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The Role of the World Bank in the Economy: An Evidence from Selected Developing Countries from 2015 Through 2021

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ABSTRACT: This study critically examines the impact of World Bank Group (WBG) borrowings on the economic development of selected developing countries. Drawing on regression analysis, the findings present a complex narrative: while theoretical models suggest that WBG financial support should drive positive development outcomes, empirical evidence reveals a mixed reality across different nations. Notably, countries like Ukraine and Nigeria exhibit some developmental benefits from WBG loans, whereas China, Brazil, and Mexico do not report significant gains. These findings underscore the non-universality of development models, highlighting the influence of regional, cultural, and political dynamics in shaping economic outcomes. The research affirms that without tangible improvements in human capital and quality of life, the costs of WBG membership may outweigh its benefits. It also raises concerns about governance practices within the World Bank, including infrequent oversight by its Board of Governors and the lack of objectivity in project appraisals. On the side of borrower nations, the study emphasizes the need for stronger institutions, transparent fund management, and prioritization of human capital investments in health and education. Ultimately, the research argues for a re-evaluation of the WBG's strategies and encourages the development of context-sensitive economic support models that align with the unique socio-political realities of borrowing countries.

KEYWORDS: World Bank, Economic Development, Developing Countries, Global Development, Institutional Support

INTRODUCTION

Soon after the World War II, following the devastation caused the global community and in search of how to liberalize the global economy, a summit of delegates from 44 countries was held in July 1 to 22, 1944 in Bretton Woods, New Hampshire, to decide upon a sequence of novel directions for the post-WW II international financial structure of which the dual key achievements of the consultation were the formation of the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) (US Department of State, 2009). As the international financial institutions under the group went about fulfilling its mandates, the manner in which it was done became a matter of debate across the world because it introduced policies that seem not to be consistent with the culture, legislation and other socio-economic policies of members states of which some of their policies were seen to amount to coercion which some of the potential beneficiary countries cannot override based on domestic needs (Kamran, 1999). As the USA and the UK led the process of the establishment of the global development financing institutions by adopting economic policies coined from these countries through their exchange rate management mechanism and the use of gold as the standard measure of fiscal variables, it became apparent that the policies of the bank is seen as anti-progressive for other countries that are not amenable to the ideals of the institution despite that they need financial assistance hence they had no other option that to take what is available instead of what seem to be desirable hence making the bank become unduly influential (Bradley, et al., 2020). Till date, the reasonability of the association of developing countries with the World Bank remains a subject of debate to the extent that some developing countries have also started availing borrowings to countries in financial need as an alternative to the WBG of which a glaring example is China but there are also indications that the China (Kai, 2020). Even as leaders from developing countries particularly Africa continue to brainstorm on alternative ways of providing funding for developmental projects in Africa that is divorced from the present financial models, it has been noted that African countries has natural resources that are capable of providing funding other than external borrowings from developmental financial institutions including the World Bank Group (Tonderayi, 2015). It has been opined that despite the huge foreign revenues generated by poor countries from its natural resources sales, corruption is inhibiting their ability to leverage on these resources for development. (National Democratic Institute, 2022). Of course, the intrigues arising from developmental financing for poor nations of the world became a subject of bickering among major global financial powers and remain so up to the moment making an investigative effort in this direction with the use of verifiable data become imperative.

Statement of Research Problem

The idea behind the establishment of the World Bank is to support developing nations in their economic growth, their support through borrowing became contentious (Kimberly, 2021). Pitiable debt administration and stumpy government income as well as lack of economic diversification are some of the factors that hold developing countries' economies down (Berensmann, 2019). But there are indications that the Covid-19 pandemic contributed to the debt crisis ravaging developing countries (Ayhan, et al., 2021). This is evident in the analogy provided by Paul Krugman (2021) as cited in (Rachel, et al., 2022) when the global pandemic was described as a war that inflicts calamity on everything. But even prior to the pandemic developing countries were in a weak situation, with decelerating economic development and debt burdens at aggravated proportions as available evidence shows that the debt stock of the nations climbed to 5.3% in 2020 to $8.7 trillion from its level in 2019; thus, making this situation worrisome to analysts (The World Bank Group, 2021; Ayhan, et al., 2021). As it has been posited that the World Bank Group collaborates with unindustrialized countries to lessen poverty and intensify common wealth, through providing financing, strategy recommendation, and technical support to governments, as well as focusing on consolidating the private sector in emerging countries (The World Bank Group, 2022), perplexity now arises on why borrowing for financing tops the agenda of poor nations instead of other intrinsically beneficial services provided by this global financial institution while the masses of these countries continue to live below the poverty lines. Another problem even arises when considering the issue of what constitutes poverty as there seem to be geographical and cultural coloration to what it means to be poor (Government of New Brunswick, 2022). Many researchers have developed quantitative models to expatiate on what constitutes poverty (Raywat, 2019) while others have used qualitative terms to buttress this point (Government of New Brunswick, 2022) but what remains generic is that one is deemed to be poor when he finds it difficult to provide the basic needs of life to family members (James, 2022). Even as the world grapples to define poverty, the achievement of the World Bank goal of reducing inequality in developing nations have also been met with problems of adoption of a globally accepted model (David, 1977). The search for solutions to the increasing debt profile of poor countries and the multifaceted dimensions of the causes makes finding a solution to this scourge a responsibility on researchers.

Research Aims and Objectives

The study development economics have been focused on the opportunities for scholars to probe into the problem of under development around the globe employing micro and macro-economic analysis in an attempt to disentangle the barriers to development in poor nations; however, much success has not been achieved as underdevelopment remain a major attribute of developing countries up till today (Pilar, 2016). This problem remains even as global efforts are being made to assist these poor countries, hence there is need to invest time in search for answers to questions arising from the irreconcilable issues bothering on the involvement of the World Bank in providing support to developing. This dissertation investigates the causes of under development in poor countries even as they receive financial and technical support from the World Bank.

Statement of Research Questions and Hypotheses

Based on the objective of this research, it is then intended to seek for answers to the research questions through the application of inferential statistics as espoused by (David, 1977). The output of this project will be used to provide public policy makers an advisory on approaching decision making on the management of their domestic economies especially on the use of external public loans.

Research Questions

The research questions to be answered from the completion of this research project are:

1. Has the role of the World Bank Group in the development of poor nations been positive?
2. Is the current model of financing adopted by the World Bank suitable for developing countries?
3. Are their strategies that can be applied to ensure the judicious use of borrowed funds by developing countries other than the current ones?

Significance of the Study

There have been renewed debt crises, increase in poverty, as well as amplifying inequality among poor nations because those countries lack revenue generation capacities to repay their loans and sometimes these loans are used for consumption purposes and not for desired developmental purposes (Kathrin, 2019). Debt calamity comes as a key macroeconomic issue for many emerging economies thereby necessitating different studies with the intent of finding out the reason, as well as possible solutions on these crises (Dereje, 2013). This research project is aimed at providing ideas on policy implementation in ensuring that projects undertaken with borrowed funds are handled judiciously by poor countries (Sheriffdeen, 2021).

LITERATURE REVIEW

The study of global development has come of age but not without debate on what constitutes global development because there are influences arising from socio-political and economic factors that needs to be confronted to achieve a universal position among scholars (Atwood, et al., 2021; George & Kristin, 2019; Rory, 2020). The concept of global development has been explained to mean all the paradigm surrounding how the whole world, not on a sectional lens, converges to provide progression in all the metrics that are reasonably expected to be available for the survival of mankind such as in the areas of focus on inclusive economic and social affairs, entangled with social procedures, and position of prosperity and freedom (Rory, 2020). Global development bothers on how nations can achieve parity or near parity on the distribution of necessities of live ranging from environmental, political, social, and economic in a manner that the sufferings of people in poor countries does not spill over to those living in better organized societies for the common good of all (Wayne, 2006). Global development have also been explained to mean all actions taken to combat events that unfold which challenges or has the potential to challenge global peace and harmony, security of human privileges, creating the context for worldwide fairness and encouraging economic and social advancement as well climate change, scourge of HIV and innovation through technology (United Nations, 2022). Economic development is the central focus of this research project.

Various institutions exist with varying degrees of focus on the issue of fostering global development but the pervasiveness of calamities befalling the poorest countries of the world have made most of the organizations to concentrate attentions on them so as to offer necessary support (Global Peace Careers, 2022). Some of global development organizations operate in the form of non-governmental organizations, some focus on climate and environmental issues while others facilitate economic development such as the World Bank (Government of Canada, 2022) while those facilitating international trade includes World Trade Organization (Arnesh, 2018). While there are numerous organizations that has institutionalized global development through international networking and collaborations, this research focuses on the role of the World Bank in the global economy with evidence of developing countries from the year 2015 through 2021.

With the increasing attention of stakeholders to the issue of global development, scholars in development economics have also paid greater attention to the issue of economic development although it is pertinent that there has been interchangeability in the use of the term economic growth and economic development causing a disruption to the understanding of the latter because of the former. While economic growth is depicted by increase in aggregate output in economy, economic development focus on the improvement of quality of life, emergence of new technologies through innovations, acceleration of entrepreneurship and proactive risk management in (Maryann, et al., 2014). The distinction between economic growth and economic development becomes even exacerbated when looking at the myriad of debates concerning how to measure economic growth with most of the postulations giving rise to anomalies and anachronism that has held the topic in a vague perspective causing problems for the society (RONALD, 1961). It is argued that economic development is said to have occurred when poverty, inequality and unemployment reduces while per capital income increases (Emil, 1990).

The World Bank is a United Nations International Institution, that provides syndicated loans and offers assistance and inquiries into emerging countries to support their economic development Peet, (2009) as cited in (Emrah, 2015). The World Bank Group is a cluster of five multilateral organizations attentive to economic development with a mission to worldwide poverty decline having been established by Western powers in 1944, with an initial task of reconstruction of the economies of postwar Europe, it has extended its scope into almost all of the world's emerging countries with up to 2,600 projects ongoing as of 2019 (Jonathan & Andrew, 2019).

With the devastation that followed World War II the leaders of two world powers USA and the UK put up an arrangement that led to the birth of the International Monetary Fund (IMF) and the World Bank in 1944 to primarily get involved in providing short term growth financing (IMF) and long term economic development financing respectively (WBG) to needy countries who were mainly European countries then but as it stands today, its loans are mostly offered to developing countries; it has also made footprints into technological development and environmental sustainability despite the fact that its processes are under serious criticism because of its policies (Jonathan & Andrew, 2019; KIM, 1992).

The World Bank and its affiliates play roles in developing the global economy but its privatization policy for poor nations have been seen to be counterproductive because it is always been mismanaged based on structural and cultural issues from borrower nations (KIM, 1992; Jonathan & Andrew, 2019). Enormous academic publications exist challenging the strength of the hypothetical and confirmation bases for the Bank's values and strategies which it normally fails to respond to with claims from this segment of the society that the Bank have failed to realize its objectives and so should be scrapped (The Bretton Woods Project, 2019). The Bank have also been given knocks for the dominance of its funding and management by the United States of America making it obvious that the Bank operates on the ideals of the USA (Max, 2020).

With membership strength of 189 countries, the Bank is run by a Board of Governors consisting majorly of representatives from member countries who are ministers of finance or development in their countries; the Board of Governors elect an Executive committee of 25 members out of which the most five power member countries select the President of the Bank who serves for a five years renewable tenure leading the administrative function of the Bank of which the Board meets every two weeks to carry out its functions while the Board of Governors meet once annually (The World Bank Group, 2022). Other structural architecture is depicted below:

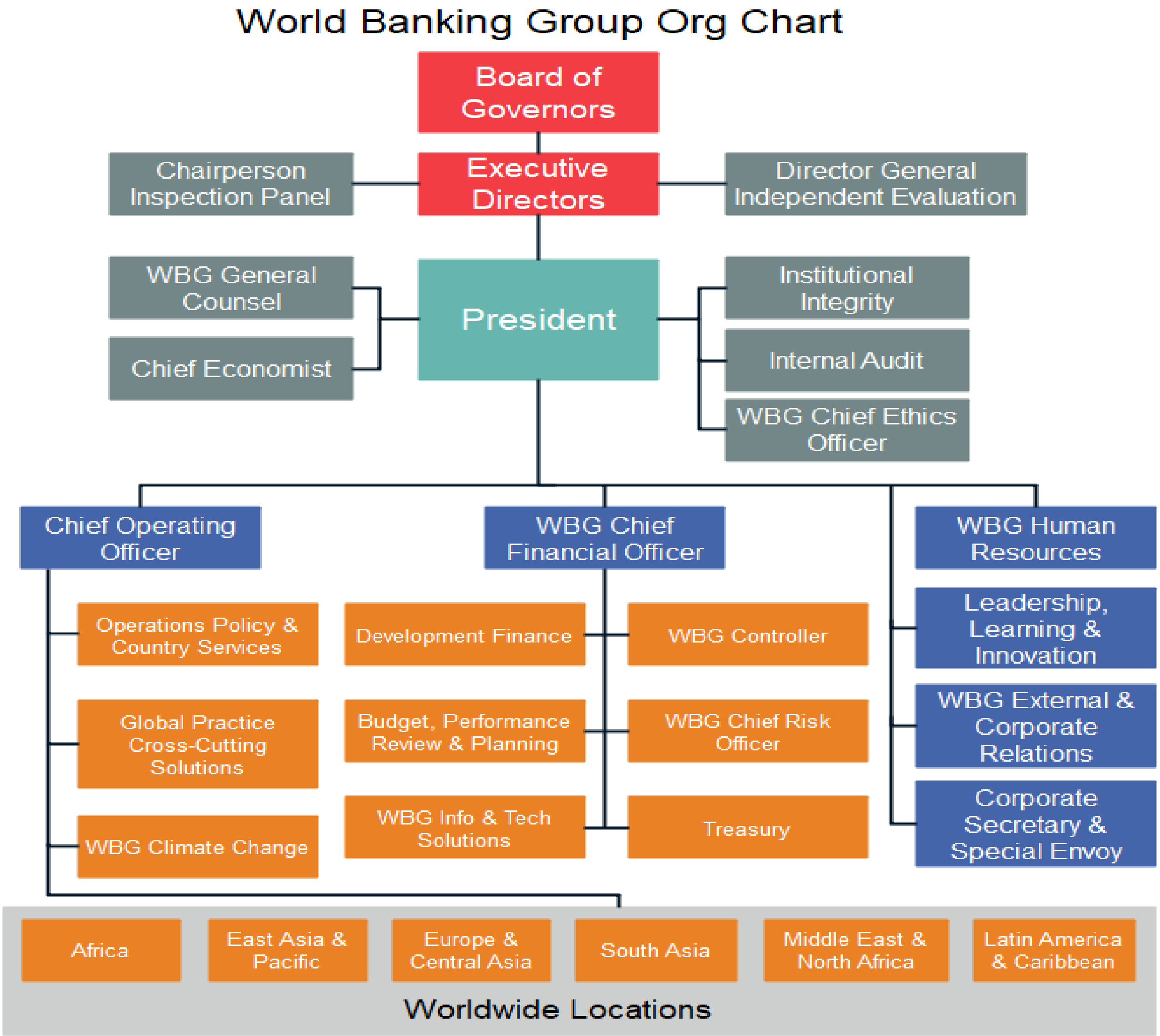


Figure 1- The organizational structure of the World Bank Group

Source: http://www.orgcharting.com/world-banking-group-org-chart/

The Bank synthesis its challenges globally on regional basis beginning with Sub-Sahara Africa where it observes improvement in trade owing to increasing prices of commodities which has enabled the countries in this region to achieve considerable growth but decries the ability of these countries to tap into the benefits of trade boom to diversify their economies and increase employment rates coupled with political conflicts thus leaving the region still underdeveloped (Commission on Growth and Development, 2008). Again, it has been noted that poor countries sell their exports at very cheap rates and then import finished products at exorbitant prices thus causing them trade deficits that negatively affects their financial flows (Commission on Growth and Development, 2008). The war in Russia and Ukraine has exacerbated the program of economic development in most Asian countries coupled with persistent economic challenges because of problem in energy supplies of which the Bank hopes this will drive these countries to reduce reliance on fossil fuel and embrace green revolution (The World Bank Group,, 2022).

Review of Empirical Literature

Numerous available literatures on the role of the World Bank in economic development emerges from the World Bank itself but with research repertoire of the empirical analysis provided by its authors (International Monetary Fund, 2003). A study on the reasons why some countries under develop more than others has been conducted on a quantitative schedule adopting ordinary least square regression analysis where a measure of macroeconomic outcome was held as the predicted variable while a measure of quality of institutions, macroeconomic policy making and other exogenous variables are independent variables while measure of institutions were factors bothering on governance indexes and economic development providing evidence that a researcher is at liberty to choose the variables with which to evaluate the effectives of economic development as a result of any of the dependent variables (International Monetary Fund, 2003). With a focus on the use of World Bank's loans to achieve growth by Nigeria as a developing country, the relationship between Nigeria's borrowing from the WBG and its economic development indicators were analyzed using a correlational analysis whereby the dependent variable was the fraction of three macro-economic variables as a fraction of GDP while the independent variable is the outstanding World Bank loans to the country covering period from 1981 to 2017 in an ex-post facto study; it was found that World Bank Loans to Nigeria has positive correlation with economic development measures as the GDP; therefore the country just have to apply them to justifiable sectors and maintain strong institutions for its judicious use making this finding not different from IMF (2003) in terms of the role of institutions in achieving sustainable economic development (John & Gbalam, 2019). There is no one size fits all on how countries should pursue economic growth but there are factors that could be generalized to find a plausible solution irrespective of country specific factors but strong institutions, increase in physical and human capital including running an open market system economy could trigger growth if managed properly (Department for International Development, 2002).

Research Gap/ Contribution to Literature

Available publications on the World Bank and their role on the economic development of developing countries were basically on country specific basis based on the divergent social, cultural and political influences affecting economic development in member states and the risk of generalization of assumptions based on these nuances and country dynamics. Although regression and correlational modeling have mostly been adopted by existing studies but with different data mix and assumptions regarding the dependent and independent variables; there is dearth of publications which has brought together data from developing countries from different regions within a time frame together for the purpose of an empirical study. This is where this current effort provides a link between the past and the future.

Theoretical Framework

Economists understand the world over a dissimilar lens than any other social science discipline making analysis of problems and issues with economic theories based on specific conventions about human behavior, that are different than the from their disciplinary peers of which a theory is a basic depiction of how two or more variables interrelate with each other to enable the simplification of a complex real-world issue (John, 2022). In the context of economic development, numerous scholars have developed theories that underpin how economic decisions are made following the evaluation of international financial systems and developments that led to the birth of the World Bank. We first start by providing a theoretical framework for development economics before handling economic development theories.

Theories of Development Economics

Development economics deals with the study of effective distribution of limited resources for sustainable economic growth (National Open University of Nigeria, 2017). To achieve this, different arguments and propositions have been put forth by academics. The theories of economic development gained traction after the World War II and is being currently studied under three frameworks bothering on linearity of stages, structural changes, and dependency theories (Kristine, 2013; Mario, 2019; Sung-Hee, 2017).

Linear Stages of Growth Theory

The proponents of this theory are Rostow and Harrod-Dorma of which the major issue here is that economies grow as a result of the interaction between savings and physical capital accumulation because if an economy saves, it will grow, and if it grows, it must develop and that cumulative savings are principally a function of national income (Critical Capital LLC, 2020; Kristine, 2013; Mario, 2019; Sung-Hee, 2017). Mario (2019) argued that physical capital accumulation only does not guarantee economic growth unless it is backed up by development in human capital through education and good economic governance citing the example of poor countries. Linear growth theories are synonymous with modernization which have been criticized for being coined against the development indices of the USA but ignoring the fact that some countries such as China and Japan have survived using their traditional developmental framework instead of adopting borrowed thematic ideology thus there is emphasis that economic development could be a function of environmental idiosyncrasies (Giovanni, 2001). This model of economic growth has been mostly a replica of Adam Smith economic ideology replicated by Rostow explaining the five stages through which an economy passes through before it could achieve maximum benefits that transforms the economy (David, 2018). These stages and the typical activities and achievements that has to be made for an economy to transform from a poor one to a developed one is captured below:

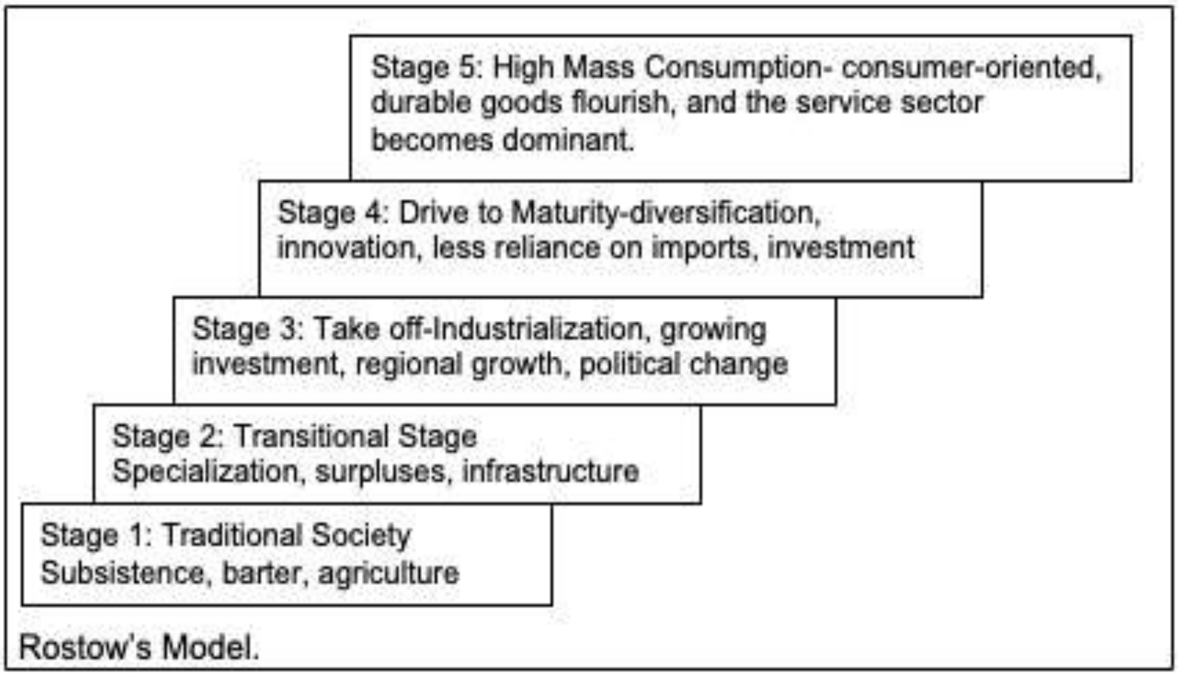


Figure 2 - Rostow's stages of economic development theory

Source: https://ivypanda.com/essays/walt-rostows-linear-model-of-development/

With the above, it is argued that economies evolve from subsistence agrarian one in the lowest stage to an industrialized one through massive investment in manufacturing coupled with growth in the service sector as well as an appropriate institutional framework which is a function of political evolutions (IvyPanda, 2021). Singapore is an example of a country that has grown its economy in line with the Rostow model in spite of the criticism that trails it as an appendage of the United States making, because before independence in 1965, the country did not have any prospect for growth as a result of lack of natural resources but the country focused attention on industrialization and has transited to a developed one (Juliet, 2020). Although there are countries that have also developed economically without adopting the Rostow model, it is much likely that the ideals of the World Bank are attached to this model because of the link between the United States and it (Norman & Michael, 2020).

Structural Change Models of Economic Development

As opposed to the formation of capital through savings to achieve economic growth as advocated by Rostow, Lewis postulated the structural change model where he opined that what provides economic development and growth for poor countries is the transformation of surplus labor existing in the rural agrarian areas to the urbanized industrial areas because higher wages (Luiz & José, 2012). The theory of structural economic development is based on the assumption of dual sectors in an economy of which the first is the agricultural sector which makes use of cheap labor while the second is the industrialized urban sector that pays higher wages but also earn higher profits to the extent that its draws labor from the agricultural sector, engage them in manufacturing to the extent that at a point the wages of the rural sector increased as a result of lower supply to higher demand thereby equating wages for the two sectors (Anon., 2002; Luiz & José, 2012). The movement of labor from agriculture to industrialization (Figure 1) and the impact of movement of labor on wage increases (Figure 2) can be depicted from the Lewis model as below:

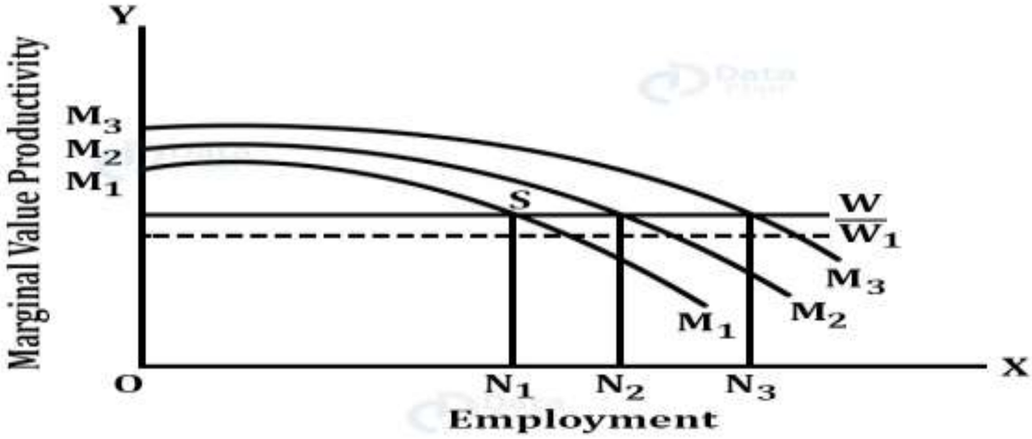


Figure 4 - Impact of movement of labor from agricultural sector to manufacturing
Source: https://data-flair.training/blogs/economics-growth-development-theories/

The notions behind the Lewis model are that the wage in the industrial subdivision must be higher than the subsistent sector because only an increased income can entice labour from the subsistence sector; at the initial employment of labour at ON-I; surplus labour can be generated to equal to the AMIS after higher wages at the rate W; surplus AMIS will be ploughed back either in the existing level of industrialisation or applied to improve the prevailing production techniques resulting into the marginal productivity curve of labour at M2 and continuous to reverberate (Jason, 2021).

Research Methodology

This research adopts a correlational analysis as we are interested in studying the role of the World Bank in selected developing countries. Based on this, it is considered that the role of the World Bank in developing countries have been more of provision of funding for projects (Will, 2022); thus, we use the loans collected by the countries in our sample as a proxy for the World Bank role. The research design uses sample tests and longitudinal data to test the impact of the loans that developing countries collect from the World Bank in their economic development and growth. Consequently, we use the Gross Domestic Products of the selected countries as a proxy for economic growth (Joseph, 2020).

The research paradigm adopted in this study is positivism because we are testing a hypothesis that can only be possible after quantitative data have been analyzed using proven regression and correlational techniques (Proofed, 2022). The rationale behind the research philosophy in this work is espoused in the Research Onions model (Mark, et al., 2009). This depicted in the diagram below:

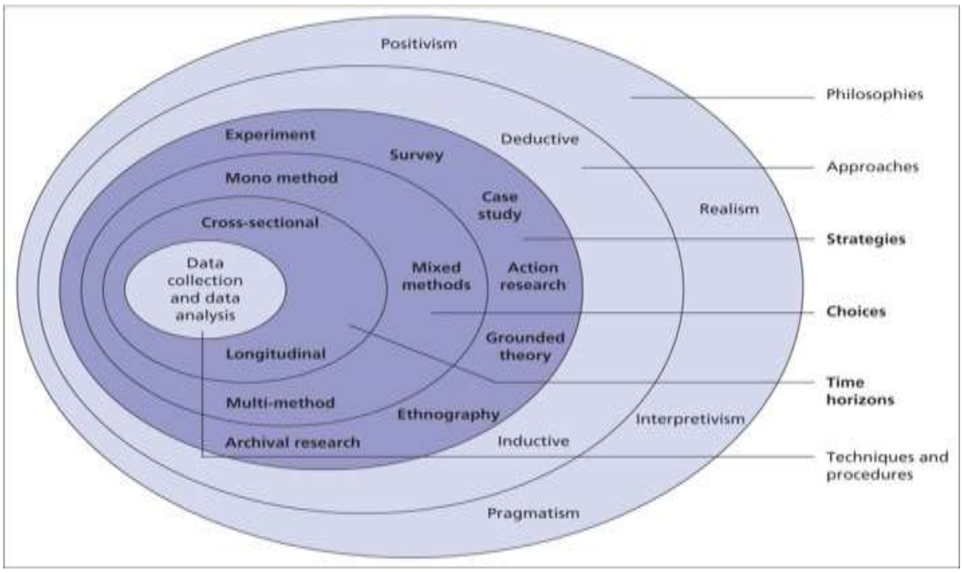


Figure 2- The research onions model
Source: https://15writers.com/research-onion/

This research work uses quantitative research method to process and analyse the data collected for the purpose of measuring the role of World Bank in developing countries' economies where the role here is taken to be its financing of projects. This method had been adopted by different scholars (Ross & David, 1991; Thorsten, et al., 1999; Thorsten, 2008).

The study uses simple regression of ordinary least square method of analysis. The justification for the application of this analytical technique was based on the premise highlighted by scholars who have undertaken similar investigations in the past (Thorsten, 2008; Thorsten, et al., 1999; Ross & David, 1991). They discoursed that the OLS regression is a linear function that gives a precise and accurate outcome comparable to a true value while other methods are inclined to give generalized result which may bound the likely produced outcome.

In this study, the loans that selected developing countries obtain from the World Bank through the International Bank for Reconstruction and Development (IBRD) has been used as the independent variable while the extent of economic development achieved by the selected developing countries have been represented by the Gross Domestic Product (GDP). We use the average of these variables after collating them from the period 2015 through 2021.

We first develop a regression equation connecting the dependent and independent variable for all the countries in the sample as one unit and then we develop separate regression equations for each of the countries in the sample to check the impact of these loans on the economy of the individual countries so as to have further insight into the subject matter. Consequently, the regression equations to be used to answer the research questions through hypothesis testing is as below:

$$GDPal = Bo + Bi\ x\ IBRDLal + \ \varepsilon \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ 1$$

Where GDP*al* is the average gross domestic products of all the countries in the sample while IBRDL*al* is the average loans taken by the selected developing countries over the period 2015 through 2021 while B_o is the intercept of the equation and B_i is the slope of the independent variable in the equation and ε is the error term.

Consequently, we develop the regression equation for the individual countries in the sample as follows:

$$GDPch = Bo + Bi\ x\ IBRDLch + \ \varepsilon \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 2$$

$$GDPbr = B0 + Bi\ x\ IBRDLbr + \ \varepsilon \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ 3$$

$$GDPmx = Bo + Bi\ x\ IBRDLmx + \ \varepsilon \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ 4$$

$$GDPukr = B0 + Bi\ x\ IBRDLukr + \ \varepsilon \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ 5$$

$$GDPng = B0 + Bi\ x\ IBRDLng + \ \varepsilon \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ 6$$

Where the suffix *ch* is China, *br* is Brazil, mx is Mexico, *ukr* is Ukraine and *ng* is Nigeria. Other variables remain the way they are in the general model.

The variables used in the regression model are defined and/or calculated as follows:

Gross Domestic Product (GDP)

Gross domestic product (GDP) is the most frequent measure of the size of an economy; it can be collected for a nation, a district or for numerous countries combined for instance the GDP of European Union members; it is the worth of goods and services produced less the value of the goods and services consumed in the production process (The European Union, 2019). GDP is normally computed annually but sometimes it can be computed more often for instance quarterly as in the case of the United States to enable the country design its economic plans spontaneously (Jason, 2022). The GDP computation can be done sing three different approaches from the production, expenditure and income approach but the results will be the same based on the fact this metric is a powerful tool for measuring the economic health of a nation thus a rising GDP is a good omen for an economy although there is need to curate growth in GDP with inflation growth (Tim, 2020). GDP can be computed as follows:

GDP Based on the Expenditure Approach

$$GDP = C + I + Gs + Nx$$

Where *C* is the aggregate consumption in an economy, *I* is the aggregate investment, G_s is the aggregate government spending and N_x is net exports (Madhuri, 2022).

GDP Based on the Income Approach

$$GDP = TNI + STx + Dep + NFF$$

Where *TNI* is the total national income, *STx* is total sales taxes, *Dep* is depreciation and *NFF* is the net foreign factor (Madhuri, 2022). The net foreign factor income is the variance between the total earnings of a country's people and businesses in overseas nations, versus the total earnings of foreigners in the domestic country (Corporate Finance Institute, 2022).

GDP Based on Value-Added Approach

$$GDP = Gross\ value\ of\ output - Value\ of\ intermediate\ consumption$$

The measure of GDP is different variants irrespective of approach adopted in its computation namely, the nominal GDP, real GDP, actual GDP and potential GDP however, economists place more emphasis on the real GDP because it is normally purged of the impact of inflation (Corporate Finance Institute, 2022).

A null (H_0) hypothesis and an alternate (H_1) will be tested to improve the reliability of results obtained with our regression model as follows:

***H_0** = the role of the World Bank does not improve the economy of developing countries,*

***H_1** = the role of the World Bank improves the economy of developing countries*

This study applies secondary data obtained from the World Bank databases; the loans from International Bank for Reconstruction and Development (IBRD) to five selected developing economies was the major focus which has been used in this investigation for the period 2015 through 2021 (The World Bank, 2022). The data for the gross domestic products of the sampled countries were obtained from different databases such as Statista, IMF, OECD and the others.

There are over more than 189 countries that are members of the World Bank Group but five countries have been selected from each of the continents that have been classified as the ones with the highest number of poor countries have been randomly selected as the sample (World Data Information, 2022). The countries selected are China, Brazil, Mexico, Ukraine and Nigeria. While China represents Asia, Brazil represents South America, Mexico represents Central America, Ukraine represents Europe and Nigeria represents Africa.

This selection has become necessary because these countries have all been borrowing from the IBRD in the period under review but which different degrees of economic progress amidst the persistent argument by analysts on the propriety of reliance on World Bank borrowing for their economic prosperity pursuit (Abbasi, 1999; Bradley, et al., 2020).

Limitations of the Data and Research Design

The data that has been employed in this work are secondary data. Secondary data are well-known for its limitations extending from the possibility that the data can be inaccurate as a result of passage of time, the sample size may be small relative to its population and the data may have been unethically manipulated by the publishers (LearnMarketing, 2020).

The measure of economic progress applied in this research is the gross domestic product (GDP) of which there are arguments in development economics of the best indices to measure economic prosperity of countries. While some argue that the GDP if the best measure, others argue that it is the human capital index, others argue that it's the GDP per capita but the greatest shortcomings of GDP is its inability to capture the impact of inequality in the society for which this is one of the reasons why the World Bank itself was established (Roger, 2009). Another major setback of the use of GDP statistics is that it does not take into account the impact of regeneration which is a measure of environmental sustainability (Forest Research, 2022). Prosperity is not just wealth rather it is when all people have the prospect and liberty to succeed through an all-encompassing the social order, that defends their essential rights and security in an open economy that binds philosophies and capacity to generate supportable paths out of impoverishment; therefor, the use of quantitative measures depicted in GDP analysis does not support all these (Legatum Institute, 2020).

The selected sample is small relative to the number of countries that has been identified as developing countries by the World Bank and other international development institutions and the period under review is also not lengthy enough to capture the impacts of the relationship between the countries' borrowings and their GDP. This is because of the available time to complete the project.

As for the use of regression analysis, the assumption of linearity between the dependent and independent variables may not valid sometimes mainly when their significant outliers, secondly, there are other factors that are not considered in the regression independent variables that may have been captured in the equation and thirdly, the results of a linear regression do not explain causation (Montana State University, 2022; Nicolus, 2020).

Data Analysis

This section presents data from the International Bank for Reconstruction and Development (IBRD) from 2015 through 2021 from where the loans granted to five countries from each of the continents were extracted for the period under review while the Gross Domestic Product (GDP) of the countries were obtained from various financial data bases. As it has been widely acclaimed that GDP is the major indices for measuring economic growth (Sean, 2022), this metric has been held as the dependent variable while the loans which the countries in our sample have outstanding from the IBRD has been used as the independent variable. The selected countries are China, Brazil, Mexico, Ukraine and Nigeria. The analysis involves checking the relationship between borrowings from the World Bank and the economic growth of the sample nations in the period under review.

The tests carried out sets to investigate the impact of loans from IBRD on the economic growth of these nations from 2015 through 2021.

Descriptive Statistics of Combined Loans and GDP of Selected Countries

The descriptive statistics of the data employed in the analysis are as below:

Table 1- Descriptive statistics results of IBRD Loans to GDP of selected countries from 2015 to 2021

LOANS		GDP	
Mean	31,708.82	Mean	3,489.23
Median	31,498.25	Median	3,494.52
Standard Deviation	1,284.87	Standard Deviation	615.63
Sample Variance	1,650,899.49	Sample Variance	378,996.85
Kurtosis	(0.12)	Kurtosis	2.62
Skewness	0.38	Skewness	1.41
Confidence Level(95.0%)	1,188.31	Confidence Level(95.0%)	569.36

As the skewness is positive and the kurtosis are not above 3, it is depictable that the variables used in our analysis possess the characteristics of a normally distributed data (Corporate Finance Institute , 2022; Madhuri, 2022) as the choice of the countries in our sample have been carried out on a random basis.

Confidence Intervals

In these data analysis we have assumed a confidence level of 95% thus with a confidence interval of 5% any of the values below 5% is of no statistical significance but those above does.

Actual Borrowings and GDP of Selected Countries

The actual outstanding loans and the GDP of the selected countries in the year under review are as below:

Table 2- Schedule of loans to selected developing countries from IBRD from 2015 to 2021

SCHEDULE OF IBRD LOANS TO SELECTED COUNTRIES FROM 2015 TO 2021							
YEARS	CHINA	BRAZIL	MEXICO	UKRAINE	NIGERIA	TOTAL	AVERAGE
	$b	$b	$b	$b	$b	$b	$b
2015	45,727	49,910	47,531	8,562	5,761	157,491	31,498
2016	36,860	50,962	47,864	8,740	5,318	149,745	29,949
2017	38,935	51,718	48,371	8,865	5,439	153,328	30,666
2018	40,665	52,233	48,966	9,130	5,439	156,432	31,286
2019	42,508	53,034	49,518	9,420	5,724	160,204	32,041
2020	43,925	53,330	50,556	10,100	5,724	163,634	32,727
2021	45,727	54,016	52,093	11,377	5,761	168,973	33,795

SCHEDULE OF GDP OF SELECTED COUNTRIES FROM 2015 TO 2021							
YEARS	CHINA	BRAZIL	MEXICO	UKRAINE	NIGERIA	TOTAL	AVERAGE
	$b	$b	$b	$b	$b	$b	$b
2015	10,922	1,796	1,172	88	487	14,464	2,893
2016	11,247	1,800	1,078	92	405	14,622	2,924
2017	12,313	2,063	1,159	113	376	16,024	3,205
2018	13,837	1,885	1,222	131	397	17,473	3,495
2019	14,298	1,839	1,269	154	448	18,009	3,602
2020	14,863	1,434	1,087	157	432	17,973	3,595
2021	17,458	4,167	1,293	200	441	23,559	4,712

The loans from International Bank for Reconstruction and Development have been chosen as the proxy to because of time constraints and the fact that IBRD was the flagship member of the World Bank Group when it was established alongside the IMF in 1944.

Result and Analysis

The hypothesis that has been tested in this project with the data provided above on a consolidated and country specific basis is:

***H_0** = The borrowings from the World Bank does not have positive impact on the economies of developing countries*

***H_1** = The borrowings from the World Bank have positive impact on the economies of developing countries*

Based on the hypothesis above, the linear regression equation has been modelled as below for both the countries as combined entity and on individual basis.

$$GDPal = \beta 0 + IBRDLal + \varepsilon$$

$$GDPc = \beta 0 + IBRDLc + \varepsilon$$

Where GDPal is the GDP of the five selected countries put together and GDPc is the GDP of specific country and IBRDLal is the IBRD loans to the five selected countries in total while IBRDLc is the IBRDL loans to specific countries. Consequently, the results of the regression analysis and the hypothesis testing is outlined below.

Combined Analysis of Loans and GDP of Sample Countries

The regression statistics of the impact of IBRD loans on the economies of developing countries from the period 2015 to 2021 as a combined entity is as follows:

Table 3- Regression statistics of loans and GDP of five selected developing economies as a combined entity

Regression Statistics	
Multiple R	0.865696
R Square	0.74943
Adjusted R Square	0.699316
Standard Error	337.5773
Observations	7

With a co-efficient of determination (R^2) of 75% and an adjusted R^2 of 70%, there is a strong relationship between GDP of selected five developing countries and borrowings from the IBRD. It is evident that the loans taken by these countries if treated as a single entity has impact on the economy of these countries in the period 2015 to 2021. This is to say that the countries if treated as a single country is impacted significantly from taking up loans from the IBRD subsidiary of the World Bank Group. The impacts from borrowing from the WBG are encapsulated in the provision of financing and economic policy assistance to the leaders of middle-income countries steering the route toward greater opulence through the financing of infrastructure projects while supporting governments of borrower countries to manage public finances and promote the self-assurance of foreign investors (Will, 2021). Statistically, these purported benefits have been held to be realistic by this result because only 25% of the variables impacting the growth of developing economies when growth is measured as GDP are accounted for by other factors other than borrowing from the IBRD.

Combined Regression Coefficients and Intercept of IBRF Borrowing of Sample Countries

Table 4- Co-efficients and Intercepts of Combined Regression Equations

	Coefficients	*Standard Err*	*t Stat*	*P-value*
Intercept	-9663.11	3403.477	-2.839188125	0.036281014
LOANS	0.414785	0.10726	3.867101917	0.01179482

There is evidence that the relationship between GDP and IBRD borrowing based on this regression equation does not support rejecting the null hypothesis as the P-value is 0.012 < 0.05 (Jim, 2022). The relationship between changes in borrowings and the GDP of selected developing countries is statistically significant and thus we do not the reject null hypothesis. With a 41% increase in loans, there is $9,663b decreases in the GDP of the five selected developing countries between 2015 through 2021. This means that the borrowings from the World Bank Group through the IBRD inhibits the economic development of developing countries. This is contrary to the objective of setting up the World Bank. This now supports the arguments from critics of the Word Bank Group in terms of the ability of their borrowings to improve the economies of developing countries for which the Bank is retained after the rebuilding of Europe from devastations caused by World War II. This is supported by findings from scholars who had contended that World Bank borrowings contribute to poverty in developing countries because the potential benefits are not evenly distributed in such economies as the elite class benefit more than the masses and sometimes some of the projects are mismatched in terms of time horizon and the cyclical nature of projects for which they are obtained for (Rodwan & Erick, 2019). The other cause of the inability of World Bank loans to positively impact the masses of developing countries is that those loans promote capitalism thereby making Western interest multinationals reap off host countries thus increase the poverty scale while enriching themselves contrary to the claim by the World Bank that its loans improve the economic wellbeing of member nations particularly the developing ones (Feder, 1983). Based on the foregoing an ideal equation linking the GDP of five developing countries and their debt burden at the World Bank Group is as below:

$$GDPal = -9663 + 0.414\ x\ IBRDLal$$

Line Of Fit Between Combined GDP and IBRD Borrowing on Sample Countries

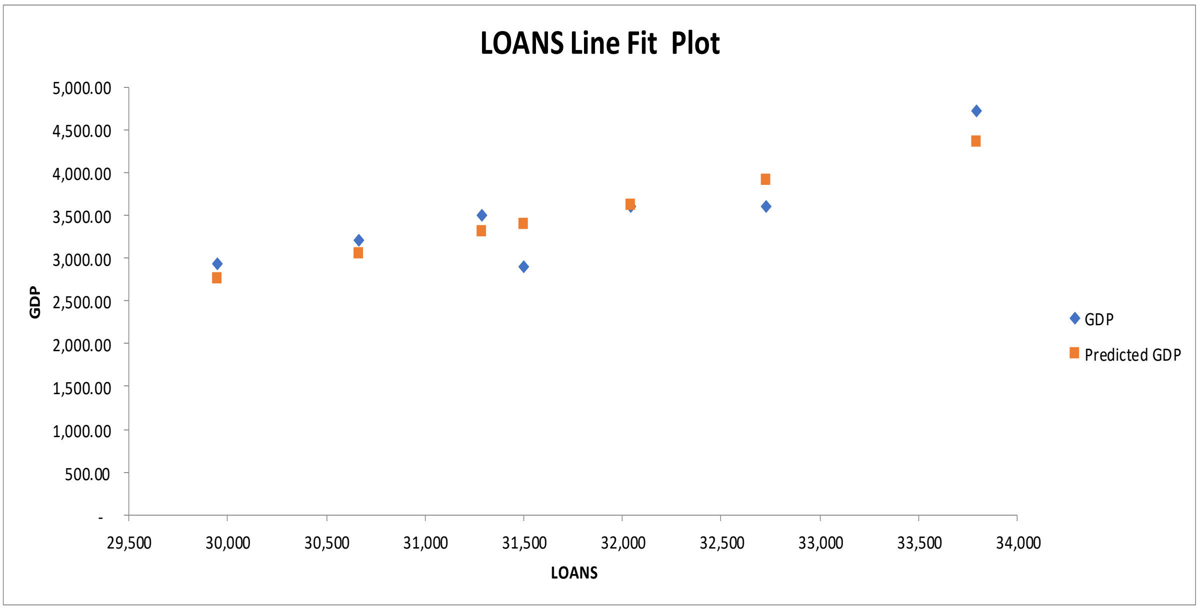


Figure 3- Line of fit between World Bank loans and GDP of sampled countries

The line of best fit between GDP and IBRD borrowings to five selected countries is linear in nature thus supporting the probability that there is positive correlation between these variables because as the debt profile of these countries increase, their GDP decreases making the movement positive. This is not even different from the private sector notion of risk management because while it is theoretically good to use borrowed funds to run projects, the practicality of such borrowings may not manifest physically if such borrowings are not judiciously applied. This is the case of developing countries where loans are not judiciously applied making it difficult for the broad of masses to feel better off instead they go into private pockets because of poor institutional building blocks of borrowing nations.

Analysis of Regression Equations of Individual Countries in The Sample

We further analyse the regression equation of individual countries to enable further insight into the results and findings of the combined regression equation.

Regression Statistics of IBRD Loans to China

Table 5- Regression statistics of World Bank Loans and GDP of China

China Regression Statistics	
Multiple R	0.4914198
R Square	0.2414934
Adjusted R Squa	0.0897921
Standard Error	2181.7175
Observations	7

With an R^2 of 24% and an adjusted R^2 of 9%, it is statistically evident that World Bank borrowings is not statistically significant to the economic development and growth of China. Only 24% of the growth in the economy of China is accounted for by its borrowings from the IBRD while 76% of the factors are accounted for by factors other than the borrowings. Evidence exists that the rationale for the World Bank continue borrowing to China is not justifiable because the country has the second largest economy in the World and has a very sound manufacturing base thus can exist on its own but the presence of the dependency theory in which countries collaborate with others for sustainable development has necessitated that this financial dependency is possible (Yukon, 2020).

Regression Coefficient and Intercept of IBRD Borrowing to China

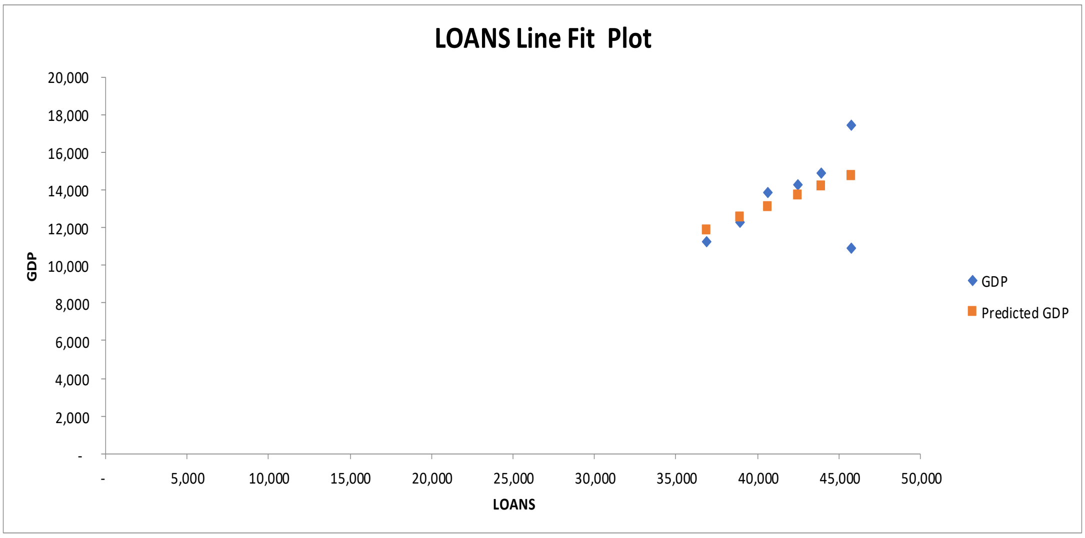
Table 6- Regression co-efficients and intercept of World Bank Loans and China's GDP

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	-339.9538	11049.60331	-0.03076615	0.976646
LOANS	0.3306214	0.262043255	1.261705431	0.262712

With a P-value of 0.026 > 0.05 the relationship between the GDP of China and its loans from the IBRD is not statistically significant and thus we do not reject the null hypothesis. With an increase in IBRD loans to China by 0.33, the GDP of China decreases by \$339b. thus and ideal regression equation between GDP and IBRD loans is:

$$GDPch = -339 + 0.33\ x\ IBRDLc$$

Line of Fit Between GDP and IBRD Borrowing on China



The line of fit between China's borrowing and its GDP dos not form a straight line thereby confirming that the relationship between these two variables is not positive and thus does not have a significant positive contribution thus supporting the null hypothesis. One cannot throw away the fact that China's borrowing from the IBRD is baseless at the moment because there is no statistical evidence that China cannot grow without the IBRD financial assistance. Evidence abound that China is capable of surviving with borrowing from the World Bank because it has enormous resources of its own as confirmed by the World Bank President during the evaluation of World Bank support to China to fight the Covid-19 pandemic (David, 2020).

Regression Statistics of IBRD Loans to Brazil

Table 7- Regression statistics of World Bank loans to Brazil and its GDP

Brazil Regression Statistics	
Multiple R	0.493824
R Square	0.243862
Adjusted R Square	0.092634
Standard Error	869.7829
Observations	7

With an R^2 of 24% and an adjusted R^2 of 9%, it is statistically evident that World Bank borrowings is not statistically significant to the economic development and growth of Brazil. Only 24% of the growth in the economy of Brazil is accounted for by its borrowings from the IBRD while 76% of the factors are accounted for by factors other than the borrowings. As for Brazil, there are marked decreases in poverty and inequality among the masses but all these were before 2015 but after 2015, Brazil's borrowing from World Bank has decreased (The World Bank Group, 2018). This follows that the economic progress being experienced by Brazil is not just as a result of its borrowings from the IBRD but for other factors that are unconnected with the borrowing.

Regression Coefficient and Intercept of IBRD Borrowing To Brazil

Table 7- Regression co-efficients and intercepts of World Bank loans to Brazil and its GDP

	Coefficients	*tandard Err*	*t Stat*	*P-value*
Intercept	-14308.7	12957.75	-1.10426	0.319768
LOANS	0.315289	0.248286	1.269862	0.260022

With a P-value of 0.026 > 0.05 the relationship between the GDP of Brazil and its loans from the IBRD is not statistically significant and thus we do not reject the null hypothesis. With an increase in IBRD loans to Brazil by 31.5%, the GDP of Brazil decreases by $14,309b. Thus, and ideal regression equation between GDP and IBRD loans is:

$$GDPbr = -14{,}308 + 0.31.5\ x\ IBRDLbr$$

$$GDPch = -339 + 0.33\ x\ IBRDLc$$

Line of Fit Between GDP and IBRD Borrowing on Brazil

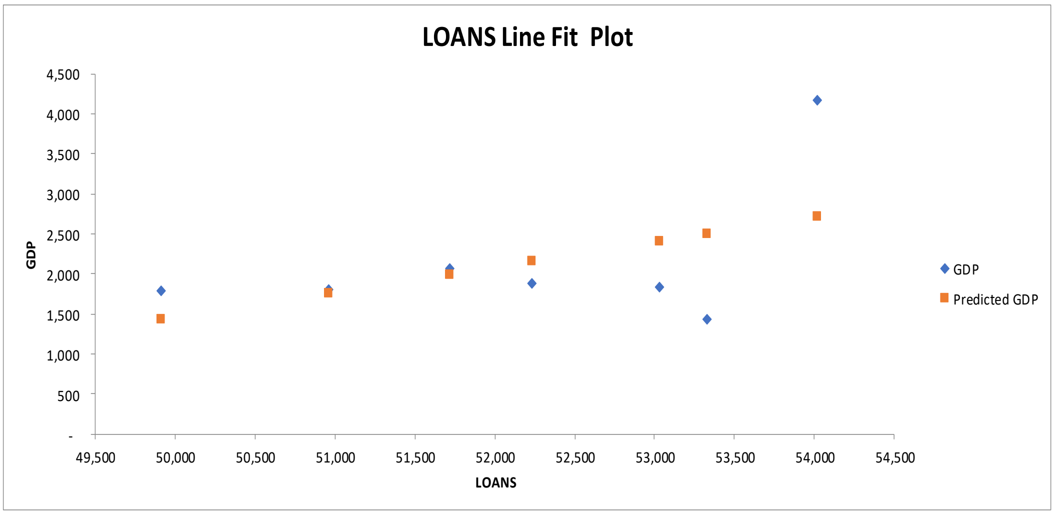


Figure 4- Line of fit between loans to Brazil and its GDP

The line of fit between Brazil's borrowing and its GDP dos not form a straight line thereby confirming that the relationship between these two variables is not positive and thus does not have a significant positive contribution thus supporting the null hypothesis. This is supported by the fact that external borrowing such as that of World Bank does not necessarily lead to the economic development of Brazil unless other variables are also put into their positive perspective (Tuğba & Hüseyin, 2020).

Regression Statistics of IBRD Loans to Mexico

Table 8 - Regression statistics of WBG loans to Mexico and its GDP

Mexico Regression Statistics	
Multiple R	0.47584356
R Square	0.22642709
Adjusted R Squa	0.07171251
Standard Error	80.5588168
Observations	7

With a co-efficient of determination of 22.6% and adjusted R2 of 7%, there is a weak relationship between the economic growth of Mexico and its borrowings from the IBRD in the period 2015 through 2021. Only 22.6% of factors that affect the economic development of Mexico is accounted for by its borrowings from the IBRD while 77.4% of the factors are accounted by variables not captured in the regression equation.

Regression Coefficient and Intercept of IBRD Borrowing to Mexico

Table 9 - Regression co-efficients and intercept of WBG loans to Mexico and its GDP

	Coefficients	*andard Err*	*t Stat*	*P-value*
Intercept	-33.2709734	1005.873	-0.03308	0.974893
LOANS	0.02468588	0.020406	1.209758	0.280443

Again, with a P-value of 0.028 > 0.05 the relationship between the GDP of Mexico and its loans from the IBRD is not statistically significant and thus we do not reject the null hypothesis. This is supported by available evidence that Mexico had been plunged into financial crises in the past because of the effects of long alignment of Mexico's structural metamorphosis and the conditions underlying its loans from the in the 1980's (Eric, 2020). With an increase in IBRD loans to Brazil by 2%, the GDP of Mexico decreases by $33.3b. Thus, and ideal regression equation between GDP and IBRD loans is:

$$GDPmx = -33.3 + .02\ x\ IBRDLmx$$

Line of Fit Between GDP and IBRD Borrowing on Mexico

The relationship between loans to Mexico by the IBRD and the its GDP depicts a non-linear relationship. These supports that the impact of loans to Mexico is not to the interest of its masses. Its benefits are not seen as expected as though the country's GDP have grown at an average of 2.8% between 2010 through 2018, much would have been expected more from a country rich in oil resources; but the fluctuations in oil prices is also an albatross to its economic stability and growth (Banco Nacional de Obras y Servicios Público, 2022). This is depicted below:

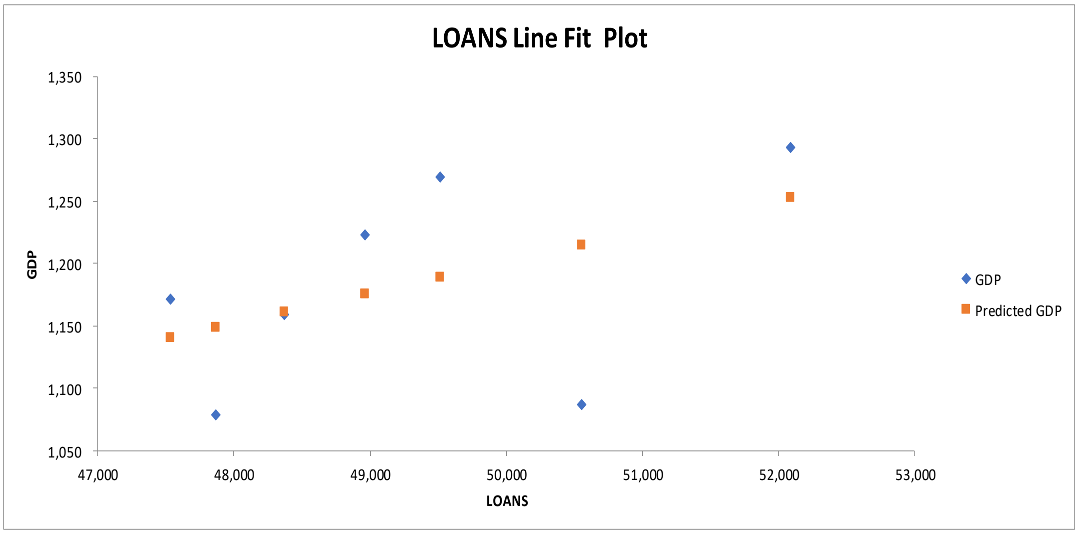


Figure 5- Line of fit between WBG loans to Mexico and its GDP

Regression Statistics of IBRD Loans to Ukraine

Ukraine Regression Statistics	
Multiple R	0.948703
R Square	0.900037
Adjusted R Square	0.880044
Standard Error	13.87472
Observations	7

There is a very strong relationship between debt burden from the World Bank to Ukraine in the period 2015 through 2021 with this variable contributing to 90% based on the co-efficient of determination and supported by the adjusted R^2 of 88%. Only 10% of the contributions to economic development of Ukraine is explained by factors other the borrowings from the World Bank through the IBRD.

Regression Coefficient and Intercept of IBRD Borrowing to Ukraine

Table 10- Regression co-efficients and intercept of WBG loans to Ukraine and its GDP

	Coefficients	*andard Err*	*t Stat*	*P-value*
Intercept	-229.784	54.39762	-4.22415	0.008295
LOANS	0.038417	0.005726	6.70958	0.001113

The relationship between World Bank borrowings to Ukraine in the period 2015 to 2021 has statistical significance at a P-value of 0.0011< 0.05. with a 3.8% increase in the loans from the World Bank, there is a corresponding decrease of \$230b in the GDP of Ukraine in the period 2015 through 2021. The loans from the World Bank to Ukraine in the period under review has significant effect on the GDP of the country; hence, there is a ground to reject the null hypothesis this time.

An ideal equation connecting the impact of World Bank borrowing on the GDP of Ukraine in the period 2015 to 2021 is as below:

$$GDPukr = -230 + 0.038 \ x \ IBRDLukr$$

Line of Fit Between GDP and IBRD Borrowing on Ukraine

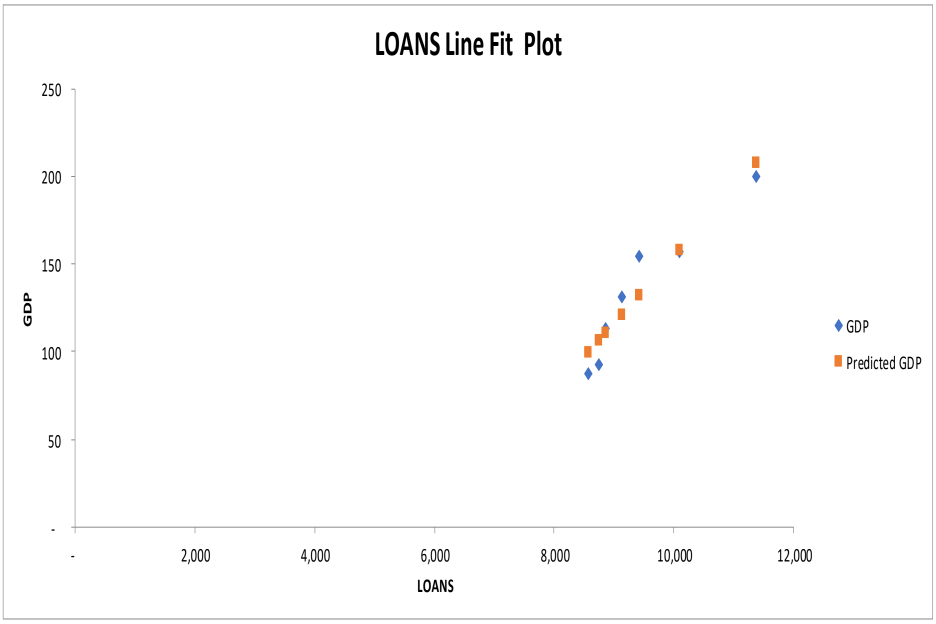


Figure 6- Line of fit between WBG loans to Ukraine and its GDP

The movement between the GDP of Ukraine and the loans its takes from the World Bank through IBRD has a linear relationship. This supports the fact the loans create positive impact in the Ukrainian economy during that period. This is evident from the war with Russia where the country continues to receive funding from the World Bank to support it to execute the war and also ensure economic stability.

Regression Statistics of IBRD Loans to Nigeria

Table 11- Regression statistics of WBG loans to Nigeria and its GDP

Nigeria Regression Statistics	
Multiple R	0.820442465
R Square	0.673125839
Adjusted R Square	0.607751006
Standard Error	23.2279919
Observations	7

There is a strong relationship between debt burden from the World Bank to Nigeria in the period 2015 through 2021 with this variable contributing to 67% based on the co-efficient of determination and supported by the adjusted R^2 of 60%. 33% of the contributions to economic development of Nigeria is explained by factors other than the borrowings from the World Bank through the IBRD.

Regression Coefficient and Intercept of IBRD Borrowing to Nigeria

Table 12- Regression co-efficients and intercept of WBG loans to Nigeria and its GDP

	Coefficients	*andard Err*	*t Stat*	*P-value*
Intercept	-475.4923001	281.2401	-1.6907	0.151684739
LOANS	0.161214319	0.050241	3.208801	0.023760503

The relationship between World Bank borrowings to Nigeria in the period 2015 to 2021 has statistical significance at a P-value of approximately 0.002.4< 0.05. With a 16% increase in the loans from the World Bank, there is a corresponding decrease of $230b in the GDP of Ukraine in the period 2015 through 2021. The loans from the World Bank to Nigeria in the period under review has significant effect on the GDP of the country; hence, there is a ground to reject the null hypothesis this time.

An ideal equation connecting the impact of World Bank borrowing on the GDP of Nigeria in the period 2015 to 2021 is as below:

$$GDPng = -475.5b + 0.16\ x\ IBRDLng$$

Line of Fit Between GDP and IBRD Borrowing on Nigeria

The movement between the GDP of Nigeria and the loans its takes from the World Bank through IBRD has a linear relationship. This supports the fact the loans create positive impact in the Nigerian economy during that period. This is against the general view amongst other investigation when it was held that World Bank loans to Nigeria exacerbates poverty in the country rather than alleviate them because World Bank policies which are conditional upon loan offers to Nigeria does not fit the country's social-economic ecosystem (ABOSEDE & LEVI, 2011).

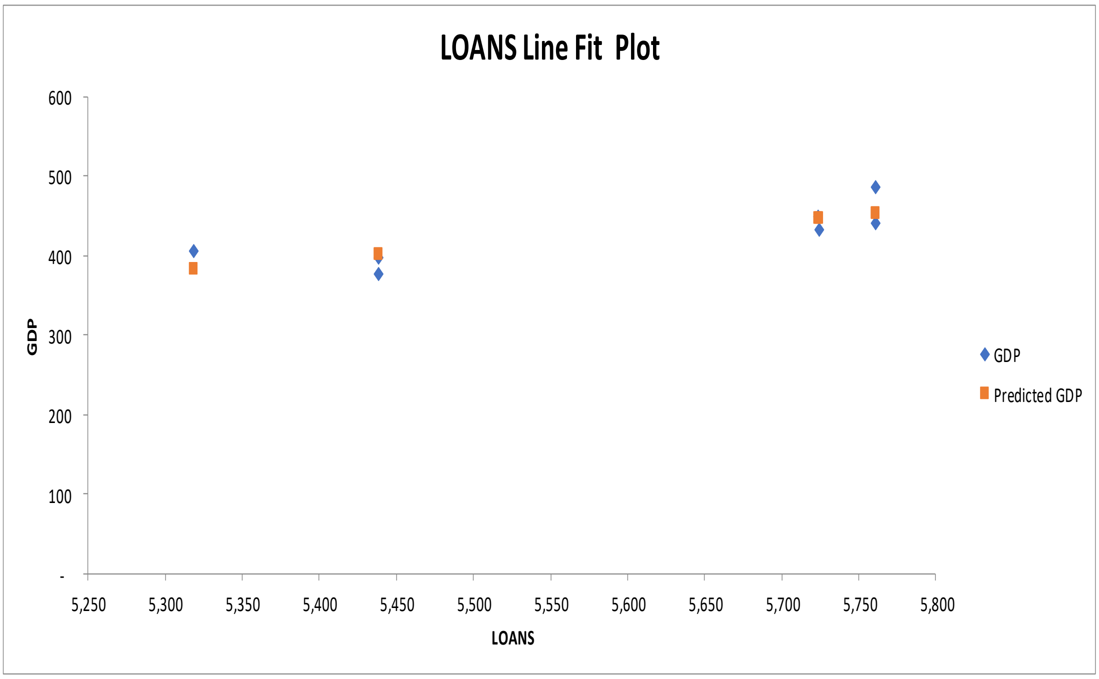


Figure 7- Line of fit between WBG loans to Nigeria and its GDP

DISCUSSION AND FINDINGS

Empirical Discussions

The results obtained from this research work is aligned with previous studies on the subject matter and related issues to varying degrees. While there is agreement among scholars that there is negative impact on which the WBG borrowings on the economy of developing countries (ref) there are mixed findings on the impact on the economy of the individual countries in the sample. The mixed findings from the individual countries has confirmed the fact that there are no one size fits all economic development model that is to be adopted by countries seeking economic progress therefore, it appears there is regional and cultural undertone over the benefits countries get from their World Bank membership thus in the context of the World Bank group economic support, where the quality of life of the peoples of a member country cannot be seen to be improving after it has taken loans from this institution, then the costs of membership outweighs the benefits (Jugoslav & Dušan, 2019). This is because it has been identified that for a country to make progress towards development, much has to be invested in human capital and not just technological and industrial infrastructural as can be attested to from the economic history of New Zealand, Iceland and Denmark (Lansana, 2016; ŁUKASZ, 2014).

Research Findings

Following the analysis of the regression models formed for this investigation, there is a mixed exposition from the results. It has been found that the role of the World Bank in the economy of developing countries have not really yielded positive results but in theory when checked on the basis of universality, the role of the World Bank in economic development is supposed to be positive. This finding is reflected from the results of the combined regression model whereas when juxtaposed against the results from individual countries, the reverse was the case because China, Mexico and Brazil do not see any positive benefits from borrowing from the World Bank but Ukraine and Nigeria do benefits from it. But the benefits Nigeria gets from the World

Bank borrowing remains to be seen in the physical and human development as supposed. The findings shows that if the role of the World Bank in developing countries where only to be felt from quantitative measures such as economic development, then the purpose for which the Bank was found have been defeated and should be alternated with any other global economic support model that would work better. Unfortunately, the debate among scholars about an appropriate economic development model rages as the models that worked in one part of the world may not work in others. The nuances between politics and economics are another factor that should be considered when even seeking a solution to a country's economic quagmire. If political gladiators who are policy makers does not synch with industry and economic managers in policy direction and institutionalism of adequate economic management, then there will be cross roads in achieving economic growth and development. This is why China have been seen to be a successful country in recent times because its economic model is different from the neoliberal model that is adopted by the West. This is justified because its culture does not match that of the United States that has been the major architect of Western economic management. Again, putting Mexico and Nigeria into context, both countries are oil producing countries but their economies are always struggling because the purported revenues from oil exports have not really matched the countries capital outflows through importation which then means that their policies have been anti-masses thus meaning that where political and economic measures are at variance, then their will not be any positive economic growth and development.

RECOMMENDATIONS

The import of the findings from this research is a twofold affair. From the point of view of the Bank, its management having been vested in the Board of Governors who meet only once in a year creates information asymmetry to it because of the issue of agency theory. Therefore, it is pertinent that the Board of Governors begin to meet more regularly so that their oversight over the Executive Directors that run the daily affairs of the Bank. Secondly, the appraisal of potential projects to be funded is done by the World Bank staff and representatives of the potential borrower country. It would have made more sense if these appraisals are conducted by external professional consultants on behalf of the Bank to ensure greater objectivity in decision making. This is important because it is evident that most of the projects that are being funded lack adequate justification which has made difficult for most of the borrowing countries to demonstrate the benefits on the masses other than the affluent citizens. Thirdly, the loan covenants placed on poor countries sometimes are in variance with their social, economic, cultural and political ecospheres but these countries go ahead to accept them because of the believe that the funds from the Bank are cheaper than commercial banks thereby causing economic colonization of these countries. Finally, the fact that the World Bank also borrows funds to private entities is a misnomer because the objectives of financial management from the public sector perspective is different from the private sector perspective; therefore, the Word Bank should focus on borrowing for public projects alone or restructure itself to ensure that there is a marked difference from its public focus and the private ones.

On the part of the borrowing countries, projects to be funded should be such that will deliver greater benefits to the poor rather than the affluents. This is important because if the current trend in which borrowings that are made for the provision of developmental projects are not felt positively by the masses remains, then there is no justification for them to continue borrowing from the WBG. Secondly, developing countries should develop strong institutions to enable proper management of public funds. The monitoring from the WBG is not enough. There are cases of graft in most developed countries without proper resolution. For instance, in Nigeria there is an anti-graft agency, the Economic and Financial Crimes Commission created in 2004 by the Federal Government but this has not helped matters in terms of mismanagement of public funds because of country specific factors. Their cases they file in court against suspects linger for too long because they are taken to regular courts that are already saturated with non-public cases. At times the agency even loses cases when it is apparent that there is a wrong doing from the side of the suspects. But in China, strong institutions have been developed against graft and this is working for the country. Other developing countries should take a clue from. But again, country specific factors may not allow for the Chinese institutional model. Finally, countries should borrow to funds that will lead to an improvement in human capital more than those of physical capital because there is population explosion in most poor countries therefore, the issue of health and education should be paramount because a health and educated mind is always productive ceteris paribus.

POTENTIAL FOR FUTURE RESEARCH

This investigation has depended on historic data with the use of simple linear regression model. Further research is encouraged by scholars where other variables that impacts economic growth that were not captured in this model will be factored in. This is important because the arguments on which development indicators that are superior is a matter of contention. Based on this, it is worthwhile to build a model that will be based on human development index (HDI) or GDP per Capita where the number of samples and period covered can be increased.

CONCLUSION

This chapter have provided conclusions reached from the findings of this Dissertation as well as recommending to both the World Bank and borrower countries on how to approach loan requests from member countries, appraisals, approvals, disbursements and monitoring to enable the achievement of the objectives of the World Bank and developing countries. Opportunities for further research still exists.

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