependency rather than fostering genuine development.

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Publication History

Received:
10th January, 2025
Accepted:
10th June, 2025
Published:
11th July, 2025

Keywords: *Bretton Woods Conference, Dependency Theory, International Financial Institutions, Structural Adjustments Programmes*

INTRODUCTION

The establishment and the development of three key institutions - the International Monetary Fund (IMF), the World Bank (WB), and the General Agreement on Tariffs and Trade (GATT), later replaced by the World Trade Organization (WTO) in 1995 - can be traced back to efforts following the Second World War to create a stable global economic framework.¹ During this period Western nations seized the

¹ Jan Wouters and Jed Odermatt, "Comparing the 'Four Pillars' of Global Economic Governance: A Critical Analysis of the Institutional Design of the FSB, IMF, World Bank, and WTO," *Journal of International Economic Law* 17, no. 1 (2014): 49–76.

opportunity to design international organizations and interventions aimed at preventing a recurrence of the economic crises experienced during the 1930s. Hence, the 1944 Bretton Woods Conference held in New Hampshire in the United States (US) changed the global financial sector and international trade.² This is because the outcome of this conference, which was represented by 44 Western nations and African nations, including Ethiopia and the Union of South Africa (South Africa became a Republic in 1961 after a referendum, intensifying apartheid policies and ending ties with the British monarchy), led to the establishment of these institutions. The main aim of these key institutions was to promote “stable economic growth within a capitalist system”.³ This means that these institutions presented an anti-communist agenda towards social and economic development, drawing mainly from the ideas of the classical economist Adam Smith, which promoted laissez-faire and fiscal austerity.⁴ The purpose of IFIs, particularly IMF and WB, is not only to issue loans but also to “advise countries on adjustments they can adopt to improve their economic situations”.⁵ These recommendations often align with liberal and neoliberal economic principles, which prioritize free-market policies, deregulation, and privatization (of state-owned entities).⁶

Despite being collectively identified as the “Twins” of the Bretton Woods conference, they have different frameworks and objectives within the international space.⁷ For instance, in its distinct role, the IMF deals with short-term balance of payments challenges in member states, while the WB deals with “longer-term development aid”.⁸ On the other hand, the role of WTO, originally GATT, was to “reduce tariffs and extend free trade to new economic sectors”, especially among its members.⁹ Accordingly, on paper, these institutions play a central role in assisting countries experiencing crises.¹⁰ For instance, it can be argued that the IFIs are crucial not only for issuing loans but also for advising countries through their “package” - Structural Adjustments Programmes (SAPs) to improve their economic situations.¹¹ Accordingly, monetary aid offered or issued by the IMF is believed to be enabling financially stressed countries to “rebuild international reserves, stabilize currencies, and maintain the ability to pay for imports”.¹² This role is significant in fostering economic development and ensuring countries can participate in global markets.¹³ Additionally, IFIs often collaborate with governments to implement structural reforms that aim to achieve long-term economic sustainability.¹⁴ Despite their intended role in fostering the development agenda worldwide, the SAPs promoted by these institutions have frequently been criticized for prioritizing economic efficiency over social equity, particularly in developing countries.¹⁵ As such, their interventions remain a focal point of debate in international development discourse.¹⁶

² J. Simon Rofe, *Global Perspectives on the Bretton Woods Conference and the Post-War World Order* (Springer, 2017).

³ Katie Willis, *Theories and Practices of Development* (Abingdon & New York: Routledge, 2011).

⁴ Yuliya Kalmykova, Madumita Sadagopan, and Leonardo Rosado, “Circular Economy—From Review of Theories and Practices to Development of Implementation Tools,” *Resources, Conservation and Recycling* 135 (2018): 190–201.

⁵ Sakhiseni Joseph Yende and Zama Mabel Mthombeni, “The Cost of Equality: Analyzing the Unforeseen Financial Strains of Fee-Free Higher Education in South Africa,” *E-Journal of Humanities, Arts and Social Sciences (EHASS)* 4, no. 11 (2023): 1380–90.

⁶ Antoni Verger, Clara Fontdevila, and Adrián Zancajo, “Multiple Paths towards Education Privatization in a Globalizing World: A Cultural Political Economy Review,” *Journal of Education Policy* 32, no. 6 (2017): 757–87.

⁷ Takudzwa Leonard Mathende and Tatenda Goodman Nhapi, “The Nexus of Globalisation and Global South Social Policy Crafting: Some Zimbabwean Perspectives,” *J Pan Afr Stud* 12, no. 1 (2018): 499–515.

⁸ Ismail Davids and Francois Theron, *Development, the State and Civil Society in South Africa* (Van Schaik, 2014).

⁹ Willis, *Theories and Practices of Development*.

¹⁰ Ntini, Edmore. “Global financial institutions: The double-edged blades and instruments of northern domination.” *International Journal of Humanities and Social Science* 4, no. 1 (2014): 214–225.

¹¹ Iornenge, “Evaluating The Role Of International Financial Institutions In Maintaining Financial Stability,” *IOSR Journal of Economics and Finance* 15 (2024): 23–32.

¹² Edmore Ntini, “Global Financial Institutions: The Double-Edged Blades and Instruments of Northern Domination,” *International Journal of Humanities and Social Science* 4, no. 1 (2014): 214–25.

¹³ Ahamer Gilbert, “IFIs Undertake Financing When Their Environmental and Social Quality Criteria Are Met,” *Финансы: Теория и Практика* 25, no. 6 (2021): 85–111.

¹⁴ Iornenge, “Evaluating The Role Of International Financial Institutions In Maintaining Financial Stability.”

¹⁵ Ntini, “Global Financial Institutions: The Double-Edged Blades and Instruments of Northern Domination.”

¹⁶ Mammo Muchie and Vusi Gumede, *Regenerating Africa: Bringing African Solutions to African Problems* (Africa Institute of South Africa, 2017).

Furthermore, the role of consequences of these reform policies has been heavily questioned and highly criticized, particularly by countries in the Global South.¹⁷ This criticism stems from the perception that these reforms primarily serve the interests of powerful nations and multinational corporations (MNCs), often at the expense of poor, developing countries.¹⁸ For example, the conditionalities attached to loans by the IMF and World Bank frequently mandate austerity measures, privatization, and trade liberalization, which can exacerbate poverty and inequality.¹⁹ Critics argue that these policies undermine national sovereignty, prioritize debt repayment over social services, and perpetuate dependency rather than fostering genuine, sustainable development.²⁰ Such criticisms have dominated the ideologies of leftists and their organisations on the African continent.²¹ For example, the IFIs and their reform policies are believed to have become “dictators of development in Africa, with an abundance of mineral resources and raw materials, Africa is supposed to develop at an exponential rate”.²² It is from this background that the paper uses classical Dependency Theory to explore the role of IFIs and their reform programmes in Africa’s (under)development possibilities. Following this introduction, the paper briefly discusses the secondary research approach that was used as the basis for the analysis. Thereafter, the paper discusses the uses of classical Marxism theory as a theoretical foundation for the interpretation and analysis of the literature. The paper will explore existing literature on the role of IFIs in shaping African development and underdevelopment trajectories since 2000. This analysis will form the basis for a discussion that synthesizes the reviewed perspectives and critiques. Finally, the paper will conclude by summarizing the key arguments and insights presented throughout the discussion, offering a consolidated reflection on the influence of IFIs on Africa’s developmental possibilities in the contemporary era.

Qualitative Secondary Analysis

The central question that this paper seeks to address is: what role do International Financial Institutions (IFIs) play in Africa’s (under)development prospects post-2000? To provide a comprehensive response, a qualitative secondary analysis (QSA) was employed as the research approach. QSA uses existing datasets, information, and research collected for purposes other than the study at hand to explore new insights or address specific objectives.²³ As a desktop study, this research draws extensively from available literature, reports, and scholarly analyses to examine the nuanced impacts of IFIs on the African continent. This approach ensures a broad perspective by synthesizing a range of existing studies and contextualizing them within the research question. Thus, by adopting secondary data, the paper critically evaluates the intersection of IFI policies, economic strategies, and development outcomes, identifying key trends and implications for Africa's socio-economic trajectory.²⁴ A literature review was conducted to ensure the appropriateness and credibility of the information used. This was achieved through triangulation and cross-referencing of data across multiple sources, ensuring consistency and reliability. Accessible data were obtained from reputable search engines, including Google Scholar, ScienceDirect, and ResearchGate, among others. Additionally, information was sourced from verified and authentic websites such as South African History Online (SAHO), the IMF, WTO, and similar organizations. These platforms provided a diverse range of perspectives, enriching the analysis and ensuring that the study was grounded in well-rounded, authentic, and academically robust material.

¹⁷ Jason Hickel et al., “Imperialist Appropriation in the World Economy: Drain from the Global South through Unequal Exchange, 1990–2015,” *Global Environmental Change* 73 (2022).

¹⁸ Willis, *Theories and Practices of Development*.

¹⁹ Zethembe Mseleku, “Neoliberalism and the Downfall of the Growth, Employment, and Redistribution (GEAR) Strategy in South Africa: Key Lessons for Future Development Policies,” *African Journal of Development Studies* 13, no. 4 (2023).

²⁰ Ntini, “Global Financial Institutions: The Double-Edged Blades and Instruments of Northern Domination.”

²¹ Juliet Eileen Joseph, “Critical Factors to Consider in the Trade–Security Nexus of the African Continental Free Trade Area: A Catalyst for Establishing Peace,” *African Security Review* 33, no. 2 (2024): 131–55.

²² Nsizwazonke Yende and Edmore Ntini, “Underdevelopment of the Underdeveloped: Implications of Dependency Theory in Relationships among Nations in the Contemporary World,” *African Journal of Development Studies* 12, no. 2 (2022).

²³ Elizabeth A Sharp and Kelly Munly, “Reopening a Can of Words: Qualitative Secondary Data Analysis,” *Journal of Family Theory & Review* 14, no. 1 (2022): 44–58.

²⁴ Mathende and Nhapi, “The Nexus of Globalisation and Global South Social Policy Crafting: Some Zimbabwean Perspectives.”

Dependency Theory

The paper used the classical dependency theory as a theoretical framework to analyze the role of IFIs in Africa's development possibilities in the post-2000. The theory emerged in Latin America as a response to the dominant ideas posed by Modernization Theory in the 1950s and 1960s.²⁵ This theory is drawn from the Marxist perspective in explaining the core causes of poverty in developing countries – as emanating from capitalism.²⁶ Thus, the theory's central argument is that Latin American countries found themselves in a state of underdevelopment because of exogenous factors associated with and imposed through global capitalism.²⁷ In essence, the proponents of dependency theory, including Raúl Prebisch, André Gunder Frank, and Theotonio Dos Santo, highlight that it is not their doing but the operation and the architect of the main global institutions that perpetuate and subject poor nations to unequal relationships that maintain underdevelopment in the Global South.²⁸ Although this theory was primarily applied in Latin America, its central argument has been critical in explaining issues of (under)development globally, especially in developing nations.²⁹ Therefore, this theory was deemed relevant to interpret the literature because it aligns more directly with the topic, as it highlights the systemic relationships of control, exploitation, and dependency inherent in the interactions between IFIs and African nations post-2000. Furthermore, this theory focuses on the Global South's socioeconomic and structural challenges and provides a sharper lens for analyzing underdevelopment and development possibilities influenced by IFIs.

LITERATURE REVIEW

Conceptualizing (Under)Development

In an attempt to define development, various scholars have acknowledged that the concept is complex and multifaceted, making it difficult to provide a single, universally accepted definition.³⁰ As such, these, among other scholarly writers, highlight that development should not only be understood in economic terms (gross national product) but as a phenomenon that embeds other fundamental dimensions, such as social, political, and cultural.³¹ For example, Myrdal defines development as an improvement of the *entire social system*.³² Thus, by the *entire social system*, Myrdal goes beyond looking at economic factors to encompass non-economic factors. For instance, Myrdal noneconomic factors include all:

“Sorts of consumption by various groups of people; consumption provided collectively; educational and facilities and levels; the distribution of power in society; and more generally economic, social, and political stratification; broadly speaking, institutions and attitudes-to which we must add as an exogenous set of factors induced policy measures applied to change one or several of these endogenous factors.”³³

Accordingly, Myrdal conceptualization of development comprehensively illustrates the significance of the multifaceted nature of development and the dynamic process therein that is shaped by various internal and external factors. This is fundamental in understanding of development. On the other hand, San argues that development is linked to freedom, in fact, “freedom is not just an end of development, it is also a crucially effective means”.³⁴ Furthermore, as San identifies development, within the context of freedom, San also highlights that development encompasses five (5) dimensions of freedom, namely, (i) political freedoms, which are linked to civil liberties and the ability of people to participate in democratic processes and express opinions freely. (ii) Economic facilities encompass different opportunities to use socioeconomic resources for different things including production,

²⁵ Yende and Ntini, “Underdevelopment of the Underdeveloped: Implications of Dependency Theory in Relationships among Nations in the Contemporary World.”

²⁶ Willis, *Theories and Practices of Development*.

²⁷ Barbara Fritz, Luiz Fernando de Paula, and Daniela M Prates, “Developmentalism at the Periphery: Addressing Global Financial Asymmetries,” *Third World Quarterly* 43, no. 4 (2022): 721–41.

²⁸ Katherine M Beall, “The Global South and Global Human Rights: International Responsibility for the Right to Development,” *Third World Quarterly* 43, no. 10 (2022): 2337–56.

²⁹ Ntini, “Global Financial Institutions: The Double-Edged Blades and Instruments of Northern Domination.” 214-225.

³⁰ Gary Paul Green and John Aloysius Zinda, “Rural Development Theory,” in *Handbook of Rural Development* (Edward Elgar Publishing, 2013), 3–20.

³¹ Wolfgang Sachs, “Global Ecology and the Shadow of Development,” *Global Ecology: A New Arena of Political Conflict* 3 (1993): 22.

³² Gunnar Myrdal, “What Is Development?,” *Journal of Economic Issues* 8, no. 4 (1974): 729–36.

³³ Myrdal, “What Is Development?”

³⁴ Amartya Sen, *Development as Freedom* (New York: Anchor Books, 1999).

exchange, and exchange among other things (iii) Social opportunities relate to access to different basic but critical services including access to healthcare, education, etc, and other services that improve quality of life. (iv), While transparency guarantees involve openness, trust, and freedom from corruption in governance and economic interactions. (v) Last but not least, is protective security, which refers to social safety nets and protections that shield individuals from poverty and extreme deprivation.³⁵ Rodney defines development at the individual level development as “increased skills and capacity, greater freedom creativity, self-discipline, responsibility, and material well-being”, which is all tied to society at large.³⁶ At the social or community level, development is about improved capabilities to manage or manipulate both internal and external relationships.³⁷ These, among other definitions of development, indicate and highlight that this phenomenon is a multidimensional and dynamic process. Therefore, within the context of this paper, development is defined in cognizance of these perspectives - as a holistic and comprehensive process that seeks to balance freedom, social progress, environment, and capacity-building for both individuals and societies.

In Rodney’s seminal work, it is emphasized that the concepts of development and underdevelopment are intrinsically linked but fundamentally opposed to each other. Rodney further argued that underdevelopment should not be interpreted as the total absence of development because all societies have developed to varying degrees.³⁸ Dependency theorists further assert that underdevelopment is a condition in which the economic and social structures of developing nations are shaped and perpetuated by their dependence on more developed nations.³⁹ This dependency, as Yende and Ntini note, stems from a historical and ongoing unequal relationship between the "core" (developed countries) and the "periphery" (developing countries), where resources, wealth, and power are systematically transferred from the periphery to the core.⁴⁰ Rodney highlighted “that the development of wealthy nations is inextricably linked to the underdevelopment of poorer nations, underscoring a structural imbalance in the global economic system”.⁴¹ This one-sided flow of resources has been described by André Gunder Frank as the “development of underdevelopment”.⁴² Dependency theorists argue that colonial history and the exploitation of the Global South's resources have entrenched economic inequalities, leaving developing nations reliant on developed ones for capital, technology, and market access.⁴³ This dependency not only stifles self-reliant growth but also perpetuates systemic poverty and inequality. Therefore, underdevelopment is a dynamic process shaped by historical and structural forces that hinder the periphery's industrialization, technological advancement, and economic autonomy.⁴⁴ It is from this background that the main proponents of dependency theory call for delinking from exploitative global capitalist systems and pursuing development strategies that prioritize the needs and aspirations of the periphery.

IFIs and their Reform in Africa’s Development

The literature highlights that the contributions of IFIs in developing countries, particularly in building skills and mobilizing resources, have been widely recognized. Different writers, including Williams et al., emphasized the IMF's significant role in capacity building, achieved through collaboration with various government agencies in Africa.⁴⁵ This is perceived as critical and essential to foster human development, promote independence, and drive sustainable growth. Nsouli further noted that the IMF prioritizes developing expertise and enhancing economic policymaking capabilities as a cornerstone of

³⁵ Sen, *Development as Freedom*.

³⁶ Walter Rodney, *How Europe Underdeveloped Africa* (Verso Books, 2018).

³⁷ Willis, *Theories and Practices of Development*.

³⁸ Rodney, *How Europe Underdeveloped Africa*.

³⁹ Joan Robinson, *Aspects of Development and Underdevelopment* (CUP Archive, 1979).

⁴⁰ Yende and Ntini, “Underdevelopment of the Underdeveloped: Implications of Dependency Theory in Relationships among Nations in the Contemporary World.”

⁴¹ Rodney, *How Europe Underdeveloped Africa*.

⁴² Willis, *Theories and Practices of Development*.

⁴³ Frank Andre Gunder, “The Development of Underdevelopment,” *Monthly Review* 41, no. 2 (1989): 37–51.

⁴⁴ Celso Furtado, *Development and Underdevelopment* (Univ of California Press, 1964).

⁴⁵ Saleh M Nsouli, Mounir Rached, and Norbert Funke, “The Speed of Adjustment and the Sequencing of Economic Reforms: Issues and Guidelines for Policymakers,” 2002.

its key activities, demonstrating its commitment to long-term development objectives.⁴⁶ However, scholars from the left highlight that the lending conditions imposed by IFIs are neoliberal and often take the form of Structural Adjustment Programs (SAPs).⁴⁷ These reform programs are designed to enforce economic liberalization policies and reflect the market-oriented philosophy implemented by the Thatcher and Reagan administrations in the 1980s.⁴⁸ On paper, SAPs are extended to countries facing severe fiscal or macroeconomic challenges to stabilize their economic systems. Through SAPs, recipient nations are required to implement various internal and external reform policies, to intensify the role of the private sector in the national economy, and promote foreign direct investment and increase exports, respectively.⁴⁹ Hence, Nyerere said about the SAPs of the IFIs, particularly IMF and WB:

“If African governments are really representing their people, they cannot accept conditions that would lead to more hunger, social chaos, to civil wars or to the use of armies against their people.”⁵⁰

These reform policies have been critiqued not only to have destroyed national state planning capacity but also failed to address prevailing socioeconomic conditions that exacerbate poverty and inequalities.⁵¹ Accordingly, Muhumed and Gaas highlight that;

“SAPs are simply a way of forcing countries to remove all kinds of trade and capital restrictions. In Africa, the adjustment policies resulted from slow growth, higher poverty, lower incomes, increased debt burdens, low human development indicators, and deteriorating social services such as healthcare, water, and education.”⁵²

For instance, Thomson et al. highlight that in various developing countries, SAPs have been detrimental to the poor population, worsening conditions in sectors like public health, where there has been reduced state expenditure. This has been particularly dire for the most vulnerable sector of the population, who often face higher levels of poverty, limited access to essential services, and increased economic instability. Consistently, Ntini asserted that the SAPs of IFIs “have operated over the years as strong tools of control by developed nations to keep the developing countries in a vicious circle of poverty”.⁵³ This is done by trapping them into a state of dependency as they continuously rely on foreign loans and assistance to stabilize their economies, without addressing the underlying structural issues of poverty and inequality.

Also, Moyo argues that loans in Africa have caused more harm than good. Moyo contends that continuous borrowing from IFIs has resulted in an unsustainable debt burden for many African countries.⁵⁴ For example, the implementation of SAPs in Zambia led to reductions in public spending on social services, negatively affecting the most vulnerable populations. The literature highlights that the IFI policies proposed for Egypt severely impacted the most vulnerable sector of the population – the poor and the middle classes, further intensifying poverty and income inequality.⁵⁵ Hence, in one President of Uganda Mr Yoweri Museveni speeches it is highlighted that these institutions as perpetuating “sustainable underdevelopment” arguing further that this has persisted in Africa since its independence in the 1960s.⁵⁶ A recent criticism of these IFIs emanates from their response during the COVID-19 pandemic which is argued to disproportionately benefit wealthier countries. For example, UN Secretary-

⁴⁶ Saleh M Nsouli, “Capacity Building in Africa: The Role of International Financial Institutions,” *Finance and Development* 37, no. 4 (2000): 34.

⁴⁷ Nsizwazonke Yende and Edmore Ntini, “A Debate on the Neoliberal Policies and Fiscal Crisis in Higher Education in South Africa,” *African Journal of Development Studies* 10, no. 4 (2020).

⁴⁸ Willis, *Theories and Practices of Development*.

⁴⁹ Willis, *Theories and Practices of Development*.

⁵⁰ Julius Nyerere, “Address at the Luncheon Hosted by the Lord Mayor and the Corporation of London, 18 March 1985,” 1985, <https://www.juliusnyerere.info/speeches/1985/03/address-london-luncheon/>.

⁵¹ Vusi Gumede, “Poverty and Inequality in Africa: Towards the Post-2015 Development Agenda for Sub-Saharan Africa,” *Accessed June 10* (2016): 2018.

⁵² Muhumed Mohamed Muhumed and Sayid Aden Gaas, “The World Bank and IMF in Developing Countries: Helping or Hindering?,” *World* 28, no. 4 (2016): 237–49.

⁵³ Ntini, “Global Financial Institutions: The Double-Edged Blades and Instruments of Northern Domination.”

⁵⁴ Dambisa Moyo, *Dead Aid: Why Aid Is Not Working and How There Is a Better Way for Africa* (Macmillan, 2009).

⁵⁵ Muhumed and Gaas, “The World Bank and IMF in Developing Countries: Helping or Hindering?”

⁵⁶ APO Group, “Africa Needs Socio-Economic Transformation Not Sustainable Underdevelopment – President Museveni,” *African Business*, April 30, 2024, <https://african.business/2024/04/apo-newsfeed/africa-needs-socio-economic-transformation-not-sustainable-underdevelopment-president-museveni>.

General António Guterres specifically referred to the IMF's actions as a "glaring failure," noting that their policies left numerous poorer nations deeply indebted while providing limited support for their economic recovery efforts. Arguing that:

“Some governments are being forced to choose between making debt repayments or defaulting in order to pay public sector workers – possibly ruining their credit rating for years to come. Africa now spends more on debt service costs than on healthcare”.⁵⁷

It is, therefore, from such incidents that the reviewed literature heavily criticizes these entities and identifies them as dictators of economic policies and legislative frameworks, as they often impose devastating reforms on vulnerable societies worsening their state. This perspective primarily stems from their perceived role in perpetuating structural inequalities through reform policies that prioritize neoliberal economic agendas, favoring market liberalization and fiscal austerity over social welfare and inclusive development. Furthermore, such policies devastate struggling economies on the African continent, exacerbating poverty and vulnerability while undermining efforts toward sustainable development, self-reliance, and long-term economic stability. Additionally, these reforms have often led to the dismantling of critical public services, further entrenching social and economic inequality, especially in the global South and Africa has not been spared from their devastating reform. Hence, Roy highlights that:

“IFIs virtually write economic policy and parliamentary legislation. With a deadly combination of arrogance and ruthlessness, they take their sledgehammers to fragile, interdependent, historically complex societies and devastate them, all under the fluttering banner of reform.”⁵⁸

Accordingly, Roy's critique of IFIs as arrogant and ruthless entities aligns with Ntini's analysis, which highlights their coercive power over Global South governments and Africa.⁵⁹ Both emphasize that the IFIs, through their reform, enforce compliance through threats to sanctions, and creditworthiness, driving governments into social and economic crises. For example, in South Africa, IFIs are said to have imposed neoliberal economic policies, which have led to widespread privatization, job losses, and a deepening of poverty and inequality.⁶⁰ For instance, South Africa is identified in the literature as the most unequal society in the world “(using the Gini income coefficient, at 0.79 before state transfers), and Johannesburg is the world’s most unequal major city”.⁶¹ Furthermore, Easterly argued that the IFIs prioritize their own self-interest and protection by requiring that it be paid first before other creditors.⁶² This approach poses a significant challenge, as it compels countries to shift their focus from development objectives to satisfying the lender's demands. As a result, most countries find themselves ensnared in cycles of unpayable debt, further exacerbating inequality and stifling development. This debt dependency diminishes the sovereignty of nations, forcing them to prioritize repayment over critical investments in socioeconomic development and societal welfare. Furthermore, the long-term implications of these policies are far-reaching, often leading to weakened economies unable to sustain growth or provide essential services. Consequently, the reforms frequently deepen poverty and social polarization, undermining long-term stability and growth. Additionally, they contribute to domestic economic contraction, structural violence, and political instability, often eroding state legitimacy, undermining democracy, and restricting freedoms. This creates a vicious cycle where countries remain dependent on external financial assistance, perpetuating their underdevelopment and reinforcing global inequalities.

⁵⁷ United Nations, “Secretary-General’s Remarks at the Launch of Three Policy Briefs under ‘Our Common Agenda,’” June 3, 2023, <https://www.un.org/sg/en/content/sg/statement/2023-06-05/secretary-generals-remarks-the-launch-of-three-policy-briefs-under-our-common-agenda-scroll-down-for-bilingual-delivered-and-further-down-for-all-english-and-all-french>.

⁵⁸ Arundhati Roy, *Power Politics* (Cambridge, MA: South End Press, 2001).

⁵⁹ Ntini, “Global Financial Institutions: The Double-Edged Blades and Instruments of Northern Domination.”

⁶⁰ YouTube, “Two Trevors Go to Washington,” Uploaded by ZuluCow Films, December 11, 2011, <https://www.youtube.com/watch?v=rFhGDY-cWk&t=20s>.

⁶¹ Ngwane Trevor and Bond Patrick, “South Africa’s Shrinking Sovereignty: Economic Crises, Ecological Damage, Sub-Imperialism and Social Resistances,” *Вестник Российского Университета Дружбы Народов. Серия: Международные Отношения* 20, no. 1 (2020): 67–83.

⁶² William Easterly, *The White Man’s Burden: Why the West’s Efforts to Aid the Rest Have Done So Much Ill and So Little Good* (New York: Penguin Press, 2006).

DISCUSSION

The paper discusses the role of IFIs in Africa's (under)development through the lens of dependency theory. Accordingly, this theory argues that (under)development in third-world countries and the Global South is the result of exploitative global capitalism.⁶³ Through these policies, African nations often serve as raw material suppliers and consumer markets for developed countries, maintaining structural inequalities. This further maintains the exploitative relation at the global scale. Moreover, IFIs perpetuate underdevelopment through neoliberal reform programs, particularly SAPs, which prioritize debt repayment over domestic development. These policies reduce state expenditure on social welfare, weakening healthcare, education, and infrastructure – leaving many vulnerable as safety nets are removed.⁶⁴ This further aligns with what Thomas Sankara said on debt:

“Under its current form, that is imperialism-controlled, debt is a cleverly managed re-conquest of Africa, aiming at subjugating its growth and development through foreign rules. Thus, each one of us becomes the financial slave, which is to say a true slave.”⁶⁵

Sankara's critique of these IFIs emanates from the fact that they have continuously used debt to limit Africa's independence and a tool of neo-colonialism to perpetuate encroachment and hinder its substantial development.⁶⁶ This is further perpetuated through the focus on economic liberalization fosters dependency on external markets, and hinders industrialization and self-reliance. This approach weakens the strength of local markets and industries, leaving them unable to compete with global players. As a result, local businesses face diminished growth opportunities and economies struggle to diversify, perpetuating reliance on imports and external aid. This dependency exacerbates vulnerabilities to global economic shocks, further marginalizing African nations within the global economic hierarchy leading them to further rely on aid for development. Also, economic liberalization imposed by SAPs deepened the unequal integration of African nations into the global capitalist system, further entrenching poverty and inequality across the continent.⁶⁷ It is from this background that other writers identify IFIs and their reform policies as “agents of imperialism.”⁶⁸

IFIs' emphasis on fiscal austerity and privatization undermines state-owned industries as they erode state control, which forces governments to rely heavily on taxation as their primary revenue source.⁶⁹ This creates substantial pressure on both the working class and businesses due to high tax burdens. This reliance not only limits economic diversification but also discourages investment and innovation, as businesses face reduced profitability. By aligning with the interests of developed nations, IFIs perpetuate an exploitative core-periphery relationship, preventing self-sustaining growth in Africa.⁷⁰ Thus, dependency theorists view IFIs as tools through which developed countries assert control over the economies and policies of developing nations. This is because the reform forces African nations to participate in the global trade system, whereby the condition of trade is neoliberal in nature.⁷¹ As argued by dependency theory, through currency devaluation, IFI reform policies intensify unequal power dynamics, where the core nations and the global North maintain dominance over the resources and economies of the global South.⁷² This imbalance allows developed countries to continue exploiting natural resources and markets in less developed regions, perpetuating dependency and the state of underdevelopment. Moreover, by shaping global economic policies and trade frameworks to their advantage, core nations restrict the ability of peripheral countries to achieve equitable growth, reinforcing systemic inequalities and limiting the Global South's sovereignty and economic autonomy. Therefore,

⁶³ Willis, *Theories and Practices of Development*.

⁶⁴ Elias Cebekhulu, *Umhlaba Uyahlaba!: The World Is Thorny!* (Reach Publishers' services, 2013).

⁶⁵ Thomas Sankara, “Speech on Debt. Delivered at the Organization of African Unity (OAU) Summit, Addis Ababa, Ethiopia, July 29, 1987,” 1987, <https://www.marxists.org/archive/sankara/1987/july/29.htm>.

⁶⁶ Kwame, Nkrumah. *Neo-colonialism*. (London: Heinemann books, 1965).

⁶⁷ Gumede, “Poverty and Inequality in Africa: Towards the Post-2015 Development Agenda for Sub-Saharan Africa.”

⁶⁸ Rebecca Eve Rolfe, “On the World Bank as an Agent of Economic Imperialism” (Halifax, NS: Saint Mary's University, 2008).

⁶⁹ Abel Kinyondo, Riccardo Pelizzo, and Mwoya Byaro, “‘Deliver Africa from Debts’: Good Governance Alone Is Not Enough to Save the Continent from Debt Onslaught,” *World Affairs* 184, no. 3 (2021): 318–38.

⁷⁰ Mafa Kwanisai Mafa, “Eurocentric Hegemony and African Recolonisation,” *The Journal of Pan African Studies* 9, no. 10 (2016): 383–94.

⁷¹ Nyerere, “Address at the Luncheon Hosted by the Lord Mayor and the Corporation of London, 18 March 1985.”

⁷² Julius Nyerere, “Africa: Hunger and Debt,” Address given at the Royal Commonwealth Society, London, March 20, 1985.

what can be deduced and argued at this stage is that there is an inverse relationship between IFIs and African nations, where increased reliance on these institutions correlates with increased poverty and economic instability. This dependency often enslaves African nations while at the same time creating impenetrable structural blocks to socioeconomic and political progress. These mechanisms enforce a global economic hierarchy, ensuring that Africa remains dependent on external assistance, further strengthening systemic and sustainable underdevelopment.

CONCLUSION

In conclusion, the essential question that arises is whether Africa truly needs loans from IFIs. Arguably, loans are a vital mechanism for governments in developing nations, including African governments, to inject resources into their economies, fostering socioeconomic growth. This is especially important in addressing pressing issues such as structural poverty, inequality, and vulnerability. These loans serve as a catalyst for development by enabling investments in infrastructure, education, and healthcare, among other things. However, in the context of IFIs, the conditions and reform policies tied to these loans leave recipient countries further crippled by debts, creating a cycle of dependency on loans. Furthermore, this often undermines their potential benefits, acting as an antithesis to sustainable development. The reform policies such as those of the SAPs frequently prioritize debt repayment and economic liberalization over domestic priorities, weakening local industries and exacerbating dependency. Therefore, the paper concludes by arguing that to truly support Africa's development, it is imperative to re-evaluate the structure and objectives of loan agreements to ensure they empower rather than constrain growth and self-reliance. Furthermore, there is a need to reassess and realign economic reform policies to address the unique needs and circumstances of the recipient nations, rather than enforcing a capitalist "one-size-fits-all" model for repayment and reform. Tailoring reforms to specific national contexts ensures that policies are more effective, equitable, and sustainable, ultimately fostering long-term development while minimizing unintended economic and social consequences. This approach also promotes ownership and accountability within the recipient nations, enabling them to build stronger, more self-reliant economies. Therefore, the paper concludes by recommending alternative development paradigms that challenge capitalist hegemony and foster equitable, self-determined growth pathways for African nations addressing different needs.

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