



Universiteit
Leiden

The Netherlands

Funding, governance, and control contestations in a multilateral organizational setting: a case of the African development bank

Ezeoha, A.; Uche, C.U.

Citation

Ezeoha, A., & Uche, C. U. (2025). Funding, governance, and control contestations in a multilateral organizational setting: a case of the African development bank. *Global Governance: A Review Of Multilateralism And International Organizations*, 31(3), 338-373. Retrieved from <https://hdl.handle.net/1887/4260259>

Version: Publisher's Version

License: [Creative Commons CC BY-NC 4.0 license](https://creativecommons.org/licenses/by-nc/4.0/)

Downloaded from: <https://hdl.handle.net/1887/4260259>

Note: To cite this publication please use the final published version (if applicable).

Funding, Governance, and Control Contestations in a Multilateral Organizational Setting

A Case of the African Development Bank

Abel Ezeoha | ORCID: 0000-0001-5425-5816

Department of Banking & Finance, Alex-Ekwueme Federal University,
Ndufu-Alike, Nigeria
ezeoha.abel@funai.edu.ng

Chibuike Uche | ORCID: 0000-0002-8106-3067

African Studies Centre, Leiden University, Leiden, The Netherlands
c.u.uche@asc.leidenuniv.nl

Received 28 August 2024 | Accepted 10 June 2025 |

Published online 26 August 2025

Abstract

The main research question in this article centers on how changes in the African Development Bank (AfDB) power distribution influence the funding, governance, and operations of the Bank. The study specifically explores how the power-play between external and internal members of a regional multilateral development bank influences the funding capacity and governance quality. Using the case of the AfDB, the article chronicles the persistent changes in power distribution from the original attempt at a multipolar structure that excluded non-regional membership. It exposes the inherent risks of an effort by economically weak members to relegate the influence of the stronger state members on issues of governance and control. Although African countries constitute the majority shareholders, their influence is restrained by the pivotal role of the non-African members in providing the needed funding resources and credit rating reputation to the Bank. The article concludes that resolving the persistent crisis of governance and financial sustainability requires rebalancing the shareholding structure, moderating the protection principle of the non-Africans, and mitigating the influence of political considerations in critical areas of governance and operations.

Keywords

AfDB – African Development Fund – governance and control – non-African members

1 Introduction

This article addresses a key question relating to how changes in the African Development Bank (AfDB) power distribution influence the funding, governance, and operations of the Bank. The primary aim is to examine how the dictates of the established order of multilateral banking could naturally challenge regional entitlement to governance. *A priori*, regional Member States are expected to have a dominant influence in the governance of their respective development banks. Institutional theorists, however, challenge this premise, proposing that in a multilateral setting, regardless of how geographically diverse, stronger and more economically influential members are predisposed to dictate the organization's policies and the course of action.¹ A governance crisis becomes inevitable, where non-regional members are the key sources of hegemonic influence.

The AfDB, which serves as the primary case study in this article, is significant because it is one of the least explored among the leading multilateral development banks (MDBs).² It is also arguably the only one where the key funding sources are from outside the host region. For other premier regional development banks, hegemonic influence resides naturally within the host region.³ The governance arrangement in the AfDB uniquely involves the distribution of shares and votes between Africans, who are largely the borrowers, and the non-Africans, who are the creditors.⁴ The non-Africans are consequently involved in shaping the general direction and operations of the Bank.⁵ Structural challenges arise because the borrowing countries with a simple majority have overbearing decisions on all operational matters of the Bank and enjoy the privilege of solely producing the President. The non-borrowing Member States are often

1 Scott 2005, 2010.

2 Park 2023.

3 The United States and Canada dominate the Inter-American Development Bank (IDB); Japan, China, and Singapore exert similar influence over the Asian Development Bank (ADB); while the European Bank for Reconstruction and Development (EBRD) is largely shaped by its core members' advanced economies.

4 Prizzon 2022; Birdsall 2018.

5 Fordwor 2013; see also the Knox Report 1994.

shut out of operational policymaking.⁶ Their attempts to query the status quo have historically been resisted by African Member States.

The AfDB has several distinctive features. The Bank is the only MDB, where borrowing countries wield majority voting rights over creditor countries.⁷ It is arguably unique in that funding is operationally driven by conditions set by non-regional members,⁸ and its financial stability directly depends on their commitments.⁹ Several scholarly inquiries have been devoted to examining the implications of the unique AfDB system. They include studies on structural challenges,¹⁰ governance and politics,¹¹ and funding.¹²

To add value to the existing literature, this article examines how changes in the AfDB power distribution combined to influence the funding, governance, and operations of the Bank, including the decision of who became the President in every five-year election cycle. No doubt, evidence from this line of inquiry is important in framing the ever-evolving power structure to achieve an economic order¹³ and re-legitimize the MDB's governance institutions. The analytical approach adopted in this article follows Stephen Krasner's three-model structural framing of the governance and workings of MDBs, namely, the hegemonic, bipolar, and multipolar structure.¹⁴

To achieve its aim, the study adopts a case-based method of analysis to account for the institutionalization processes that have infused some level of uncertainty in the governance of AfDB. The case study covers a series of events that occurred since its establishment in 1964, namely, the contestations around the introduction of the African Development Fund (ADF) concession lending window and the consequent politics of the fund replenishment, subsequent admission of non-regional membership, and the influence of the non-regional members in the AfDB presidential elections. Focusing on the contestations around AfDB presidential elections specifically allows for a more empirical examination of the historical powerplay that has helped to shape the character and governance of the Bank. The ADF, along with its various rounds of replenishments mostly funded by Western donors, is used to show how the interaction between internal and external members has directly influenced

6 Birdsall 2018.

7 *The Economist* 2022.

8 Birdsall 2018.

9 Abor et al. 2024.

10 Ebong 1974; Knox Report 1994; Park 2023.

11 Fordwor 1981; Mingst 1987, 1990; Shaw 1991.

12 English and Mule 1995.

13 Kaya and Salah 2022.

14 Krasner 1981.

funding capacity and governance. Given that the emphasis is on interregional contestation, it is possible that views and official positions might be conflicting. Each of the constituents might be biased along regional lines, and empirical validation must account for the diverse stakeholders' positions.

In view of the above, the sources of data cover both internal official records and reports of AfDB, assessment reports from the World Bank and some agencies of the United Nations, and existing theoretical and empirical literature on multilateral development banking. The article demonstrates how divergences in power distribution and attempts at rebalancing governance control could become a major source of threats to the financial sustainability of a regional development bank of developing countries' origin. Although non-African shareholders (such as the United States of America, Japan, Germany, Canada, France, Italy, and the United Kingdom) are individual minority shareholders of AfDB, they have rallied on their increasing financial commitments to maintain an influential cooperative stance. Such an account of governance contestations in the AfDB contributes to existing literature and contemporary policy debates in three ways. First, it reveals how far Africans' and non-African members' interests might have diverged over the years. Second, it gives an account of the institutionalization process that has so far seen the consolidation of the entrenched interests of some powerful non-regional members of the Bank. Third, it proceeds to proffer policy recommendations on how best to guarantee that regime-related governance transition does not impede the stability and rating of the Bank.

The article is divided into seven sections. Section 1 introduces the study, and Section 2 describes the theoretical framing of multilateral development banking. Section 3 analyses the institutional context and the origins of the AfDB. Section 4 examines the intricacies of AfDB funding and the doctrine of economic neutrality. Section 5 focuses on the contestations around the admission of extra-regional members, while Section 6 examines the effects of the admission. Section 7 concludes the study.

2 The Theoretical Framing of Multilateral Development Banking in a Developing Regional Context

It has been argued that a study of multilateral institutions like the AfDB should be rooted in the real-world tensions that shape their operations, governance, and beliefs.¹⁵ The theoretical framing of this inquiry is often informed by the

¹⁵ Selznick 1996.

hierarchical ubiquitousness of international organizations,¹⁶ and the implicit assumption that stronger and more influential members, irrespective of their geographical cardinality, are predisposed to dictating the organization's policies and courses of action.¹⁷ The missing link, most often, is that contemporary policy discourse rarely attempts to predict what happens when there is prolonged pushback from the weaker members to lay claim to regional entitlements and oppose conventional institutional order. Existing evidence has shown that the more the regional members impel for a recognizable identity and appreciable place in the governance structure, the more the benevolent non-regional members are likely to contest regional incumbency and entitlement to governance.¹⁸

It is important, therefore, to recognize the existence of stratification and the different layers of contestations in framing interregional multilateral governance and operations.¹⁹ On the side of the regional members, contestations and resistance naturally manifest from an attempt by national governments to exercise sovereignty powers by imposing national interests over regional and global priorities. This attempt often breeds intraregional contestations. While the stronger regional members try to define the regional identity of the organization, the weaker ones might play along by passively adopting bureaucratic acquiescence as a strategy to ward off political pressures and ensure organizational harmony.²⁰ In the case of an interregional multilateral setting involving a mix of core and periphery countries, the inherent stakeholders' interests are more diverse. Attempts by the non-regional core countries to impose foreign character and identity might breed more complex resistance and complicate the process of reconciliation.²¹ This makes it difficult for such an organization to develop a shared institutional identity to enhance its legitimacy and acceptability in the face of diversity.²² As demonstrated in this article, the historical role of the US and a few other Western shareholders supports this hypothesis.

The intra- and interregional contestations, especially between weaker and stronger members of a multilateral organization, can further be illustrated using Krasner's three-model framework.²³ First, a higher premium is often

16 Fehl 2020.

17 Scott 2010.

18 Krasner 1981; Zucker 1987; Dacin et al. 2002.

19 Fehl and Freistein, 2020.

20 Iroul and Oheneba 2023.

21 Ben-Artzi 2016; Scott 2010; Meyer and Roman 1977.

22 Ibid.

23 Krasner 1981.

placed on the codes of conduct and the value orientation of the more powerful stakeholders.²⁴ Second, power distribution might be political and exogenous, and exogenous influences can be foreign and benevolent.²⁵ The supposed benevolent member must have the capacity and willingness to subsidize the operations of the organization. In framing the relationships and contestations, Krasner identifies three key models.²⁶ First is the hegemonic structure, where a more powerful member's pursuit of long-term political goals recognizes the regional identity and inclinations of the organization, while providing the needed resources and support. The hegemon, in this case, can be an internal member, as in the cases of Japan in the ADB and the United States of America in the IDB.

The second is bipolar, with two different groups attempting to exert influence on the power structure. The inherent interests of the two may conflict, as is currently the case in the AfDB between the African and the non-African members. Within each group, Member States can be socioeconomically homogeneous. Although there are differences in the level of economic development among the Members, the homogeneity of African states is such that the region is home to thirty-three out of the forty-six least developed countries in the world.²⁷ However, a joint membership of the two different groups imposes heterogeneity in the character and identity of the multilateral organization, and the dichotomy between stronger and weaker membership might become more glaring. Under this condition, the reactions of the weaker members can be a resistance or an acceptance of the rising heterogeneous order. Because resistance can induce governance instability and endanger access to needed resources, the weaker group often resorts to applying bureaucratic acquiescence to secure the commitment of the stronger group.²⁸ AfDB has retained a bipolar structure since the admission of non-regional Western members into its shareholding structure in 1982. It has also been evident in the Africans' acceptance of the series of conditionalities preceding the different regimes of ADF replenishments.

24 Acemoglu et al. 2002.

25 Boettke et al. 2015; Krasner 1981.

26 Krasner 1981.

27 In the presence of several lower-income countries that dominate the African region, there are still high-income countries like Seychelles and Mauritius, and the upper-middle ones such as Botswana, Equatorial Guinea, Libya, Namibia, and South Africa.

28 Iroulo and Oheneba (2023) define bureaucratic acquiescence as a situation where bureaucrats within African organizations, like government ministries or regional bodies like the African Union, passively accept decisions or policies without actively protesting or resisting.

The third element is the multipolar structure, in which there is a 'dispersion of power and influence among both established and emerging powers.'²⁹ Any attempt at power concentration serves as a strategic design to accommodate weaker interests and can result in an emergence of heterogeneous development.³⁰ Under this arrangement, influence and incentives exist as strategies to serve global economic interests.³¹ Although governance contestations and the push for more funding in the AfDB revolve around regional and non-regional membership. Some argue that the emerging multipolarity in the global world order might change this course.³² A recent analysis of the trend, however, illustrated that Africa (and the AfDB in particular) may benefit less from the multipolar order because the region lacks the governance and financing means to assume the role of a central actor.³³ This is especially so considering the persistency of interest of the former 'colonial masters in the affairs of the ex-colonies.'³⁴

Some non-African members from Europe and North America have, over the years, maintained an influential position in the AfDB. They have largely acted as collective hegemon to guarantee access to development finance by subsidizing the concessional funding window of the Bank³⁵ and insisting on enhancing the equity capital base.³⁶ In some cases, best-practice standards have been lowered to accommodate the needs of the weaker actors and to subsidize the deficiencies of the system³⁷ and empower the Bank.³⁸ Through the concessional funding arrangement and its replenishment, non-African members of AfDB have utilized their position as providers of funds to induce regional diffusion and to attempt to change the original character of the Bank.³⁹ On their part, the Africans have persistently laid claims to what they regard as their regional entitlements, thus exposing the fault lines in the emerging complex relationship between them and the non-regional shareholders. The contestations between the two have joined to define the governance and the financing patterns in the Bank.

29 Ramjit 2025; McGlinchey et al. 2022.

30 Fejerskov 2017.

31 Peters 2023.

32 Birdsall 2018.

33 Magode 2025.

34 Olaopa 2020.

35 Park 2023.

36 *Africa Confidential* 1998.

37 Ruggie 1992; Krasner 1981.

38 Thérien 2002; Dacin et al. 2002.

39 Doron 2021.

3 The Origin and Institutionalization of the African Development Bank

Distinctive of MDBs is that most of the shareholders are often nation-states. This emanates from the fact that they are creations of governments via international treaties meant to provide financing and technical development assistance.⁴⁰ The first of such banks to be created was the IBRD in 1944. The IBRD, championed by the US, had the main objective of providing finances for the reconstruction of war-ravaged Europe after the Second World War.⁴¹ After the reconstruction of Europe, the Bank changed its focus to the development needs of developing countries around the world.⁴² Thereafter, there was an ideological shift towards using development funding as bait to advance the economic and political interests of the US and to discourage developing countries from adopting Soviet-style communist economic and political systems.⁴³ This led to the emergence of regional MDBs, especially among the developing countries.⁴⁴ In the case of Africa, the motive of the then newly independent African governments was to establish a development bank that would have an African character and thus would not be exposed to the political and economic contestations that were entwined with the Cold War.⁴⁵

The AfDB idea was first mentioned at the Second All African Peoples Conference held in Tunis in January 1960.⁴⁶ In February 1961, participants at the fiftieth plenary meeting of the United Nations Economic Commission for Africa (UNECA), an organization established by the Economic and Social Council of the United Nations, adopted a resolution requesting the Executive Secretary of the Commission to undertake a thorough study to determine the possibility of establishing an African Development Bank. While admitting the desirability of such a regional bank, the report of the study expressed the view that Africans were not in a position to raise the funds needed for the operations of such a bank, and that raising additional funds from outside of Africa was not to be dismissed. In summary, the expert report exposed a wide variance between the expectation of Africans who wanted a bank that they would control and that would be tailor-made to address their specific problems and the reality that

40 Culpeper 1994; Broccolini et al. 2020.

41 Wang 2017.

42 Stiglitz 1999; World Bank 2011.

43 Kapur 2012; Culpeper 1994.

44 Krasner 1981; Clifton et al. 2021.

45 Culpeper 1994.

46 Ebong 1974.

the continent did not have the financial muscle to ensure the establishment of such a bank.⁴⁷ Then, many of the newly independent African countries, for instance, relied largely on external capital to finance their development plans and even to subsidize with public expenditure, and foreign control of the core business and investment sphere was visibly dominant.⁴⁸

In 1963, UNECA adopted the report of its committee of experts and established a nine-country committee to operationalize the establishment of the AfDB. At the inception of its work, the committee emphasized that the Bank should be established as an African institution reflective in its financial structure, administration, and management, but that the contribution of non-African member states should be made in ways that should not jeopardize the African character of the bank.⁴⁹ The agreement setting up the AfDB subsequently became a treaty on 10 September 1964. Unlike the other MDBs, where there was some degree of nonregional capital commitment at inception, 'AFDB's capital was raised from the 39 African member states.'⁵⁰ The option was chosen as part of the regional push for economic independence and the desire for a development bank that was truly African and less exposed to undue Western control.⁵¹ The Bank consequently began operations on 1 July 1966 under Mr. Mamoun Beheiry of Sudan as its first president. The political events on the continent at the time created the needed background for the emergence of the AfDB. The situation was such that from the late 1950s up to the end of 1966, approximately thirty-six African countries gained independence from their respective colonial governments.

From the very beginning, it became imminent that the avoidance of the controlling influence of the West was a hoax. The newly independent states were faced with many constraining challenges, including the situation where all the countries were experiencing 'multisector economic dependence,' substantially relying on foreigners for their skilled and managerial labor, and all but South Africa heavily relying on foreign capital to meet their investments and developmental needs.⁵² External support was required not only in finance but also as it pertains to the availability of the requisite technical expertise.⁵³ An immediate action taken by the Bank to address the lacuna was to sign

47 Krasner 1981; Mingst 2014.

48 Esseks 1971.

49 United Nations 1964.

50 USAID 1974; Mingst 2014.

51 Culpeper 1994.

52 Esseks 1971.

53 English and Mule 1995; Ijere 1973.

cooperation agreements with other international development agencies like the UNDP, the World Bank, and the Food and Agricultural Organization.⁵⁴ The essence was to help strengthen the skills of the AfDB staff in the evaluation, identification, and preparation of development projects in Member States.⁵⁵ It turned out that for a bank at its formation stage, the unintended consequence of the above agreements was that the character, ideals, standards, and practices of these partner international agencies were slowly transfused into the policy norms of the AfDB.⁵⁶

The need for external capital in AfDB was then not disputable, but the modalities for attracting such capital were. For the options available to the Africans, the emphasis centered on the choice of an engagement model capable of allowing the Bank to raise its needed capital without compromising the regional identity and character.⁵⁷ Championed by Ghana, Burundi, Uganda, and Ivory Coast, another option was to open up the Bank for non-African shareholding.⁵⁸ There was also an option of inducing an internal hegemonic arrangement within the AfDB structure, which culminated in an attempt by the Bank to get oil-rich Nigeria to take up the balance of unsubscribed share capital and later to set up the Nigeria Trust Fund (NTF)⁵⁹ in 1976. This latter option proved abortive because the country's oil boom economy had started to wane and the country had started borrowing from the international capital markets.⁶⁰ The two later experiments that finally opened the door for some recognizable institutional reforms and the emergence of a Western-driven hegemonic order in the Bank were the incorporation of the Western-funded ADF in 1973 and the admittance of non-Africans in 1982. Among the Western interests, the US played a major role by emerging as the highest nonregional shareholder and second to Nigeria in the overall shareholding structure. The emergence of China as a major force in Africa's development financing, especially in offering 'big concession loans for infrastructure projects,'⁶¹ later joined to transform the

54 Mingst 1987.

55 Mingst 2014, 1987.

56 Park 2023; Ella 2021.

57 Park 2023; Abor et al. 2024.

58 Mingst 1987.

59 Specifically, the agreement establishing the NTF was signed between the Nigerian Government and the AfDB on 26 February 1976. The initial endowment of the fund was N50 million (USD 75 million), which was paid in two instalments in 1976 and 1977. Nigeria replenished the Fund in 1981 with N50 million (USD 70 million), which was paid in three instalments (1981, 1984, and 1985). See *AFDB Annual Report* 1976, 2019.

60 Mayall 1976.

61 Lopes 2010, 75.

power structure.⁶² In doing this, some ‘soft balancing against American hegemonism’ was imposed in the institutional structure of the Bank,⁶³ although not on a scale capable of altering the bipolar structure in place. As illustrated in the following section, the consequence of the series of developments is that the financing sources and mix have since the formation of AfDB remained among the major reasons for the persistent changes in the Bank’s power distribution.

4 AfDB Funding Constraints, Contestations, and the Emergence of the ADF

Since its formation, the AfDB has operated in ways that suggest that its financial sustainability and ability to deliver on its mandate of financing African development depends on the dispositions of the non-regional members.⁶⁴ This was, by extension, part of the fallout of the colonial-era configuration, whereby the countries had little independent economic structures in place for self-sustenance.⁶⁵ Studies have shown that AfDB lags in pursuing its original mandate of providing African solutions to African problems.⁶⁶ Even from the beginning, this incapability was demonstrated, given that the Bank was only able to grant its first loan in August 1967, over three years after its inauguration.⁶⁷ This was for US\$2.3 million to the Government of Kenya to construct two international roads. The amount was so inadequate that it represented less than 30 percent of the total cost of the road, while the Government of Kenya and USAID put up the balance.⁶⁸ Throughout its early years, the Bank’s ability to approve projects and provide grants or interest-free loans to the poorest African countries was limited by severe financial constraints until 1969. It follows that, for an organization like AfDB, maintaining a distinctive intraregional ownership as a means of delinking Africa from imperial institutions and processes was unfeasible.⁶⁹

The fortunes AfDB started to change following the outcome of a committee of international development experts constituted by the then President

62 Skalamera and Köstem 2023.

63 Eisenman and Heginbotham 2019, 55.

64 Humphrey 2015.

65 Browne 2008.

66 Amoah et al. 2024; Nyadera et al. 2022; Mingst 2015.

67 Mingst 2014.

68 *AfDB Annual Report* 1967.

69 Kapijimpanga 2023.

of the World Bank, George Woods, in 1967.⁷⁰ The Committee, headed by the former Prime Minister of Canada Mr. Lester Pearson, submitted its report in September 1969; and, among others, called for the replacement of bilateral by multilateral relationships to enhance the efficiency of aid delivery.⁷¹ It called on the rich countries to commit at least one percent of their GDP to international development, and within that target, provide 0.7 percent of the GNP as official aid as distinct from private investments.⁷² The acceptance of the recommendations of the Pearson Committee laid the background for the integration of a concessional window in the funding structure of the AfDB in 1973.⁷³ It also provided the Africans a temporal shield against the admittance of non-regional countries as shareholders. It was, for instance, immediately after the publication of the report that the Canadian Government, with the support of the Nordic countries, put the issue on the agenda of the Development Assistance Committee of the OECD.⁷⁴ In 1972, the agreement establishing the ADF scheme was signed. The total operational fund pledged by the fifteen founding Member States and the AfDB was US\$ 90,659,050.⁷⁵ The distribution is represented in Figure 1 below. It was, however, not until 1973 that the scheme was launched.

It is important to note that incorporating a parallel concessional option is a common feature in the funding structures of MDBs generally. All the premier regional development banks at different stages of their existence adopted the idea of integrating a concessional lending window. In the case of the Americans, the IDB and its concessional wing (Fund for Social Operations) were established in 1959, with the idea of carrying the poorer Member States along in the regional development trajectory. The justification is based on the existing empirical evidence that has shown that an MDB with an active concessional window is more likely to attend to the development needs of the weaker members.⁷⁶ In most cases, how influential the concessional window becomes over the commercial window and depends on the socioeconomic characteristics of the regional Member States. This is especially the case with AfDB where the demand for concessional lending outweighs that of commercial lending facilities.⁷⁷

⁷⁰ *AfDB Annual Report* 1969.

⁷¹ Barnes and Konkol 2022.

⁷² Overseas Development Institute 1969.

⁷³ Park 2022.

⁷⁴ *AfDB Annual Report* 1970.

⁷⁵ African Development Fund 1972.

⁷⁶ Lipper et al. 2021.

⁷⁷ Nyadera et al. 2022; Culpeper 1994.

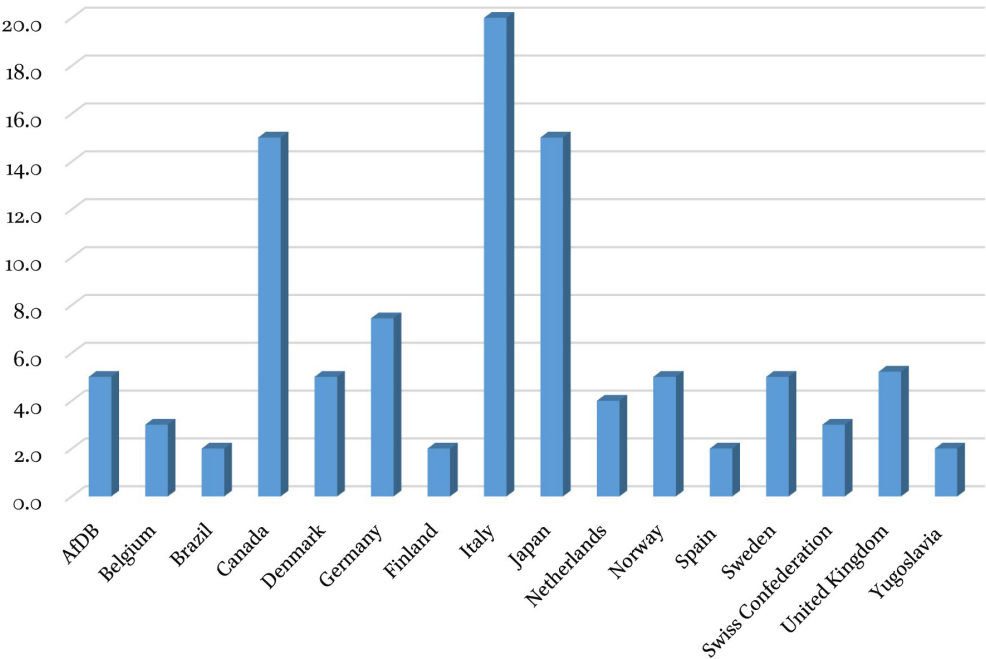


FIGURE 1 Distribution of the initial subscription of the ADF (1972) (in millions)
SOURCE: AFRICAN DEVELOPMENT FUND/PUBLIC DOMAIN ([HTTPS://WWW.AFDB.ORG/EN/DOCUMENTS/AGREEMENT-ESTABLISHING-AFRICAN-DEVELOPMENT-FUND-2016-EDIT
ION](https://www.afdb.org/en/documents/agreement-establishing-african-development-fund-2016-edition))

From inception, the donor support for the ADF trailed behind the contributions of the real shareholders of the Bank. This was because such donors were reluctant to be the major funders of an institution that barred them from being shareholders. The US, for example, did not originally support the ADF until 1976 because the government at the time was more disposed to bilateral than multilateral aid arrangements, and in the context that the former accords the donor country more goodwill from the recipient country.⁷⁸

The fact that the donors operated as a group under the DAC of the OECD ensured that they were protected in the arrangement, and that the bipolar structure was sustained along regional versus non-regional membership. It has, for example, been noted that the OECD ‘is not only the club for rich nations but also a community of shared values.’⁷⁹ Part of the shared values

78 Nelson 2010.
79 Kragelund 2011.

of the OECD Member States was their insistence that their economic interests must be protected when their ADF donations are being spent, a tendency that represents the triumph of enlightened self-interest over morality in the administration of aid.⁸⁰ Article 15 (4) of the ADF Agreement, for instance, states that 'procurement shall be based on international competition among eligible suppliers except in cases where the Board of Directors determines that such international competition would not be justified,'⁸¹ and was meant to account for such donor interest. The section states that the proceeds of the Bank's loans 'shall be used only for procurement in the territories of state participants or members, of goods produced in and services supplied from the territories of state participants or members.'⁸² The entwinement of the interest of donor nations in the use of such donor funds by recipient nations is not limited to the member states of the OECD. China and India, which became later-day donors to the ADF, also ensure that their donations are closely related to their other financial interests, such as trade and investments.⁸³

The above conditionality encouraged donors to push for intervention in areas that would help promote their exports, rather than in those required by Africans.⁸⁴ Notwithstanding, it would be naïve to expect donor countries that advance their economic interests not to also advance their political interests through such aid, and even more naïve not to interfere with the internal governance of the Bank. The procurement conditionality proves to contradict the Bank's doctrine of economic neutrality, which is contained in Article 38 of the AfDB convention. The Article states that 'the Bank shall not accept loans or assistance that could prejudice, limit, deflect or otherwise alter its purpose or functions,'⁸⁵ and that the management and board of the Bank should not be influenced in their decisions by the political character of concerned members.⁸⁶ The conflict between the AfDB's commitment to economic neutrality and the donor-imposed conditionalities remains, to date, yet another major source of friction between regional and non-regional members of the Bank.⁸⁷ The establishment of the Western-driven donor-dependent ADF aided inclu-

80 Ramphal 1979; Judd 1969.

81 Agreement Establishing the African Development Fund 2016.

82 AfDB 2016.

83 Kragelund 2011.

84 Park 2023, Kaiser 1971.

85 Gadio 2014, 460.

86 U.S. Government Printing Office 1975.

87 Park 2023; Birdsall 2018.

sivity in AfDB service delivery, but did not address the concerns over debt sustainability and governance stability. It also proved counterintuitive to the agitation for a regional renaissance against a new order of 'imperial domination and neocolonial global hegemony.'⁸⁸

5 Contestations around the Admission of Non-regional Members

Historically, the inability of the wholly African-owned AfDB to raise the capital required for meaningful operations resulted in the push by some African shareholders to open up the Bank to non-African shareholders. Attempts in 1973 and 1976 to amend the articles of the Bank to allow for the admission of non-African countries failed.⁸⁹ Given the reluctance of the ADF donor countries to increase their contributions, the AfDB continued to depend almost entirely on shareholders' funds for its operations. Furthermore, the limited financial resources and high-risk status of both the bank and its shareholder members limited AfDB's attractiveness to international lenders. It was not until 1975 that the Bank issued, for the first time, two-year bonds to its member States before raising two loans totaling USD 65 million from the international market.⁹⁰ In 1977, the Bank went back to the market to raise USD 50 million.⁹¹ Arguably, because international investors were not comfortable with the defensive nature of the borrowing scheme, in addition to the poor credit rating of the African owners, this issue was largely under-subscribed. Whereas in other countries, the debt crisis suggested they were 'too much in debt to the banks,' to African countries, it meant that they were incapable of accessing the debt markets.⁹² In most cases, the countries' inability to access the private capital markets was attributed to issues of sub-investment grade ratings of their credit status.⁹³

It was consequent to the above that the issue of shareholding by non-regional Member States gained momentum. Notwithstanding, the erstwhile opposition to the idea persisted. Those opposed to the admission of non-Africans had expressed the fear that if Western powers were admitted, 'even if their share is limited to one-third, they would exercise an inordinate influ-

88 Olaopa 2020.

89 English and Mule 1995.

90 *AfDB Annual Report* 1975.

91 *AfDB Annual Report* 1978.

92 Sutcliffe 1986.

93 Rood 1971.

ence on the bank's decisions.'⁹⁴ The fear was that shifting the focus away from the original Africanist posture would infuse the Bank with the colonial legacies and jeopardize its ability to address the local development needs of the African members. Specifically, they argued that:

The bank was an expression of Africa's determination to help itself and to demonstrate that it was at last free of its colonial past and the previous dependence on non-African and largely imperialistic economic influences. To admit non-regional states into the bank was to admit that Africa was unable, on its own, to give concrete expression, in economic terms, to this political determination. This would constitute a total negation of the passionately held ideology that had inspired and sustained many of them through several years of often violent anticolonial conflict. This they were unwilling to do, no matter what the economic or other advantages it might bring them.⁹⁵

At inception, among the four largest African shareholders (Nigeria, Egypt, Libya, and Algeria), only Egypt voted to support the move.⁹⁶ On the contrary, the then Nigerian President Alhaji Shehu Shagari recounted in his book *Beckoned to Serve* that 'one of the conditions Nigeria attached before providing facility to the AfDB was that under no circumstance should the bank's equity be offered to non-Africans in the future;' and that 'it was therefore surprising when in 1981, the bank turned around to seek its Board of Governors approval of non-African equity participation.'⁹⁷ The weight of Nigeria's opposition was such that 'the President of AfDB at the time (1980–1985), Willa Mung'Omba of Zambia threatened to resign if Nigeria did not allow non-African countries to invest in the bank.'⁹⁸

The proponents had insisted that the admission of non-regional members 'would enable the bank to undertake an expanded level of operations' to an extent that the combined funding of the AfDB and ADF would be over six times the level in 1978 after the admission; and the condition for future replenishment of the ADF might be smoothened.⁹⁹ The supporters argued that admitting Western countries into the Bank's ownership structure would bring valuable

94 Dash 1980.

95 Fordwor 1984, 1132.

96 Dash 1980.

97 Braimah 2020.

98 Ibid.

99 Fordwor 1984, 1132.

resources and expertise necessary for addressing the funding and sustainability challenges.

Against opposition, the pressure to open up was further induced by factors such as the food crisis and the population explosion of the late 1970s and 1980s. The food crisis was worsened by a drought that hit the Sahelian region hard. There was thus the expectation that increasing the operating capital via equity subscription would fill the void created by the donor-favored conditionalities associated with ADF financing. The then newly elected president of the Bank, Willa Mung'omba, acknowledged that the Bank had not accorded food, health, and education the attention they should have. He noted further that the Bank's loan structure had large-scale infrastructure and industrial development allocated eighty percent, as against twenty percent for agricultural development.¹⁰⁰ Mung'omba's stance reflected the process that brought him in as the fourth President. He, for instance, is credited with leading the amendment of the Bank's Charter to give way for the admission of nonregional members.

It was in light of these difficulties that the management of the Bank submitted a report to the directors on the above subject matter. The said report argued that it was possible to open up the shareholding of the bank to non-African countries without compromising the African character. Mechanisms recommended for ensuring that Africans remained in control included: the retention of majority shareholding by regional Member States, insisting on African directors being in the majority, insisting on the President of the bank always being an African to be elected by the majority of African shareholders.¹⁰¹ From the beginning of the negotiations, the need to protect the economic interests of the potential non-African shareholders was clearly understood by all parties. This was to ensure that the self-interest protection of the non-African stakeholders' principle, which was already enshrined in the ADF agreement, was sustained under the new dispensation.¹⁰²

It was not until 1982 that the African shareholders of the Bank, out of bureaucratic acquiescence, conceded to lift the embargo on admitting non-African countries as shareholders.¹⁰³ It was agreed that non-regional countries be admitted and that they should be allocated only 33.3 percent of the shares of the Bank.

The ownership structure of the Bank, ever since the first set of admission of non-African members, has continually changed to infuse diversity and com-

100 Dash 1980.

101 Fordwor 1981.

102 Mingst 2014; Fordwor 1981.

103 Shaw 1991.

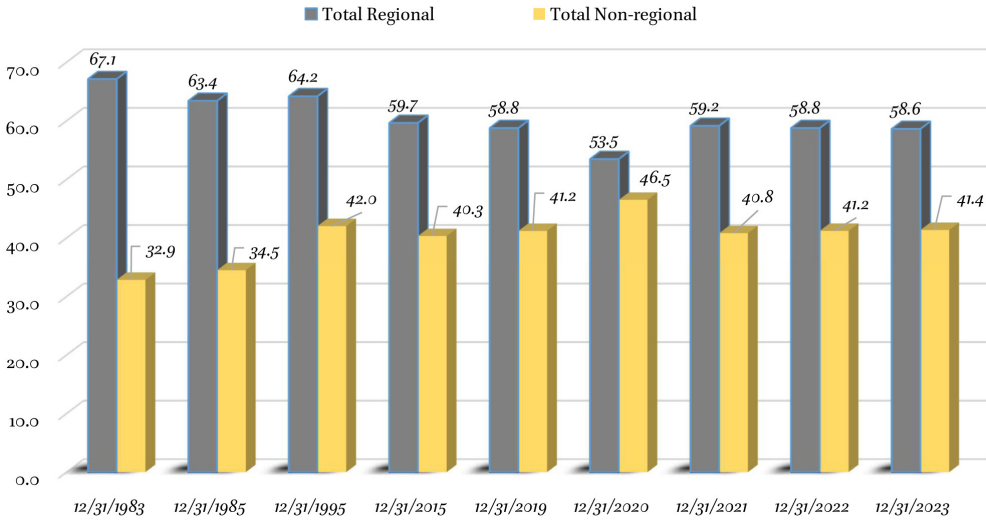


FIGURE 2 Trends in the distribution of AfDB voting powers (%)
SOURCE: AFDF ANNUAL REPORTS FOR VARIOUS YEARS/PUBLIC DOMAIN ([HTTPS://WWW.AFDB.ORG/EN/DOCUMENTS-PUBLICATIONS/ANNUAL-REPORT](https://www.afdb.org/en/documents-publications/annual-report))

plexities in the governance system. As shown in Figure 2, while African members have retained majority voting rights, the non-Africans have also recorded significant improvement in their position from 32.9 percent in 1983 to a peak of 46.5 percent by December 2020.

Figure 3 presents a breakdown of the non-regional members. Among them, the USA, Japan, Germany, Canada, and France hold sway, and China’s merging influence is evident. This development is not, however, without some resistance from major African shareholders, including the efforts by Nigeria and a few other major African countries to block the 1998 attempt by the Western shareholders to increase their equity stake in the Bank.¹⁰⁴

6 The Effects of Non-regional Member’s Admission

Before 1982, only African countries were allowed to become shareholders of the AfDB. Non-African countries supported the Bank mainly through the donor window. The Bank maintained such independence by laying stronger claims to regional affiliations and entitlements and resisting Western influ-

104 *Africa Confidential* 1998, 8.

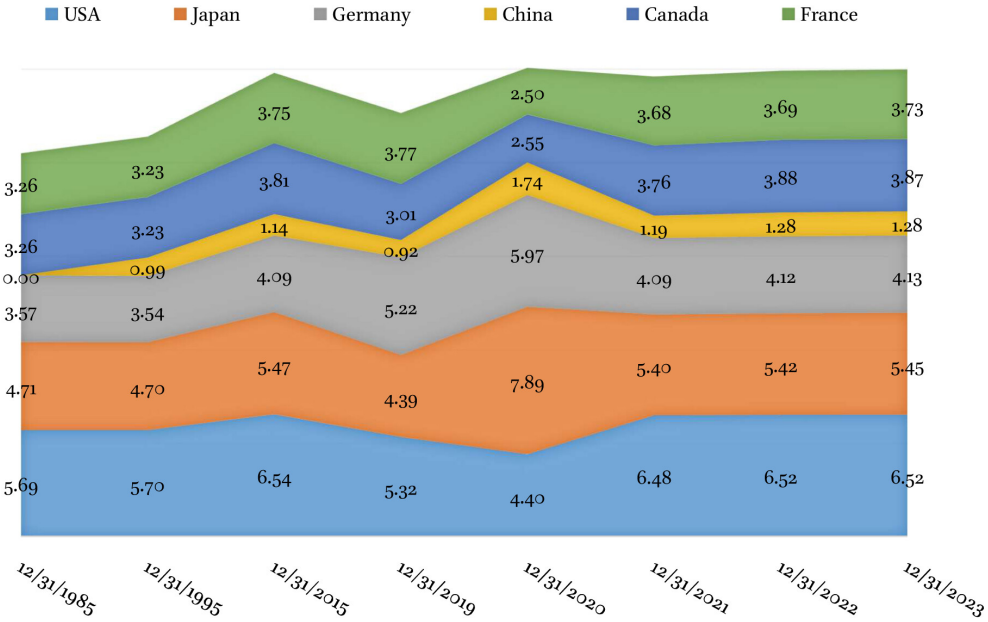


FIGURE 3 AfDB statement of voting power
SOURCE: AFDF ANNUAL REPORTS FOR VARIOUS YEARS/PUBLIC DOMAIN ([HTTPS://WWW.AFDB.ORG/EN/DOCUMENTS-PUBLICATIONS/ANNUAL-REPORT](https://www.afdb.org/en/documents-publications/annual-report))

ences.¹⁰⁵ Things, however, changed when the non-Africans were admitted as shareholding members. Although these non-Africans have since then been in the minority, they have, because of their increasing contributions to the Bank, become more influential. It turns out that the Africans have a bank designed to address specific African development challenges, but one that relies more on non-Africans for the needed funding support. This contradiction challenges the original regional entitlement to AfDB governance, especially in electing the Bank's President and guaranteeing the inclusivity of the services to cover poorer African countries. Although under the Bank's rules, only Africans are allowed to be appointed President of the Bank, the election used to herald a moment of resistance from the Africans against Western interests. It is also often beclouded by a heated contestation and power tussles between candidates supported by the African members and those backed by the non-Africans (particularly the US and its allies).¹⁰⁶

The suspension of the third President of the Bank, Mr. Kwame Donkor Fordwor, in 1979 and his replacement with Goodall Edward Gondwe of Malawi is

105 Krasner 1981.
106 Nyadera et al. 2022.

a recorded example of such resistance. One of the factors that led to the suspension, for instance, was Fordwor's establishment of AfDB overseas missions in London and Washington without the board's consultation.¹⁰⁷ Another was also his attempt to initiate the process of opening up the shareholding structure of the Bank for non-Africans. As was the case in the preceding cycles, the 2005 presidential election exemplified a similar pattern. The election saw the US-backed candidate, Mr. Donald Kaberuka, a Rwandan national, winning against the UK-backed Ghana's KY Amoako, France-backed Gabon's Casimir Oye Mba, and China and India-backed Nigeria's Mr. Ogunjobi.¹⁰⁸

The 2015 AfDB Presidential election did not take any different pattern. Among the eight candidates that contested the election, the US-backed Nigerian national, Mr. Adewunmi Adesina, was elected with sixty percent of votes.¹⁰⁹ This was against Cape Verde's Cristina Duarte who was considered 'the undeclared and anointed candidate of the [other] non-African Western countries.'¹¹⁰ The US influence remained until a leadership tussle emerged in 2020.¹¹¹ In April 2020, a detailed anonymous petition against Mr. Adesina was said to be targeted at scuttling his second term election bid—an action that brought to the fore the inherent control contestations that historically trail the AfDB. Instigated by some US-backed interests, some staff of the Bank had filed a whistleblower petition to the board of governors against Mr. Adesina, accusing him of corruption and gross abuse of office.¹¹² The accusation, which coincided with his bid for a second five-year term, pitched the US and some of its Western allies against the African shareholders of the Bank. Although Adesina survived and got unanimously reelected in August 2020, the contestation arguably became the first time the position of the established Western order in the AfDB presidential election was successfully challenged by the Africans.

On 29 May 2025, the Board of Governors of the AfDB once more gathered to elect the ninth President to succeed Dr Akinwumi Adesina. The seventeenth African Development Fund Replenishment (ADF-17) of the Bank's concessional funding window also preceded the election. For the latter, the nonregional members and Western donors were called upon to inject up to US\$25 billion into the ADF concessional funding window to enable the Bank to meet

107 Fordwor 1981.

108 *The Banker* 2005.

109 *The Guardian* 2015.

110 Oshikoya 2015.

111 Meyer 2020.

112 Onyekwelu 2020.

the growing development needs of African countries.¹¹³ The replenishment of the ADF has consistently been employed to guarantee that African countries comply with the wishes of the West, including the election of Western-backed candidates in the AfDB presidential elections.¹¹⁴ Moreover, the sustenance of the AfDB credit rating has been linked to the cooperation of the African members, as well as the funding commitments of nonregional Western members.¹¹⁵

The coinciding period of the presidential election and the replenishment need, therefore, provided a unified platform against the diverse interests of the two parties. Notwithstanding, events leading to the May 2025 election were described as one that exposed rather than transcended the rivalrous interests of the member nations.¹¹⁶ With America losing interest, the election was won in the third round by the French- and Middle East-backed Mr. Sidi Ould Tah of Mauritania. He was elected over Nigeria's preferred candidate (Mr. Amadou Hott of Senegal), the fifteen-member Southern African Development Community consensus candidate (Dr. Samuel Munzele Maimbo of Zambia), among other contestants.¹¹⁷

Available literature provides evidence in support of the mixed consequences of the expansion in the institutional structure of the AfDB. The first line of argument is that the admission of the non-African countries as shareholders yielded fruits because it helped to enhance the Bank's credit rating and regional inclusivity in funds allocation.¹¹⁸ The performance records of the Bank support this claim. Two years after the admission of the new members, for example, the Bank's loans and advances jumped from a 1971–1980 yearly average of US\$250 million to as much as US\$879.3 million in 1984 and to US\$1.4 billion a decade later.¹¹⁹ Earlier evidence equally highlighted that the admission put the Bank in a position where it had more funds than viable projects, and facilitated its capacity to develop lofty ideals and new lines of credit.¹²⁰

Against such a neoliberal view, there is also a counterargument that the option came with some trade-offs against the Africans' regional entitlements. As highlighted in the earlier works,¹²¹ the lending policies for both commercial and concessional loans became well exposed to external pressures and interna-

113 AfDB 2024.

114 Birdsall 2018; *Africa Confidential* 1998.

115 Amoah et al. 2024; Nyadera et al. 2022.

116 *The Economist* 2025.

117 Ibid.

118 Mingst 2014.

119 AfDB 2014.

120 Mingst 1987.

121 Ruggie 1992; Krasner 1981.

tional standards. Specifically, the non-African donors wanted the Bank to adopt the concept of debt sustainability as the cornerstone of its lending policy to prevent very poor African countries from borrowing from the Bank's commercial window and allowing them access to the ADF window only. Resistance of the Africans against the measure eventually resulted when the management of the bank became unable to curtail its policy lending to African states.¹²² The implication was that reckless lending by the Bank soon began to impact its balance sheet. The Bank's 1993 Annual Report, for instance, showed that out of a total lending portfolio of USD8.4 billion, USD700 million was considered to be bad debts.¹²³

The regional members also continued to push to uphold the Africanistic orientation of the Management and the Board of Governors of the Bank to prevent the governance from being hijacked away from Africa.¹²⁴ One key consequence of this push was the African members' rigid adherence to political and regional welfarist ideology, which resulted in the non-Africans describing the Bank as being 'chaotic, overstaffed with too many chiefs, too many departments, and too few professionals willing to take responsibility.'¹²⁵ Despite this judgment of the non-African members, the major African shareholders failed to replace such an ideological standpoint with 'analytical reasoning, economic and technical criteria and pragmatic considerations in the decision-making.'¹²⁶ Notwithstanding, non-Africans, especially in the 1980s, continued to mount pressure for the Bank to undergo extensive governance reforms as the basis for their continued support of the institution.

Amidst the foregoing, the policy lending program of the Bank stood out in the contestation. The Africans held the position that the main essence of the bank was to fund Africa's economic development, that the lending operations of the AfDB, which is supposed to be an African institution should not be discriminatory, and that insisting otherwise was evidence of external interference in the operations of what was supposed to be an African Bank.¹²⁷ This was countered by the non-Africans who maintained that debt sustainability was a common feature of MDB globally and should be an important determinant of credit policy.¹²⁸

¹²² Mingst 2015.

¹²³ *Financial Times* 1994.

¹²⁴ Kabir 2020; Krasner 1981.

¹²⁵ *Knox Report* 1994, 27.

¹²⁶ Fordwor 1984, 1132.

¹²⁷ *Financial Times* 1994.

¹²⁸ Bazbauers 2021.

It was in the contestations and the declining fortunes of the Bank that a committee was established in 1994 to investigate the operations and recommend the way forward. The Committee, headed by David Knox, a former Vice President of the World Bank, in its report, confirmed the negative impact of the painted a damning picture of poor management, corruption, incompetence, and poor governance procedures in the Bank. According to Knox, many of the competent staff members of the Bank were 'surrounded by much deadwood'.¹²⁹ He warned that unless there were reforms, the institution may self-destruct.

It was after the publication of the Knox report that most of the non-African shareholders of the Bank who were also the major funders of the ADF refused to replenish their contributions to the Fund until extensive reforms to the operations of the Bank had been undertaken. Specifically, they again insisted that the Bank be recapitalized, and their benchmark shareholding stake be increased by fifty percent. Furthermore, they also wanted the Bank to adopt the concept of debt sustainability as the cornerstone of its lending policy.¹³⁰ This meant that the poorer countries could only utilize the ADF, which is the soft loan window of the Bank. The reasoning behind this was that such countries were not in a position to repay loans from the Bank at the prescribed market interest rates. Preventing such countries from borrowing from the Bank was, therefore, necessary to improve the financial viability of the Bank. The fact that this practice was borrowed from the World Bank is further evidence of the influence of the World Bank in shaping the institutionalization procedures and practices of the AfDB.

The problem, however, was that at the time, the majority of the African countries could not have qualified to borrow from the Bank if the said rule was adopted.¹³¹ It was thus not surprising that most of the African shareholders rejected the two contentious recommendations on the grounds that they would compromise the African character of the Bank. In addition, they insisted that all African countries must be allowed to take advantage of the full range of financial services that the Bank provided. In other words, 'African members put immense pressure on AfDB to lend in a manner that undermined the Bank's professionalism and fragments its limited resources and capacity'.¹³² The resultant stalemate halted the non-African shareholders from moving forward with the seventh replenishment of the ADF which was due at the time.¹³³

129 *Knox Report* 1994, 27.

130 Abor 2023.

131 Humphrey 2015.

132 AfDB 2006.

133 *Financial Times* 1994.

Further issues were raised about the governance of the Bank when the then President of the Bank, Babacar N'Diaye wrote a strong letter to the Board of Governors accusing many of the Executive Directors of the AfDB, of exploiting their position for personal gains.¹³⁴ He concluded by asserting that the majority of the executive directors were not fit to continue in office. The Executive Directors promptly responded by passing a vote of no confidence on Mr. Ndiaye.¹³⁵ All these were however happening at the tail end of Mr. Ndiaye's second five-year term as the President of the Bank. It is important to note that such allegations and counter-allegations of corruption in the AfDB were not new and even preceded the admission of non-African shareholders into the Bank.¹³⁶

The leadership succession also became complicated following the admission of non-regional members. Induced by the presence of the non-Africans, the process of electing the president of the Bank was in 1985 amended to a secret ballot system to forestall the 'dangerous inter-African rivalry and confusion, politicking for position' that greeted the 1980 election.¹³⁷ At first, it became easier for a candidate to the Office of the President to win the election without the support of the non-regional shareholders. This manifested in the election of Babacar Ndiaye as the fifth President of the Bank in 1985. It equally became even more difficult for such an elected president to attend to the interests of the non-African members without infringing on the regional interests of the African members. Ndiaye, who shared the non-African view about the Bank, was to later encounter some resistance that led to the passing of a vote of no confidence against him by the Board of Governors from the member states.¹³⁸ Before the end of his second term in 1995, both the Bank and the ADF had run into a 'mid-life crisis'¹³⁹ that resulted in nonregional members' loss of confidence in the lending and management operations, with many African countries considered uncreditworthy having access to the non-concessional lending window.¹⁴⁰ The Bank had continued to grant non-concessional loans to many African countries even when they were becoming increasingly uncreditworthy due to pressure from defective macroeconomic policies and unfavorable development in the international commodity markets.¹⁴¹ At a point, for instance,

¹³⁴ Adams 1996.

¹³⁵ Ibid.

¹³⁶ Fordwor 1981; Mingst 1990.

¹³⁷ Mingst 2015, 22.

¹³⁸ Adams and Davis 1996.

¹³⁹ Copson 2001.

¹⁴⁰ AfDB 1995.

¹⁴¹ Copson 2001.

the US government had criticized the Bank as being 'solvent but vulnerable' and having a governance system that allowed borrowers to recklessly control decision-making.¹⁴²

The non-African shareholders in the quest to push for change also played a key role in the election of Mr. Omar Kabbaj of Morocco as Babacar Ndiaye's successor and the sixth President of the AfDB in May 1995. Kabbaj emerged after eight rounds of inconclusive voting to defeat Lesotho's Timothy Thahane in the ninth round.¹⁴³ Although the latter was the preferred candidate of most of the other major African shareholders, Nigeria and the Francophone countries (including Morocco and the former French Western African colonies) worked to secure victory for Kabbaj.¹⁴⁴ In order to win back the confidence of the Western members, the new president had declared that he was going to try 'to make the Bank a bank.'¹⁴⁵ and to collaborate with the Boards of Directors to 'lift the Bank from a prolonged period of internal crisis, in which accountability, mutual trust, and respect were severely undermined.'¹⁴⁶ Despite his public assurances, Standard and Poors downgraded the credit rating of the Bank shortly after he was elected. The Bank thus became the first multilateral development institution to be downgraded.¹⁴⁷ The downgrading by Standard and Poors put a lot of pressure on Mr Kabbaj and the major African shareholders to undertake major reforms. Among such reforms, the new AfDB management conceded to the earlier proposal of the non-Africans to disallow poorer African countries from accessing the non-concessional loans from the Bank. This action won Kabbaj the praises of the US Treasury, which described him as an 'aggressive new President.'¹⁴⁸

By 1995, only fourteen African countries were qualified to borrow from the non-concessionary window, except for Libya, which though qualified decided not to access the facility. The rest considered poorer could only access soft loans and grants from the concessionary window.¹⁴⁹ Against the push by most of the poorer African shareholders to be allowed access to the non-concessionary window, Kabbaj aligned the AfDB lending policies with the position of the non-African shareholders of the Bank. The insistence of those non-Africans was that

142 United States General Accounting Office 1995.

143 AfDB 1995.

144 *Africa Confidential* 1998.

145 Adams and Davis 1996.

146 AfDB 1995, 65.

147 AfDB Center for Global Development 2006.

148 Copson 2001.

149 *Africa Confidential* 1998.

only African countries with strong GDP growth rates should be allowed to borrow from the Bank while all the other African countries should be restricted to borrowing from the ADF.¹⁵⁰ In other words, Kabbaj 'adopted a new credit policy which deemed most of the Bank's former clients too poor to qualify for the near commercial loans of the Bank and forced them to borrow from the Fund only.'¹⁵¹ Kabbaj kowtowed to most of the reforms demanded by the non-African shareholders. His efforts yielded positive results in getting the non-African shareholders to resolve the suspended seventh replenishment of the ADF and to facilitate the Bank's ability to quickly improve its international rating agencies.

Concerning institutional governance, the Bank under Kabbaj also took steps to eliminate many of the problems that were obstructing the harmonious functioning of its existing governance structures, including reforming the lending policies and practices and the loan reporting systems.¹⁵² Arguably, because of the correlation between winning the support of the external members and the credit rating of the AfDB, it was not surprising that Kabbaj adopted most of the reforms demanded by the non-African shareholders.

The results of the Western-oriented reforms adopted by Kabbaj, however, did not reflect easing the tension between the African and the non-African members. This was especially true as the non-Africans continued to push for an increase in equity stakes in the Bank. For example, when the issue of raising the Bank's equity capital base came up in 1998, the Western donors proposed a thirty-five percent to increase their combined stake 'from 33.3 to 45 per cent, and get a change in the rules to prevent them being out-voted on critical issues.'¹⁵³ This was because the simple majority votes, which enabled critical decisions, belonged only to the Africans. Spearheaded by Nigeria (the largest regional member with 10 per cent stake) some of the regional members interpreted the move to mean 'a take-over by the United States and the other non-African members.'¹⁵⁴ To that effect, Nigeria even issued an implicit threat against Omar Kabbaj's reelection should the non-Africans' proposal scale through. Along with Egypt, Libya, Ghana, and two smaller African states, the Africans had insisted on 'keeping the non-regional stake below 40 per cent and the capital increase to about 15 per cent.'¹⁵⁵ An attempt by Nigeria to bridge

150 AfDB 1995.

151 Adams 1996.

152 Pan African News Agency 2000.

153 *Africa Confidential* 1998.

154 Ibid.

155 Ibid.

the gap was surprisingly bluffed by other Africans who had shown preference for having the Western shareholders raise their combined stake to forty percent rather than allowing Nigeria to play a hegemonic role of assisting poorer African members to increase their subscription bases.¹⁵⁶

Donald Kaberuka's election as the seventh President was also not without contestations between the regional and the nonregional members. In the first round of the election, for instance, the regional-back candidate, Nigeria's Mr. Ogunjobi secured majority support from the Africans but fell short of securing up to fifty percent of the total votes.¹⁵⁷ On the other hand, Rwanda's Mr. Kaberuka had the support of the non-regional but not that of the majority of the Africans.¹⁵⁸ The election, which saw Kaberuka winning in the seventh round 78.8 percent of the total votes and 68.2 percent of the African votes,¹⁵⁹ reignited the 'the AfDB's bad old days of political infighting between the African and non-regional shareholders over who could borrow from the bank's low-interest resources'.¹⁶⁰

This was evident in the circumstances that surrounded the emergence of Mr. Akinwumi Adesina of Nigeria as the eighth elected president of the Bank. Apart from the contestations around his election in 2015, for example, his relatively independent posture has also been queried by the Western members as resulting in the 'erosion of trust, loss of adequate capacity to fund development, and shrinking protection "against significant shocks"'.¹⁶¹

The above assessment and viewpoint of the Western members were not unconnected with the crisis that manifested during Adesina's second-term bid. Although Adesina had the support of the African Union and was the sole candidate in the election, a petition by some anonymous bank staff had emerged to accuse him of sixteen specific offenses of corruption, engagement in politics and nepotism.¹⁶² The Ethics Committee of the Bank cleared President Adesina of any wrongdoing, which was subsequently ratified by the Board of Governors of the Bank.¹⁶³ However, the decision did not satisfy some of the nonregional shareholders of the Bank. On 22 May 2020, the then US Treasury Secretary Steven Mnuchin wrote to the Board of the Bank requesting it to revisit its deci-

156 *Africa Confidential* 1998.

157 AfDB 2005.

158 *The Banker* 2005.

159 Coomson 2005.

160 Smith 2005.

161 *The Economist* 2022.

162 Assoko 2020.

163 Duhem 2020.

sion that cleared Mr. Adesina.¹⁶⁴ He insisted that reinvestigating the matter would enhance governance and confidence in the Bank. Adesina and his supporters claimed that this was simply a plot by the US to botch the re-election of Mr. Adesina for a second term. They claimed that the US simply wanted to punish Mr. Adesina for his independence, especially his refusal to take sides in the increasing contestation for the dominance of the African economic space between China and the US.¹⁶⁵

One of Mr. Adesina's strongest supporters was Nigeria's former president Olusegun Obasanjo, who was the arrowhead that caused many former presidents to support Mr. Adesina. According to Mr. Obasanjo, the unprecedented request by the US Secretary of Treasury for an independent investigation was outside the rules, laws, procedures, and governance system of the Bank. He argued, therefore, that supporting Mr. Adesina was essential to prevent the Bank's governance from being hijacked away from Africa.¹⁶⁶ The agreement of the Board of Governors of the Bank to set up an external investigation panel on this matter although there were no such provisions in its laws for this is evidence of the extensive influence of the US and their allies on the operations and institutionalization of the Bank.

The independent investigation committee that the Board of Governors set up was chaired by the former President of Ireland, Mary Robinson. This panel also cleared Adesina. Although Adesina was reelected, the future of the Bank, without strategic attempts at bridging the widening gap between African and non-African interests, remains cloudy. There is, for instance, a slim chance that the non-Africans will at any time align with the Africans' position for the Bank to be all-inclusive in its allocation of credits regardless of the variations in the degree of creditworthiness of the regional members. Moreover, available empirical evidence shows that the mobilization effects of MDBs are significantly influenced by income level, capital controls, and governance quality.¹⁶⁷

7 Conclusion

This article analyzed how the dictates of the established order of multilateral banking could naturally challenge regional entitlement to governance. From the inception, the founders of the AfDB had to rely on Western exper-

¹⁶⁴ Assoko 2020.

¹⁶⁵ Odeh 2020.

¹⁶⁶ Kabir 2020.

¹⁶⁷ Avellán 2024.

tise in the development of banking to set up the operational and regulatory structures of the Bank. The African founders had also relied on non-African members to provide the Bank with the needed financial leverage support. The Africans, on the other hand, have historically insisted on being in charge of the governance structure as the only way to sustain the Afrocentric identity of the Bank. Although non-African Member States are the minority shareholders, their emerging role in the ADF contributions and replenishments has made them prominent stakeholders. The guarantees they provide have facilitated the ability of the AfDB to raise money at very low interest rates for onward lending to African countries. This has further strengthened their control over the rules and operations of the Bank. Arguably, this foregoing dichotomy remains one of the major threats to the Bank's stability and sustainability. The Africans exercise their powers by laying claims to simple majority interests and sole eligibility in producing the Bank's President, while the non-Africans' source of power remains their creditor and donor status, especially being the major contributors to the ADF. Again, the non-Africans want a bank that serves their diplomatic and economic interests, while the Africans prefer a welfare-oriented bank that serves the development needs of the region. The non-Africans negotiate through the cooperative window provided by OECD, IMF, and the World Bank. On the other hand, Africans' influence comes through their dominance of the Board of Governors and Board of Directors.

Evidence from this article suggests that a policy option for narrowing the above widening gap requires a rebalancing of the shareholding structure, moderating the self-interest protection of non-African stakeholders' principle in both the AfDB and the ADF subscription, and mitigating the overwhelming influence of political considerations as an important reference for the AfDB group operations. Reconciling the diverging interests of the two parties (regional and nonregional) would mean designing regional interventions that address the priorities and preferences of the African countries. It would also require strict adherence to the principles of debt sustainability, which is a key requirement for the growth and survival of every MDB, as well as setting a path for regional members to qualify to access the AfDB non-concessional facilities without compromising standards. Much of the governance pressure comes from the position of the non-regional members as the main funders of the ADF. This implies that to mitigate the contestations arising therefrom, regional members need to rethink the current ADF scheme. Three viable options are considered in this respect. First, the ADF concessional window can be redesigned to ensure that more funding comes from regional countries' budgetary provisions and less from nonregional donors. Secondly, direct donor funding

from the World Bank and other development-oriented multilateral organizations can replace the current practice of requesting periodic replenishments from individual Western countries. Lastly, more capital injection from within the region is required to enhance the capacity of the commercial window of the AfDB. This will help to immunize the Bank from the Western conditionalities that come with the ADF replenishments, including mitigating external influences on the Bank's presidential election and governance matters.

Bibliography

- Abor, Joshua Yindenaba. Lakshmy Subramanian, Khadijah Iddrisu, and Randolph Nsor-Ambala. "Multilateral Development Banks: Contributions and Challenges." In *Perspectives on Development Banks in Africa: Case Studies and Emerging Practices at the National and Regional Level*. (Cham: Springer Nature Switzerland, 2024), 277–298.
- Abor, Joshua Yindenaba. *The changing role of national development banks in Africa*. (Cham: Springer International Publishing AG, 2023).
- Acemoglu, Daron, Simon Johnson, and James A. Robinson. "Reversal of fortune: Geography and institutions in the making of the modern world income distribution." *The Quarterly Journal of Economics* 117 (4) (2002), 1231–1294.
- Adams, Patricia and Andrea Davis. On the rocks: The African Development Bank struggles to stay afloat, *Multinational Monitor* 17 (1996), 7–8.
- AfDB Annual Reports for various years. <https://www.afdb.org/en/documents-publications/annual-report>
- AfDB Center for Global Development *Building Africa's Development Bank: Six recommendations for the AfDB and its shareholders*, Report of the AfDB working group centre for Global Development, August (Washington DC, Center for Global Development, 2006).
- African Development Bank, *50 years at the service of Africa (1964–2014)*, 2014. https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/50_Years_Page/A_F_50_years_at_the_service_of_Africa_-_AfDB_Golden_Book.pdf
- AfDB. *Agreement establishing the African development fund*. 2016, <https://www.afdb.org/en/documents/agreement-establishing-african-development-fund-2016-edition>.
- AfDB. *Driving Africa's financing agenda: The case for an ambitious replenishment of the African Development Fund*, African Development Bank Annual Meeting, 2024, 27–31 May.
- AfDB 2005, ADB 2005 Annual Meetings Ends: Election of New President on 21–22 July in Tunis, May 19. <https://www.afdb.org/en/news-and-events/adb-2005-annual-meetings-ends-election-of-new-president-on-21-22-july-in-tunis-1658>

- Africa Confidential, 1998. ADB—Who's In Charge. vol. 39 no. 6, p. 8. <https://www.africa-confidential.com/home/issue/id/422>
- Africa Confidential 1998. African Development Bank of Kabbaj and King. Vol. 39 no. 12. <https://www.africa-confidential.com/home/issue/id/416>
- African Development Fund. 1972. Conference of Plenipotentiaries on the Establishment of the African Development Fund (Abidja, 29 November)
- Amoah, Lordina, Ebenezer Bugri Anarfo, Janet Talata Abor, and Joseph G. Nellis. "The Role of Regional Development Banks: Comparing African Development Bank and Asian Development Bank." In *Perspectives on Development Banks in Africa: Case Studies and Emerging Practices at the National and Regional Level*. (Cham: Springer Nature Switzerland, 2024), 299–327.
- Assoko, Joël Té-Léssia, "AfDB's latest controversy: accusations against its president, Akinwumi Adesina," *The Africa Report*, 16 April 2020.
- Avellán, Leopoldo, Arturo J. Galindo, Giulia Lotti, and Juan Pablo Rodríguez. 2024, "Bridging the gap: Mobilization of multilateral Development Banks in Infrastructure." *World Development* 176: 106498.
- Barnes, Jonathan S., and Brian Konkol. "An Olive Agenda as an accompaniment model of mission." *Review & Expositor* 119 (3–4) (2022): 351–367
- Bazbauers, Adrian Robert, and Susan Engel. *The global architecture of multilateral development banks: A system of debt or development?* Routledge, 2021.
- Ben-Artzi, Ruth. *Regional development banks in comparison: Banking strategies versus development goals*. (Cambridge University Press, 2016).
- Birdsall, Nancy. *The Dilemma of the African Development Bank: Does Governance Matter for the Long-Run Financing of the MDBs?* Vol. 498. (Washington, DC: Center for Global Development, 2018).
- Boettke, Peter J., Christopher J. Coyne, and Peter T. Leeson. "Institutional stickiness and the new development economics." In *Culture and economic action*. (Edward Elgar Publishing, 2015), 123–146.
- Briamah, E. *Who's afraid of Akinwunmi Adesina?* The Cable, 7 June 2020, <https://www.hecable.ng/whos-afraid-of-akinwunmi-adesina>
- Broccolini, Chiara, Giulia Lotti, Alessandro Maffioli, Andrea F. Presbitero, and Rodolfo Stucchi. "Mobilization effects of multilateral development banks." *The World Bank Economic Review* 35(2) (2021), 521–543.
- Browne, Robert S. "Development from an African Perspective: Early Success and Challenges at the Africa Development Bank." *The Review of Black Political Economy* 35 (2–3) (2008), 109–115.
- Clifton, Judith, Daniel Díaz Fuentes, and David J. Howarth, eds. *Regional development banks in the world economy* (Oxford: Oxford University Press, 2021).
- Coomson, Joseph. "Rwanda's Kaberuka Wins ADB Presidency." *AllAfrica*, 25 July 2005

- Congressional Research Service. "African Development Bank and Fund," *CRS Report for Congress. Order Code RS20329*. 18 April 2001
- Copson, Raymond W. "African Development Bank and Fund." Congressional Research Service, *Library of Congress*, 2001.
- Culpeper, Roy. "Regional development banks: Exploiting their specificity." *Third World Quarterly* 15(3) (1994), 459–482.
- Tina Dacin, M., Jerry Goodstein, and W. Richard Scott. "Institutional theory and institutional change: Introduction to the special research forum." *Academy of Management Journal* 45(1) (2002), 45–56.
- Dash Leon. *African Development Bank Shifts Its Attention to Hunger*, (The Washington Post, 1980), September 28.
- Duhem Vincent. *AfDB: What's in the confidential report exonerating Adesina* (the Africa Report, 2020), May 11
- Ebong Ime Ekop. *Development Financing Under Constraints: A Decade of the African Development Bank*, Research Institute of the Friedrich-Ebert-Foundation Special Issue No. 8 (Bonn, Verlag Neue Gesellschaft GmbH, 1974).
- Eisenman, Joshua, and Eric Heginbotham. "Building a more "democratic" and "multipolar" world." *China Review* 19 (4) (2019), 55–84.
- Ella, Doron. "Balancing effectiveness with geo-economic interests in multilateral development banks: the design of the AIIB, ADB and the World Bank in a comparative perspective." *The Pacific Review* 34 (6) (2021), 1022–1053.
- English, E. Philip, and Harris M. Mule. *The African Development Bank*. (Colorado: Lynne Rienner Publishers, 1995).
- Esseks, John D. "Economic dependence and political development in new states of Africa." *The Journal of Politics* 33(4) (1971), 1052–1075.
- Fehl, Caroline, and Katja Freistein. "Organising global stratification: how international organisations (re) produce inequalities in international society." *Global Society* 34 (3) (2020), 285–303.
- Fejerskov, Adam Moe, Erik Lundsgaarde, and Signe Cold-Ravnkilde. "Recasting the 'new actors in development' research agenda." *The European Journal of Development Research* 29 (2017), 1070–1085.
- Financial Times. *Mounting arrears weigh down African Bank*. 10 May 1994. Online at <https://global-factiva-com.ezproxy.leidenuniv.nl/redir/default.aspx?P=sa&NS=16&AID=9LEI000700&an=ftft000020011221dq5a0030i&cat=a&ep=ASI>
- Fordwor Kwame Donkoh. *The African Development Bank: the Challenges of International Cooperation* (New York, Pergamon Press, 1984).
- Fordwor Kwame Donkoh. "Some unresolved problems of the African Development Bank." *World Development*, 9 (11–12) (1981), 1129–1139.
- Fordwor, Kwame Donkoh. *The African Development Bank: problems of international cooperation*. Elsevier, 2013.

- Gadio, Kalidou. "Fostering Opportunity through Development Finance in Africa: Legal Perspectives from the African Development Bank." *World Bank Legal Review* 5 (2014), 453.
- Ijere, MO. "African Manpower Problems and Advanced Countries." *Africa Spectrum* 8 (1) (1973), 5–17.
- Iroulo, Lynda Chinenye, and Oheneba A. Boateng. "Bureaucratic Acquiescence as an Institutional Strategy in the African Union." *African and Asian Studies* 22 (1–2) (2023), 113–134.
- Judd Frank. The Pearson Commission on International Development: How will Britain react to the Report? *Institute of Development Studies Bulletin*, 2 (1969), 5–9.
- Kabir Adjumo. "AfDB allegations: Obasanjo rallies support for Adesina." *Premium Times*, 28 May 2020.
- Kaiser, Karl. "Transnational relations as a threat to the democratic process." *International Organization* 25 (3) (1971), 706–720.
- Kapijimpanga, Opa. "Debt Sustainability in the Context of African Dependency and Underdevelopment." *Development* 66(3) (2023), 251–259.
- Kapur Devesh. *Keynote address, Glance Back, Drive Forward: Reflections on the World Bank's History. Presented in workshop Using History to Inform Development Policy. The role of Archives.* (The World Bank Washington, DC, 2012), October 25–26
- Kaya, Ayse, and Matthew Salah. "When Do Established Powers Support Rising Powers' Multilateral Institutions? The Case of the Asian Development Bank." *The Chinese Journal of International Politics* 15 (1) (2022), 1–26.
- Knox Report. *The quest for quality 1994*. Report of the Task Force on Project Quality for the African Development Bank, April 1994.
- Kragelund, Peter. "Back to BASICS? The rejuvenation of non-traditional donors' development cooperation with Africa." *Development and change* 42 (2) (2011), 585–607.
- Krasner, Stephen D. "Power structures and regional development banks." *International Organization* 35(2) (1981), 303–328.
- Lipper, Leslie, Romina Cavatassi, Ricci Symons, Alashiya Gordes, and Oliver Page. "Financing adaptation for resilient livelihoods under food system transformation: the role of Multilateral Development Banks." *Food Security* (2021), 1–16.
- Lopes, Carlos. "New fractures, old wounds: Africa and the renewal of South agency." *Africa Spectrum* 45 (3) (2010), 69–85.
- Magode, José. "European Union and Africa Dialogue in Multipolar Era: Change and Maintenance of the Asymmetrical Cooperation Regime." In *The Palgrave Handbook on China-Europe-Africa Relations*, pp. 623–643. Singapore: Springer Nature Singapore, 2025.
- Mayall, James. "Oil and Nigerian foreign policy." *African Affairs* 75 (300) (1976), 317–330.

- McGlinchey, Stephen, Sahil Mathur, and Amitav Acharya. "Introducing bipolarity, tripolarity, unipolarity, multipolarity and multiplexity." *E-International Relations*, 27 March 2022.
- Meyer, John W., and Brian Rowan. "Institutionalized organizations: Formal structure as myth and ceremony." *American journal of sociology* 83 (2) (1977), 340–363.
- Meyer Jean-Michel. "How the United States plans to control the African Development Bank", *Nairametrics*, 27 September 2020
- Mingst, Karen A. "The African Development Bank: From follower to broker and partner." In *Global economic governance and the development practices of the multilateral development banks* (London: Routledge, 2015), 80–98.
- Mingst, Karen A. *Politics, and the African Development Bank*. (Lexington: University Press of Kentucky, 2014).
- Mingst, Karen A. "Inter-organizational politics: the World Bank and the African Development Bank." *Review of International Studies* 13 (4) (1987), 281–293.
- Mingst, Karen A. *Politics and the African Development Bank* (Lexington: University of Kentucky Press, 1990)
- Nelson, Rebecca. *Multilateral Development Banks: Overview and Issues for Congress*, Diane Publishing, 2010.
- Nyadera, Israel Nyaburi, Billy Agwanda, Murat Onder, and Ibrahim Abdirahman Mukhtar. "Multilateralism, developmental regionalism, and the African Development Bank." *Politics and Governance* 10 (2) (2022), 82–94.
- Odeh Nehru. "Why the US wants Adesina out as AfDB president." *PM News*, 29 May 2020.
- Olaopa, Tunji. From African Development Bank to the African Renaissance. This Day, 24 June 2020.
- Oshikoya, Temitope. Race for the AfDB Presidency. Proshare, 3 June 2015
- Overseas Development Institute. *The Pearson Commission on International Development: the implications for British Policy*, Comments by the Overseas Development Institute, 1 October 1969. Downloaded from <https://cdn.odi.org/media/documents/6538.pdf>.
- Pan African News Agency. *Interview with ADB President Omar Kabbaj*, 30 May 2000. Downloaded from <https://global-factiva-com.ezproxy.leidenuniv.nl/redirect/default.aspx?P=sa&NS=16&AID=9LEI000700&an=afnws00020021107dw5u018j5&cat=a&ep=ASI>
- Park, Susan. "The African Development Bank and the Accountability Policy Norm: Endogenous Change, Norm Conformance, and the Development Finance Regime Complex." *Global Governance: A Review of Multilateralism and International Organizations* 29 (1) (2023), 61–84
- Park, Susan. *The good hegemon: US power, accountability as justice, and the multilateral development banks* (Oxford: Oxford University Press, 2022).

- Peters, Michael A. "The emerging multipolar world order: A preliminary analysis." *Educational Philosophy and Theory* 55 (14) (2023), 1653–1663.
- Prizzon, Annalisa, Mandeep Bains, Suma Chakrabarti, and Jessica Puduserry. *Governance of multilateral development banks: Options for reform*. ODI Report, 2022.
- Ramjit, Dana-Marie. "Global Diplomacy in a Multipolar Era." *Law, Economics and Society* 1 (1) (2025), 107.
- Ramphal, Shridath S. "Not by unity alone: The case for third world organization." *Third World Quarterly* 1 (3) (1979), 43–52.
- Rood, Leslie Leroy. *Foreign investment in West Africa*. American University, 1971.
- Ruggie, John Gerard. "Multilateralism: the anatomy of an institution." *International organization* 46 (3) (1992), 561–598.
- Scott, W. Richard. "Reflections: The past and future of research on institutions and institutional change." *Journal of change management* 10 (1) (2010), 5–21.
- Scott, W. Richard. "Institutional theory: Contributing to a theoretical research program." *Great minds in management: The process of theory development* 37 (2) (2005), 460–484.
- Selznick, Philip. "Institutionalism 'old' and 'new'." *Administrative Science Quarterly* (1996), 270–277.
- Shaw, Christopher L. "Par Inter Paribus: The Nature of Power in Cooperation. Lessons (for the United States) from the African Development Bank." *African Affairs* 90 (361) (1991), 537–558.
- Skalamera Groce, M., & Köstem, S. (2023). The dual transformation in development finance: western multilateral development banks and China in post-Soviet energy. *Review of International Political Economy*, 30(1), 176–200
- Smith, Patrick 2005. Battle for Control of African Development Bank. eAfrica. <https://saiaa.org.za/research/battle-for-control-of-african-development-bank/>
- Stiglitz, Joseph E. "The World Bank at the Millennium." *The Economic Journal* 109 (459) (1999), F577–F597.
- Sutcliffe, Bob. "Africa and the world economic crisis." *World Recession and the Food Crisis in Africa*. London: James Curry (1986).
- Thérien, Jean-Philippe. "Debating foreign aid: right versus left." *Third World Quarterly*, 23 (3) (2002), 449–466.
- The Banker 2005, Deadlock drama. June 5.
- The Economist (2025). A bitter race to elect the head of Africa's pivotal bank, May 22.
- Tolbert, Pamela S., and Lynne G. Zucker. "The institutionalization of institutional theory." *Studying organization. Theory & method* 1 (1999), 69–184.
- United Nations. *Agreement Establishing the African Development Bank*: Preparatory work, including summary records of the conference of finance ministers (New York, United Nations, 1964).

- USAID. *Proposal and Recommendations for the Review of the Development Loan Committee*, Capital Assistance Paper, Department of State Agency For International Development, AID-DLC/P-2050, 13 June 1974
- Wang, Hongying. "New multilateral development banks: Opportunities and challenges for global governance." *Global Policy* 8 (1) (2017), 113–118.
- World Bank. *A guide to the World Bank*, Third Edition (Washington DC, the World Bank, 2011).
- Zucker, Lynne G. "Institutional theories of organization." *Annual Review of Sociology* 13 (1987), 443–464.