APPRAISING THE WORLD BANK ROLE IN CURBING CORRUPTION IN FINANCED PROJECTS IN NIGERIA: TOWARDS EFFECTIVE USE OF NEUTRALITY CLOSE

By

Sawyerr Damilola Odunayo*

ABSTRACT

As the world's major finance Institution, the World Bank has a duty to concern itself with the successful flow and proper use of resources it gives to borrowing member States. Thus, it is practically impossible for the World Bank to separate itself from International development policy issues like corruption. The wide spread of corruption in any country has effects on the distribution of public and private funds for investment in such a Country. If the World Bank is going to take measures to ensure that the funds are used for the purpose(s) for which the borrowing Member takes the loan, then it has to ensure that the steps taken are consistent with the Articles of Agreement. This paper also seeks to find if the political neutrality clause is a setback to the Bank's ability to control corruption in member states or if the bank has been able to find its way around the political neutrality clause in helping its members control corruption and alleviate poverty. It also examines the role of the Bank in aiding the use of funds for the purpose for which it was acquired in its financed projects in Nigeria, considering the prevalence of corruption in the country.

1.1 Introduction

The major aim and role of the World Bank also known as the International Bank for Reconstruction and Development (IBRD) is the reduction of poverty and the promotion of sustainable development in developing countries.

Corruption has been a great source of concern for the Bank alongside other organisations as it hinders the mandate of the Bank which is development of the world's poorest countries and ending extreme poverty by 2030. Corruption in times past and now has been recognised as a developmental policy issue and its reduction has formed part of the recently established Sustainable Development Goals. Good governance and anti-corruption is seen by the World Bank as essential in its strong fight against poverty. Corruption weakens Public Institutions and Governments and as a result prevents the advancement of new activities, and reduces the growth of the economy[1], discourages

* Research Fellow (Nigerian Institute of Advanced Legal Studies) awolalud@gmail.com.

[1] Ibrahim F.I Shihata, *'The World Bank in a Changing World'*, (Martinus Nijhoff, The Hague/London/Boston 2002), Vol. 3, 605

foreign investment and this directly affects the poor because it diverts public resources that are meant to lift them out of poverty.

Although Article IV sec. 10 of the Articles of Agreement provides for the political neutrality clause which means the absence of opinions in relation to political concerns of member States of the Bank. The implication of this is that the Bank is not expected to interfere in the political affairs of associates or members. The Bank has created mechanisms over the past years on monitoring corruption to make certain that developmental funds are used for their purposes, and has taken measures to know the effectiveness of the support it has been giving countries on governance and anti-corruption by using Actionable Governance Indicators (AGI's) to access improvements and help in weak areas.[2] For example, the Bank has enabled Nigeria implement the Extractive Industries Transparency Initiative (EITI) which has been used to audit Nigeria's oil sector value chain and recover lost revenues.[3] The Bank's motto 'working for a world free of poverty' cannot be accomplished, if resources are not used for the intended purposes.

The World Bank Group President, Jim Yong Kim at the Anti-Corruption Summit 2016 held in London, United Kingdom recognised the ongoing efforts of the Nigerian President, President Muhammadu Buhari's fight against corruption.[4] The Bank has made its zero tolerance to corruption known by refusing countries like Chad, Kenya, Congo, India, Bangladesh, Uzbekistan, Yemen and Argentina loans. This goes a long way to explain that the Bank has not been in any way handicapped by Article IV section 10 from taking measures to curb corruption in its member states.

The purpose of this paper is to consider the functions of the World Bank[5] which is majorly economic in nature and its affiliation to politics of member States if it exists. The paper also seeks to find if the Bank can in any way find its way around the political neutrality clause in helping its members control corruption and alleviate poverty. The first step, will be looking at the political neutrality clause in relation to the functions of the Bank, and then comparing the Articles of Agreement of the IBRD with that of other Multilateral Development Banks (MDB's). The role of the Bank in the fight against corruption is also considered.

Another issue to be examined is the World Bank's anti corruption agenda in Nigeria and how the Bank minimises the substantial risks of corruption in financed projects in Nigeria.

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[2] The World Bank, 'Anti-corruption', http://www.worldbank.org/en/topic/governance/brief/anti-corruption accessed 10 August 2016

[3] The World Bank, 'Anti-corruption', http://www.worldbank.org/en/topic/governance/brief/anti-corruption accessed 10 August 2016

[4] Jim Yong Kim, 'Tackling Corruption to Create a More Just and Prosperous World' World Bank Group-Corruption Summit 2016 London, United Kingdom http://www.worldbank.org/en/news/speech/2016/05/12/remarks-by-world-bank-group-president-jim-yong-kim-at-anti-corruption-summit-2016 accessed 10 August 2016

[5] For the purpose of this article, the World Bank will be referred to as the Bank except otherwise stated.

In conclusion, the economic and political nature of the bank will be considered as an international organisation, if the bank can achieve its major aim of a poverty free world despite the political neutrality clause and corruption in developing countries like Nigeria that need the financial support of the Bank.

1.2 Articles of Agreement of the World Bank and other Developmental Banks in relation to the Political Neutrality Clause

The World Bank's main objective is to promote the economic development of its member countries; this objective is completed successfully by giving loans and technical assistance to member countries.

Article 1 of the Articles of the IBRD provides for the purposes of the bank which are[6]:

(i) To assist in the reconstruction and development of territories of members by facilitating the investment of capital for productive purposes, including the restoration of economies destroyed or disrupted by war, the reconversion of productive facilities to peacetime needs and the encouragement of the development of productive facilities and resources in less developed countries.

(ii) To promote private foreign investment by means of guarantees or participations in loans and other investments made by private investors; and when private capital is not available on reasonable terms, to supplement private investment by providing. on suitable conditions, finance for productive purposes out of its own capital, funds raised by it and its other resources.

(iii) To promote the long-range balanced growth of international trade and the maintenance of equilibrium in balances of payments by encouraging international investment for the development of the productive resources of members, thereby assisting in raising productivity, the standard of living and conditions of labour in their territories.

(iv) To arrange the loans made or guaranteed by it in relation to international loans through other channels so that the more useful and urgent projects, large and small alike, will be dealt with first.

(v) To conduct its operations with due regard to the effect of international investment on business conditions in the territories of members and, in the immediate post-war years, to assist in bringing about a smooth transition from a wartime to a peacetime economy.

The above provision is quite explanatory as it sets out the functions of the Bank; all organisations have rules that are meant to guide its activities so that it does not act outside its scope. Organisations also have goals and objectives, which serves as a guiding principle. The same applies to the Bank whose objectives and purposes are set forth in the

[6] The World Bank, 'Articles of Agreement' http://go.worldbank.org/OXQFF5E1WQ accessed on 14 August 2016

first part of the articles of agreement so that the Bank does not exceed its powers. The last paragraph of the first article makes this clear by stating that the Bank should be guided by the provision of the first article.

Another interesting and catching provision of the articles of agreement is Article IV section 10 which provides that[7]:

> The Bank and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purposes stated in Article I.[8]

This provision is the neutrality clause or political neutrality clause. The provision above makes it clear that the Bank has restricted powers or authority when it comes to the politics of the member countries. The Bank cannot interfere in the political affairs of member states as there are different countries that constitute the bank with different political ideologies. This provision serves as a form of check on the Bank when it comes to the member's political stance. Article 10 is a form of restriction and a proclamation of the bank's support for sovereignty of states.

Apart from the World Bank also known as International Bank for Reconstruction and Development (IBRD), there are other Multilateral Developmental Banks whose activities are different from that of the World Bank, but whose objectives are mostly for economic development. There are four (4) other Regional Banks which include[9]: The African Development Bank (AFDB); The Asian Development Bank (ADB); The European Bank of Reconstruction and Development (EBRD); and The Inter-American Development Bank Group (IADB).

Looking at the Articles of Agreement establishing these Multilateral Development Banks and comparing it to that of the World Bank, though these other banks have their aims and objectives, there are similarities in their Articles of Agreement especially in relation to Article IV Section 10 of the IBRD which prohibits political activities. Some of these other MDB's also have the political neutrality clause in their Articles of Agreement. For example, Article 21 of the Agreement Establishing AFDB[10], Article 36 of the agreement

[7] http://siteresources.worldbank.org/EXTABOUTUS/Resources/ibrd-articlesofagreement.pdf accessed on 14 August 2016

[8] Article V sec. 6 of the Articles of Agreement of the international Development Bank, Article 3(9) of the Articles of Agreement of the international Finance Corporation and Chapter V Article 34 of the Convention Establishing the Multilateral Investment Guarantee Agency all prohibit political activity.

[9] The World Bank, 'Affiliates' http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,,contentMDK:20040612~menuPK:8336267~pagePK:51123644~piPK:329829~theSitePK:29708,00.html accessed on 14 August 2016

[10] http://www.afdb.org/fileadmin/uploads/afdb/Documents/Legal-Documents/Agreement%20Establishing%20the%20ADB%20final%202011.pdf accessed on 14 August 2016

establishing ADB[11], and Article VIII (5)(f) of the agreement establishing IADB[12] all provide for the prohibition of political activity.

Article 32 of the agreement establishing EBRD provides for the character of the bank but does not expressly prohibit the non-interference in the political affairs of member states[13]. It also provides for close cooperation with the International Monetary Fund (IMF), IBRD, International Finance Corporation (IFC), MIGA, The Organisation for Economic Corporation and Development (OECD), UN, and The United Nations Specialised Agencies and other related bodies[14].

From the provisions of the agreement mentioned above it is apparent that the World Bank and other Multilateral Development Banks all hold the same view that the political activity of member States should not be interfered with and that only economic considerations should be seen as important in taking any decision, except for the EDRB which only requires the Bank in their decisions to take cognisance to the functions, and operations provided for in the Agreement and does not include non-political interference in its Agreement.

1.3 The Political Neutrality Clause: the World Bank's Role in the fight against Corruption

The President of the World Bank World Bank Group Jim Yong Kim simply defines corruption as stealing from the poor.[15] Corruption has been a great source of concern for the Bank alongside with other organisations with the mandate of developing the world's poorest countries. Corruption in times past and now has been recognised as a developmental policy issue and the Bank has been taking the lead among international financial institutions in flagging the issue[16]. Good governance and anti-corruption is seen by the World Bank as essential in its strong fight against poverty.[17] In the Banks fight against corruption, the Bank-financed projects are monitored through the work of its Integrity Vice Presidency (INT). The INT is an independent division within the World Bank Group. This Unit investigates and act on penalties that relate to allegations of fraud and corruption in projects financed by the World Bank.

The Bank is also mandated by Article III Section 5(b) and (c) of its Articles of Agreement: to make certain that the purpose for which money was obtained is used for that purpose; to pay out money from the fund only; to meet expenses in connection with

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[11] https://www.adb.org/sites/default/files/institutional-document/32120/charter.pdf accessed on 14 August 2016

[12] http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=781584 accessed on 14 August 2016

[13] The European Bank of Reconstruction and Development, file:///C:/Users/USER/Downloads/basics.pdf accessed on 14 August 2016

[14] ibid

[15] The World Bank, Tackling Corruption to Create a More Just and Prosperous World: Jim Yong Kim,http://www.worldbank.org/en/news/speech/2016/05/12/remarks-by-world-bank-group-president-jim-yong-kim-at-anti-corruption-summit-2016 accessed on

[16] Ibrahim F.I Shihata, *'The World Bank in a Changing World'*,(Martinus Nijhoff, The Hague/London/Boston 2002) Vol. III, 158

[17] The World Bank, 'Anti-corruption', http://www.worldbank.org/en/topic/governance/brief/anti-corruption accessed 10 August 2016

the project as they are actually incurred; and that the Bank should concern itself when giving loans to Member States with the functions provided for in Article III Section 4(vii) of IBRD Articles of agreement which is to help finance projects for productive purposes.

The Bank is required by Article III Section 5(b) and (c) of its Articles of Agreement to make certain that the purpose for which the money was obtained by members is used for that purpose, and to pay out money from the fund only, to meet expenses in connection with the project as they are actually incurred, and that the Bank should concern itself when giving loans to Member States with the functions provided for in Article III Section 4(vii) of IBRD Articles of agreement which is to help finance projects for productive purposes[18].

As the world's major finance Institution, the World Bank has a duty to concern itself with the successful flow and proper use of resources it gives to borrowing Member States. Thus, it is practically impossible for the World Bank to separate itself from International development policy issues like corruption[19]. The wide spread of corruption in any country has effects on the distribution of public and private funds for investment in such a Country but if the World Bank is going to take measures to ensure that the funds are used for the purpose(s) for which the borrowing Member takes the loan then it has to ensure that the steps taken are consistent with the Articles of Agreement.[20]

Article IV, Section 10 provides for the political neutrality clause which means the absence of opinions in relation to political concerns of member States of the Bank meaning that the Bank should not interfere in the political affairs of associates. James D Wolfensohn President of the Bank in 1996 in the Bank-fund annual speech stated that the Bank Group cannot intervene in the political affairs of their member countries but that advice, encouragement and support can be given to governments that wish to fight against corruption.[21]

The World Bank can take actions to fight against corruption without going against Article IV, Section 10 of the Articles of Agreement by agreeing with the borrowing Member Country to help them curb corruption. Though one of the ways in which the bank seem to address corruption is helping countries that request for help in fighting corruption, this does not happen often as the countries that mostly need the help of the bank to fight corruption are least likely to ask for help and as such the bank can find other means or an indirect approach in helping such countries when they will be sourcing for funds from the bank.[22] Another way the Bank can do this is by analysing the borrowing Member and if

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[1818] Ibrahim F.I Shihata, *'The World Bank in a Changing World'*,(Martinus Nijhoff, The Hague/London/Boston 2002) Vol. III,628

[19]Ibid at 629

[20]Ibid

[21]A.S Kindra & R. Stapenhurst, *'Social Marketing to Fight Corruption'* (World Bank Institute Working Paper 1998), p.3 see at
http://siteresources.worldbank.org/INTWBIGOVANTCOR/Resources/socialmktg.pdf

[22]Anwar Shah and Mark Schacter, *'Combating Corruption: Look Before you Leap'* (December 2004), p. 4 see at
http://siteresources.worldbank.org/INTWBIGOVANTCOR/Resources/CombatingCorruption.pdf

the level of corruption, is likely to affect the success of the bank reaching its goals it can then use this as a factor in lending to the Country[23]. If corruption in a Member State will hinder the Bank from reaching its goals, then the bank's refusal may not be seen as interfering in the political affairs of the Member State as Article 1 provides that the bank should be guided by its purposes, and if corruption is going to deter its purpose(s) then the Bank would not be overstepping its boundaries.[24]

Apart from the fact that corruption is both an economic and political problem. If the resources meant for the country is siphoned by a corrupt government, economic and developmental problems are created as it hinders growth. Thus, the bank may be justified by refusing such corrupt countries loans but such withheld resources by the Bank, will affect the poorest among the people and the bank's objective of poverty reduction will be defeated.[25]

By provisions of Article 3, Section 5 (c) of the Articles of agreement, it is essential that the bank makes certain that the money obtained is used for the purposes for which it was granted and other MDB's also have this provision in their Articles of Agreement.

The Board of Executive Directors of the bank which consists of non- borrowing members of the bank approved the anti- corruption strategy in 1997 to prevent fraud and corruption in banking projects. This was done by assisting countries that ask for the assistance of the bank regarding corruption; making corruption a normal banks concern; giving active international support to address corruption. International support has been in form of sponsoring conferences and supporting the adoption of the Organisation for Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. [26]

The Bank's motto 'working for a world free of poverty' cannot be accomplished, if resources are not used for the intended purposes. The bank has made its zero tolerance to corruption known by refusing countries like Chad, Kenya, Congo, India, Bangladesh, Uzbekistan, Yemen and Argentina loans. This goes a long way to explain that the Bank has not been in any way handicapped by Article IV, Section 10 from taking measures to curb corruption in its member states.

The Bank from a strict point of view is supposed to be a financial institution whose topmost priority is to improve international investment by facilitating private loans and providing direct loans. These loans have to be guaranteed by member states where the borrowers could not get the loans from other means as reasonable as the terms and conditions provided by the bank.

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[23]Ibid at 633

[24]Ibid

[25]Published by BBC in its website on the 18th September 2006 see at: http://news.bbc.co.uk/1/hi/business/5355096.stm last accessed on 28th December 2010

[26]Anwar Shah and Jeff Huther, *'Anti Corruption Policies and Programs: A Framework for Evaluation'* (December 2000), Vol.1, p.6 see at: http://siteresources.worldbank.org/INTWBIGOVANTCOR/Resources/AntiCorruptionPoliciesandPrograms.pdf

Funds given to borrowing members if used for the purpose for which it was loaned are meant to reduce poverty, unemployment, malnutrition, illiteracy among other things and this will help the people of the country involved and not add to their suffering.

Though the political neutrality clause of the articles of the bank restricts the bank from taking up political matters, it can be argued that right to basic standard of living is not a political right but rather an economic right and as such the political neutrality clause does not tie the hands of the bank from enforcing human rights as the loans received by borrowing members if used for the purpose for which it was obtained will promote human rights as people in the member country will be empowered and the country will experience economic and financial growth.

The World Bank regardless of Article 10 of the Articles of Agreement has been carrying out measures to control corruption because where corruption is eradicated; it will be for the political and economic good of member states.

The World Bank cannot be said to have disassociated itself completely from interfering in the affairs of its member states as it has taken measures to support governments to be open to public scrutiny, more responsible to citizens and exhibit better service delivery, as important factors for faster and productive development. A fresh approach to governance and anti corruption are being taken by the Bank group, they assist member countries in improving governance and curbing corruption among other things.[27] The aftermath of the 2007 Governance and Anti Corruption (GAC) strategy is that countries are now incorporating programs and operations to support governance and anti corruption.[28] The bank has created mechanisms over the past years on monitoring corruption to make certain that development funds are used for their purposes, and has taken measures to know the effectiveness of the support it has been giving countries on governance and anti corruption by using Actionable Governance Indicators (AGI's) to access improvements and help in weak areas.[29]

1.4 The World's Bank Anticorruption Agenda in Nigeria

The World Bank has a demanding role of lending, developing and policing, to ensure that funds and programs are used for the purposes of which it was acquired, and that such funds are delivered to people that need it most.[30] This role of the Bank has gone beyond banking and finance, but a form of distributive partnership to reduce poverty and support development in low integrity regions such as Nigeria. Corruption in the Bank's financed projects steals from the poor as these funds are intended for the alleviation of poverty in borrowing countries.

[27] The World Bank, Anti-corruption, http://go.worldbank.org/KUDGZ5E6P0 accessed on 14 August 2016

[28] The World Bank, Overview, http://go.worldbank.org/CI3TOJK4I0 accessed 14 August 2016

[29] Ibid

[30] Richard Bistrong, The World Bank: Lending & Developing without Corruption http://www.jdsupra.com/legalnews/the-world-bank-lending-developing-83074/ accessed 21 October 2016

In Nigeria. corruption occurs in both the private and public sector but for the purpose of this paper. public sector corruption will be considered since the Bank lends to governments to support government policies, programs and projects.

Corruption has been a major challenge facing Nigeria for decades and this has affected the system as a whole and has also given the country a reputation internationally. However, governments in the past and in the present have made efforts to solve the problem of corruption in the Country.

At the inception of democratic rule in Nigeria in 1999 under the governance of Chief Olusegun Obasanjo, the President made efforts to eliminate corruption in Nigeria. During the President's first term in office, nothing much was done in terms economic reform. However in mid 2003, the government created a reform team to improve the management of government expenditure, fiscal discipline and make changes in the institutional framework necessary to address corruption.[31] Efforts made by the government to address corruption motivated the Bank in supporting Nigeria by providing loan and capacity building initiatives.[32]

These measures include the establishment of the Economic and Financial Crime Commission (EFCC) and the Independent Corrupt Practices Commission (ICPC). Another factor that facilitated the fight against corruption during this period was the promise of the Bank cancelling Nigeria's debt if policies were made against corruption. This also encouraged the passing of the Money Laundering (Prohibition) Act, 2004 into the law. However, despite efforts by the then government, Nigeria lost between $4 billion and $8 billion per year to corruption between 1999 and 2007.[33]

The Bank's Country Assistance Evaluation overall rating of Nigeria between 1998- 2007 was rated Moderately unsatisfactory; the Bank's strategic goal of achieving macro stability was rated moderately satisfactory; creating the basis for sustainable non-oil growth was rated moderately unsatisfactory. Delivering social services and empowering communities was also rated moderately unsatisfactory.[34] This However shows that there was substantial improvement in Nigeria's economic performance but little progress was made in tackling some of its important structural weaknesses relating to fundamental infrastructure problems in the supply of power and in the quality of roads and water. Although the 1998-2007 overall rating was moderately unsatisfactory this is a relative

[31] The World Bank In Nigeria 1998–2007 Nigeria Country Assistance Evaluation, https://www.oecd.org/countries/nigeria/47886664.pdf accessed 23 October 2016

[32] The World Bank In Nigeria 1998–2007 Nigeria Country Assistance Evaluation, https://www.oecd.org/countries/nigeria/47886664.pdf accessed 23 October 2016

[33] Usman Mohammed, Corruption In Nigeria: A Challenge to Sustainable Development In The Fourth Republic European Scientific Journal February (2013) edition vol.9, 129

[34] The World Bank in Nigeria 1998–2007 Nigeria Country Assistance Evaluation, https://www.oecd.org/countries/nigeria/47886664.pdf

improvement to Independent Evaluation Group's (IEG's) 2000–2004 assessment, which rated the outcome of Bank assistance as unsatisfactory.[35]

On May 29 2015, Muhammadu Buhari became the President of Nigeria. The Election of President Buhari into power was largely based on Nigerians support for his anti-corruption credentials 30 years earlier which Nigerians believed would reform the present corrupt state of affairs in the country. Some of the measures taken by the Federal Government in the fight against corruption are the Regulation of the financial service sector by the central bank which includes exercises such as the compulsory registration of bank customers and generation of Bank Verification Number, Treasury Single Account where all government generated funds are pooled among others.

The Bank is also in support of President Buhari's agenda in fighting corruption. In April 2016, the Managing Director and Chief Operating Officer of the World Bank, Ms Sri Mulyani Indrawati visited Nigeria. While meeting with the President and Vice-president, Ms Indrawati commended the efforts of the President to combat corruption and stated that the Bank promised to support all the objectives of the government in order to have a healthy, strong and transparent budget which will directly address the issue of poverty and economic growth.[36]

As parts of efforts by the World Bank in the fight against corruption, the Bank in partnership with United Nations Office on Drugs and Crime (UNODC) formed the Stolen Asset Recovery Initiative (STAR). STAR works with developing countries such as Nigeria and financial centres to prevent the laundering of proceeds of corruption detect and also assist in facilitating the return of stolen assets.[37]

According to the report on the corruption database on the STAR's website provided by the Bank, there are a total of 14 ongoing asset recovery cases, 11 completed cases and 1 unknown case.[38] These are some of the efforts by the Bank to help the country to recover stolen assets. With the present structure put in place by the Central Bank, it will be difficult for individuals to stash stolen money away in either Nigerian or Foreign Banks. The Bank's Country Assessment Report (CPAR) for Nigeria evaluates the legal system for procurement in Nigeria, public sector procurement of goods/works/consultants, procurement performance in Bank-financed projects, private sector procurement, trade practices, financial framework, and electronic commerce. The available report of the country's public procurement is that of 1999 which reports that the largest amount of financial corruption is in the national procurement systems. According to the World Bank's Country Procurement Assessment Report (CPAR) elaborated in 1999, out of

[35] The World Bank in Nigeria 1998–2007 Nigeria Country Assistance Evaluation, https://www.oecd.org/countries/nigeria/47886664.pdf accessed 23 October 2016

[36] Jibrin Ibrahim, Agenda for combating corruption in Nigeria, published in Daily Trust Newspaper on Nov 22 2015. http://www.dailytrust.com.ng/news/monday-column/agenda-for-combating-corruption-in-nigeria/120663.html#a1C0SEbwFkVx42rV.99

[37] http://star.worldbank.org/star/about-us/our-vision accessed 21 October 2016

[38] Star Corruption Cases Search Centre, http://star.worldbank.org/corruption-cases/assetrecovery?page=1&f[0]=sm_field_arw_jurisdiction_origin%3ANigeria accessed 21 October 2016

every 1.00 Naira spent by Government 60 kobo were being lost to underhand practices.[39] This is obvious in many government projects most especially infrastructural projects which millions of dollars are allocated for yearly and are never completed.

Some of the inadequacies in Nigeria's performance on 6 selected Bank assisted projects in 1999 revealed that:[40] there was lack of procurement planning; there was no existing procurement planning of goods, works and services required for the project; there was inconsistency with the procurement methods used with those specified in the loan agreement; there was poor contract management which led to the delay in the completion of the projects and also poor quality of the contracts not excluding costly contracts. Also no penalties were imposed on delinquent contractors among other problems. However one can say that most of these problems and inadequacies have been recognised by the Bank and steps taken to counter these problems. The Bank being aware of these risks, review and analyse proposals that may be prone to corruption and fraud through the Preventive Services Unit (PSU) at the evaluation and assessment stages.[41] The PSU work in partnership with operational teams, using the knowledge gained from Integrity Vice Presidency (INT) investigations into practical measures that can deter or stop corruption in World Bank-financed projects.[42] The PSU take practical measures to deter corruption in Bank financed projects by: identifying systemic integrity risks and vulnerabilities at the project and country level and preventing those risks; and participating in regional operational reviews and risk assessments during project appraisal and supervision.[43]

The Integrity Vice Presidency 2015 Annual Update revealed that the Bank received and opened 323 preliminary inquiries related to fraud, corruption, and collusion in World Bank Group-financed projects.[44] 99 cases out of the preliminary inquiries were selected for full investigations. One of the referred cases is case of Fraud and Corruption in Nigeria on an Economic Reform Project in October 9, 2014 of which criminal charges were brought against two project officials.[45]

The substantial risks of corruption in bank financed projects in Nigeria have been considered by the Bank by diligently enforcing procurement guidelines and putting in

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[39] Public Procurement Corruption in Nigeria, http://goprs.unodc.org/goprs/en/nigeria-profile.html accessed 23 October 2016

[40] Nigeria Country Procurement Assessment Report, Summary of Findings and Recommendations Volume I, June 30, 2000, 14, http://documents.worldbank.org/curated/en/598041468775819821/pdf/multi0page.pdf accessed 23 October 2016

[41] Richard Bistrong, The World Bank: Lending & Developing without Corruption http://www.jdsupra.com/legalnews/the-world-bank-lending-developing-83074/ accessed 21 October 2016

[42] INT Preventive Services Unit, Preventing Fraud & Corruption For Greater Development Impact, How INT Can Help Task Teams Improve The Integrity of Projects http://pubdocs.worldbank.org/en/616331449169323720/PSU.pdf accessed 23 October 2016

[43] Ibid

[44] World Bank Group Integrity Vice Presidency FISCAL YEAR 2015 Annual Update, 1 http://pubdocs.worldbank.org/en/136451449168835691/INT-FY15-Annual-Update.pdf accessed 23 October 2016

[45] The World Bank Group Integrity Vice Presidency FISCAL YEAR 2015 Annual Update, 52 http://pubdocs.worldbank.org/en/136451449168835691/INT-FY15-Annual-Update.pdf accessed 23 October 2016

place special arrangements for financial management at the state level.[46] This is done by the Bank selecting lead states based on factors like the quality of the budget process and the amount in the budget committed to human development.[47] This initiative by the Bank is to motivate other states to improve their economic and financial management. Also, senior members of staff in the country office provide close supervision for the projects. The prevalence of corruption in the country, have made the INT put together these practical measures to control corruption in its financed projects.[48]

1.5 Conclusion

Having considered the bank and other Multilateral Development Banks (MBD's), though these banks have similar contents in their articles and also have the political neutrality clause imbedded in their articles, except for the EBRD one can assume that there is a relative form of uniformity in the treaties. In this instance, the articles of agreement of the bank seem sufficient to cover all the needs of the bank at the moment as corruption is being addressed by the bank though it is not explicitly stated in the articles of agreement. The bank has found its way around making member countries know the importance of anti corruption and have carried out measures to drive this point home in the instance of private contractors who have been listed as corrupt and who have been suspended from handling projects by the Bank. The Bank has also done the same to member countries by refusing such corrupt countries loans. The internal structure and management of the bank has zero tolerance for corruption so in this instance, it will be difficult pointing accusing fingers at the bank.

The World Bank is one of the major financial institutions as discussed earlier; the role of the bank in the world economy is paramount especially in developing member countries and for that reason, development cannot be isolated from politics. Corruption has and is eating deep into the economy of many nations and the bank has a role to play in observing that borrowing members do not misuse borrowed public funds. It should be considered that the bank can hide under the ambits of Article 1 of the Article of Agreement of the bank by not concerning itself with corrupt practices of borrowing members by stating that corruption is a political problem and they will be acting ultra vires as article IV Section 10 which prohibits political activity but this won't do the organisation good as the purpose of the organisation which is the reduction of poverty to the barest minimum will be defeated.

The Bank can also go ahead and not let the political neutrality clause be any form of hindrance to their objectives by arguing that corruption is a developmental issue rather than a political issue and that the world bank should not intervene in politics but in matters of development economic problem as it eats into the economy and does not allow

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[46] The World Bank In Nigeria 1998–2007 Nigeria Country Assistance Evaluation, https://www.oecd.org/countries/nigeria/47886664.pdf accessed 23 October 2016

[47] Ibid

[48] The World Bank In Nigeria 1998–2007 Nigeria Country Assistance Evaluation, https://www.oecd.org/countries/nigeria/47886664.pdf accessed 23 October 2016

for equal distribution of wealth in member countries and as such it will not be a bad idea making anti corruption a prerequisite before lending out money to borrowing countries. The political neutrality clause has not in any way in my opinion prevented the World Bank from carrying out measures to control corruption because where corruption is eradicated; it will be for the political and economic good of such a country. The Bank and President have been creating and taking measures to curb corruption which goes to show that the Bank sees it as a problem they have to solve for the Bank to be able to achieve its goals.

The Bank by curbing corruption and providing fund for members to aid economic development and having members from all over the world, signifies equality and this alone, is a sufficient task for the Bank before they become tagged *'jack of all trades, master of none'* and they can no longer effectively carry out their main purpose. The question that needs to be asked is whether the Bank can be *'everything to everybody'*.[49] The Bank cannot be utterly criticised as not working efficiently to curb corruption, as corruption is being recognised in various countries, especially developing ones as bad for the economy and this is a step in the right direction as it has to be a gradual process. The Bank has also shown its intolerance for corruption by joining hands with bodies like the UNODC and STAR in its fight against corruption. The INT also plays a major role of mitigating fraud and corruption risks in bank financed projects.

Many organisations apart from the bank also have a role to play in the eradication of poverty in their member countries as members of the bank are also members of other organisations and as such, organisations should also make anti corruption a priority without focusing all the attention on the bank, the reduction of poverty is a work for all and not just a function of the bank. The legal view of the Bank's General Council is that in so far as governance issues are connected with economic development, the Bank may put in place conditions on governance.[50]

At this point, the main concern should not be what the Developed countries or the Executive Board of Directors stand to benefit from suggesting that politics should not be separated from development. If development is to be achieved then politics has to come in. If whatever attempt made by the Bank is to curb corruption, in whatever way or dimension this goal is achieved, at the end of it all, it will be for the benefit of member countries and the World Bank Group.

[49]Nicole Wendt, *'IMF and the World Bank Respond to Criticisms'* (1999) 9 Transnat'lL. & Contemp. Probs. 171
[50]Cahn Jonathan, *'Challenging the Imperial Authority: The World Bank and the Democratization of Development'* (1993) 6 Harv. Hum. Rts. J. 164