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Performance of the African Development Bank Group (AfDB) as a Regional Economic Development Partner in West Africa

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Africa does not need strongmen; it needs strong institutions

Barack Obama (2009)

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Declaration

I, Gilbert Kofi Adarkwah, declare that this thesis is a result of my research investigations and findings. Sources of information other than my own have been acknowledged and a reference list has been appended. This work has not been previously submitted to any other university for award of any type of academic degree.

Signature………………………………..

Date……………………………………..

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ABSTRACT

This thesis examines the performance of the African Development Bank Group (AfDB) as advisor to African governments on Economic policy and planning. The thesis focuses on countries within the Economic community of West African States (ECOWAS). Ghana, a member of the ECOWAS countries, is singled out as a case study for the analysis. To perform the analysis, the thesis examines the purpose for the establishment of the AfDB, its mission as well as sources of funding and projects. The AfDB relationship with other multilateral development institutions, specifically the World Bank Group is assessed, in terms of the levels of capitalization and lending windows. To effectively guide what to measure, the Universalia model of organizational Assessment, developed by Professors Charles Lusthaus and Gary Anderson of the Department of Administration and Policy Studies at McGill University, is adopted for this study. Four factors were assessed: effectiveness, efficiency, relevance and financial viability of the AfDB.

This thesis concludes that the AfDB is an institution in the process of (re) defining its focus and seeking to establish itself among its member states. The AfDB has been in the shadows of the World Bank Group, the IMF and other multilateral institutions. Overall the AfDB has so far played a limited role in national policy dialogue with low visibility and minor contributions within the West African region. Moreover, in Ghana the AfDB has been criticised for being over-responsive to incumbent governments to the extent that it sometimes becomes inconsistent with the need for a firmer, more fundamental and coordinated stand in policy dialogue.

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LIST OF ABBREVIATIONS

AAPC	All-African People's Conference
ACBF	African capacity building foundation
AfDB	African Development Bank Group
AsDB	Asian Development Bank
AU	African Union
AUC	African union commission
CP	Corruption Perceptions Index
ECA	United Nations Economic Commission for Africa
ECOWAS	Economic Community of West African States
ETEA	Expanded Program of Technical Assistance
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GAP II	Governance Strategic Framework and Action Plan
GDP	Gross Domestic Product
GNI	Gross National Income
HDI	Human Development Index
IBRD	International Bank for Reconstruction and Development
IO	Organizational Assessment Model
IR	International Relations
SUNFED	Special United Nations fund for Economic development
MDB	Multilateral Development Banks
MOPAN	Multilateral Organizations Performance Assessment Network
NEPAD	New Partnership for Africa's Development
NTF	Nigeria Trust Fund
OAU	Organization of African Unity

OECD	The Organization for Economic Co-operation and Development
PBO	Program-based operation
PSEM	Public Sector and Economic Management
TI	Transparency International
UN	United Nations
UNDP	United Nations Development Program
UNEC	United Nations Economic Commission for Africa
WAEMU	West African Economic and Monetary Union

CHAPTER 1

BACKGROUND

1. Introduction

This thesis is about the role of the African Development Bank Group (AfDB) in facilitating economic development of countries in West Africa. It does so by looking at the advisor role the AfDB plays within the Economic Community of West African States (ECOWAS) region, with emphasis on Ghana. Within international relations, there is a strong consensus that strong institutions are key to achieving economic development. Strong and well-functioning institutions are credited with the promotion of growth and reduction of poverty by providing a conducive environment for implementation of sustainable development programs (Kumssa and Mbeche, 2004). Rodrik confirms that institutional quality performs extremely well as a parameter in explaining growth differences across countries (Rodrik, 1997). That is, the quality of institutions is expected to be essential to the success of ECOWAS countries' efforts to achieve long-lasting regional economic growth and integration.

Political and social scientists such as Karl Marx and Max Weber have written about the relationship between institutions and development from different perspectives. Realists (eg. Mearsheimer, 1995) and liberalists (eg. Keohane and Martin, 1995) have debated the relevance and the (supposed) irrelevance of international institutions on the behavior of a state or group of states. To most realists, institutions do not matter in the international system; institutions have no significant effect on the behavior of states. On the other hand, institutionalists theory disagrees. Institutionalists argue that institutions do matter, that institutions can alter state preferences and change behavior. Besides political scientist and International Relations (IR) and development scholars, the question of the effect of institutions on development has also attracted the attention of economists (Coase, 1960) as well as policymakers and international development organizations (Kaberuka, 2015), because of a growing awareness that the issue of institutions, good governance and sustainable development are interlinked (ibid.). Thus, as in the words of Keohane, states may fail to capture the potential gains from cooperation, unless some coordinating mechanism exists. Institutions like the AfDB help provide such coordinating mechanisms.

2. Historic intergovernmental effort to promote economic growth

Traditionally, countries were on their own in terms of developing their economies and reducing poverty. The first intergovernmental effort to promote economic growth and reduce poverty did not come into existence until after World War I (Gorman, 2001). Of course, countries could rely on trade relations and the goodwill of friendly nations and investors from other countries to help it develop its resources, but these were mainly within the bilateral diplomacy of nations (ibid.). In 1919, the International Institute of Commerce, the International Labor Organization and the League of Nations were established. The League of Nations established a technical organization to deal with among others, economic and financial issues, health issues and communication and transit issues. In 1939 the League of Nations sat up a committee to study how cooperation between States could be more effective. That is, how the instruments at the disposal of the League of Nations for handling economic and social issues could be further developed and how the active participation of countries in solving these problems could be achieved (Reinalda, 2009). The committee recommended the establishment of a Central Committee for Social and Economic Affairs within the League of Nations. The recommendation of the League of Nations was adopted into the United Nations recommendations and emerged as the Economic and Social council of the UN (ECOSCO).

After the establishment of the ECOSCO, urgency for international cooperation increased from there. Even before the inauguration of the UN, members of the League of Nations established the Food and Agriculture Organization (FOA), to enhance agriculture cooperation and development. Subsequently, the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF) were also established to help economic reconstruction of contries destroyed by the war in Europe (ibid.).

In 1950, US president, Harry S. Truman initiated the establishment of the Expanded Program of Technical Assistance (ETEA), to supplement and expand the effort of the many specialized agencies and ECOSCO's effort of economic development activities (Gorman, 2001). During this time, a technical committee was added to the UN to enable the UN administer and coordinate the growing number of agencies involved in technical and development assistance activities. An intergovernmental body known as the Technical Assistance Board was also created to provide governmental oversight of these activities. In the later 1950, the International Financial Cooperation (IFC) under the World Bank Group and the special UN Fund for Development were established to argument development assistance resources (Jackson, Davey and Sykes, 2008)[1]. It attempted to concentrate UN development activities. It is noted that poor United Nations member countries had hoped to establish an even larger and more endowed Special United Nations Fund for Economic Development (SUNFED), but the rich nations who would have had to at the time finance the SUNFED were not enthusiastic about it. Instead, a scaled-down version of the SUNFED, the Special Fund was established as a compromise. In 1965 this was transformed into the United Nations Development Program (UNDP).

2.1. The Special United Nations Fund for Economic Development and the creation of the African Development Bank Group.

(Barnes, 1984) attributes the birth of the African Development Bank to the collapse of the SUNFED (P.151). The proposed Special United Nations Fund for Economic Development was very appealing to the governments of the newly independent African countries and other third world governments. As a United Nations agency for all members, the voting power at the time would have been equal for all members[2]. This, the African governments believed could have provided them with a greater degree of influence than they would have had under the World Bank, where voting power was (and still is) contingent upon the volume of subscriptions that was drawn (ibid.). This in turn would have given the newly independent African nations a significant impact on the policy and investment decisions of the proposed Special United Nations Fund for Economic Development. However, the idea for creating a special fund was abandoned for the creation of a soft loan window for the International Bank for Reconstruction and Development (IBRD). Under this, borrowers were offered loans with zero interest rate and a 0, 75% administrative charge and a forty year amortization schedule (Goldman, 2005).

[1] The special Fund was established in 1957
[2] Today voting in the UN is a different story.

Governments from the newly independent African countries were not convinced about the World Bank proposal. The World Bank had shown a lack of strong commitment in addressing the needs of Africa, as demonstrated by the low level of financing in Africa. Between 1950 and 1961 Europe and Australia received more than twice the level of aid provided by the World Bank than the entire continent of Africa received from the World Bank (Barnes, 1984). This, coupled with the fact that the governments of the newly independent African States had to forego the chance of acquiring equal voting power under the SUNFED proposal in favor of proportional representation based on the volume of subscriptions drawn at the World Bank, fueled their dissatisfactions (ibid.). According to Barnes (1984), the dissatisfaction with the World Bank proposal and the loss of SUNFED prompted African governments to look toward establishing their own Development Bank.

Also, in the 1950s, with the emergence of the trends towards independence for most African countries, the concept of a development bank for Africa wholly owned by Africans which would invest in Africans' development was very consistent with the political climate at the time. As a result the idea for the AfDB was formally proposed at the All-African People's Conference (AAPC) in 1960 in Tunis. In an effort toward developing the Tunis resolution, the United Nations Economic Commission for Africa (ECA) began a feasibility study for establishing the African Development Bank in 1961. The initial findings of the ECA were supportive of such a bank. The African Development Bank Group was then established in 1969[3].

3. Scope of the thesis.

This thesis focuses on the African Development Bank as advisor to countries within the ECOWAS region. Specifically it focuses on the AfDB in Ghana. It is important to mention here that the success of a country or a region is contingent on different factors, both internal and external. Whether a country within the ECOWAS region is doing well economically or not, does not exclusively depend on the African Development Bank Group. The policies of the local and/or federal government, external influences, as well as internal pressures all contribute to the success or failure of a country. Therefore, this

[3] The membership structure is discussed in the next chapter.

thesis can be considered to be looking at only a single detail of the bigger economic picture in West Africa.

4. Selection of institutions.

There are many international institutions operating in Africa today. However, the success of these institutions so far has been insignificant. The beginning of the 1990s saw a revitalization of African regional cooperation and rise of institutions in Africa. The transformation of the Organization of African Unity (OAU) into the African Union (AU) and the launching of the New Partnership for Africa's Development (NEPAD) initiative in 2001 revitalized the old idea of a common Africa. In this thesis, I have decided to focus on one of the economic blocs recognized by the African Union as of this year (2016)[4]. As of today all West African countries but Cameroon and Mauritania belong to the Economic Community of West African States (ECOWAS), this means that assessing the performance of the AfDB in West Africa is equivalent to assessing the performance of the AfDB within the ECOWAS region. In order to perform a detailed analysis, the focus will be on the AfDB's effect on Ghana, a country within the ECOWAS region[5].

5. The African Development Bank Group (AfDB)

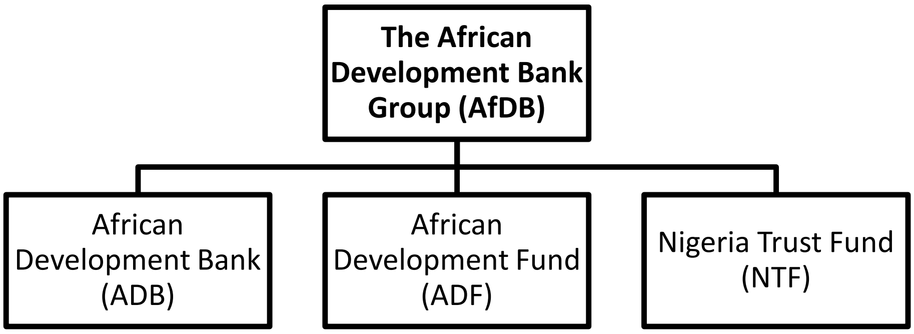
The African Development Bank Group (AfDB) is a Multilateral Development Bank (MDB) that provides financial assistance to developing countries in Africa, typically in

[4] As of today, the African Union recognizes eight (8) Regional Economic Communities across the continent. Namely, The Community of Sahel-Saharan States (CEN-SAD); The Arab Maghreb Union (UMA); The Common Market for Eastern and Southern Africa (COMESA); The East African Community (EAC); The Economic Community of Central African States (ECCAS); The Inter-Governmental Authority on Development (IGAD); The Southern African Development Community (SADC) and The Economic Community of West African States (ECOWAS). One interesting observation is that, most of these institutions have overlapping membership with similar countries represented in multiple communities simultaneously (see appendix I). For instance, Kenya and Uganda are both members of CEN-SAD, COMESA, EAC and IGAD. Likewise, all the member countries of ECCAS, EAC, UMA and ECOWAS are also members of CEN-SAD (see appendix for a complete list of membership for each community). Almost all the sub-regional organizations mentioned above have explicit economic integration motives, (Kerr and Wiseman, 2013). I have therefore decided to focus the analysis on ECOWAS for the thesis.

[5] Note that the names ''ECOWAS'' and ''West Africa'' are used interchangeably in this thesis. This is because the West Africa region is the ECOWAS (with the exception of Mauritania, which withdrew in December 2000).

the form of loans and grants, for investment projects and policy-based loans. The AfDB comprises three entities, called the Constituent Institutions. These are: the African Development Bank (ADB), the African Development Fund (ADF) and the Nigeria Trust Fund (NTF). Together all three organizations are called the African Development Bank Group (AfDB). While AfDB and ADB have different operations/lending modalities, they share the same objectives, policies, staff, management and premises. Hence they are jointly referred to as AfDB. Each of the three constituent institutions (ADB, ADF and NTF) are discussed below. The point here is to provide you the reader a broader overview of the African Development Bank Group and its constituent institutions; why they were established, how they are finances and how the operate today.

Figure 1 African Development Bank Group



Source: afdb.org

5.1. The African Development Bank (ADB)

The African Development Bank (ADB) was set up in 1967. It is engaged in promoting economic development and social progress of its regional member countries (RMCs). The ADB's shareholders are the 53 countries in Africa as well as 26 countries in the Americas, Europe and Asia[6]. The main functions of the ADB as an arm of the

[6] There are 77 members comprising 53 African (Regional) members and 24 non-regional members. The non-regional members (non-African Countries) joined in 1982, allowing the African Development Bank Group to increase its capital base. The Non-African members are Argentina, Austria, Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, India, Italy, Japan, Kuwait, Latvia, Luxembourg, Netherlands, Norway, Portugal, Saudi Arabia, South Korea, Spain, Sweden, Switzerland, Turkey, United Kingdom and the United States.

African Development Bank Group (AfDB) are (a) to make loan and equity investments for the economic and social advancement of the regional member countries (RMCs); (b) to provide technical assistance for the preparation and execution of development projects and programs; (c) to promote investment of public and private capital for development purposes and (d) to respond to request for assistance in coordinating development policies and plans of RMCs. The ADB offers loans at variable interest rate, which is adjusted (up or down) twice a year[7] plus a commission charge of 0, 75% (Trivedi, 2005). The ADB operations cover major sectors such as infrastructure, finance, agriculture and rural development, social, industry, mining and quarrying and the environment[8].

5.2. The African Development Fund (ADF)

The African Development Fund (ADF) was established in 1973 and started operations in 1974 with the mandate to provide development finance on concessional terms to low-income regional member countries which are unable to borrow on the non-concessional terms of the African Development Bank (Merna and Njiru, 2002). In accordance with the mission of the African Development Bank Group, the main aim of the ADF is poverty reduction in Africa. The ADF's current membership comprises of the members of the ADB plus 26 non- African State members. The source of fund for the ADF is mainly contribution and periodical replenishment by participating countries. The fund is usually replenished on a three-year basis (ibid.). Total investment in the fund was 22.8 billion US dollars, prior to the commencement of the 13th Replenishment in January 2014, and with additional 5.35 billion USD agreed by ADF member countries covering the 3-year ADF operations from 2014 to 2016 (The African Development Bank Group, 2015). The ADF lends at zero interest rate, with a service charge of 0,75% per annum. It also charges a commitment fee of 0, 50% and has a 50 year repayment period for its loans. This makes the ADF finance projects and technical assistance the cheapest in the global market for African countries to access, especially those with poor credit ratings.

5.3. The Nigeria Trust Fund (NTF)

The Nigeria Trust Fund (NTF) was established in 1976 by an agreement between the Government of the Federal Republic of Nigeria and the AfDB, as a special fund to be

[7] On January 1st and July 1st.

[8] See detailed distribution of funds in Appendix

administered by the AfDB. The initial capital of 80 million USD was provided by Nigeria. This was subsequently replenished with 71 million USD in 1981. The aim for establishing the NDF was to assist in the development of the poorest member countries among the African Development Bank Group in a coordinated manner. That is, the NTF uses its resources to provide financing for projects of national or regional importance that further the economic and social development of the low income RMCs.

Within the African Development Bank Group, the ADB, ADF, and NTF each have separate and distinct assets and liabilities (The African Development Bank Group, 2015). There is no recourse to the AfDB for obligations in respect of any of the ADF or NTF liabilities. The ADF was established to assist the AfDB in contributing to the economic and social development of the Bank's regional members, to promote cooperation and increased international trade particularly among the Bank's members, and to provide financing on concessional terms for such purposes[9]. Dr. Akinwumi Adesina of Nigeria was in 2015 elected the eight president of the African Development Bank Group, succeeding Dr. Donald Kaberuka, who just completed his two five year terms in 2014. Within the African Development Bank Group, the president chairs the boards of both the ADB and the ADF.

5.4. Funding of the African Development Bank Group

Funding for the AfDB are derived from subscribed shares of authorized capital by member countries, borrowings on international markets and loan repayments. Its resources also come from the African Development Fund (ADF) and Nigeria Trust Fund (NTF) capital increases. That is, its resources are derived directly from special contributions from participant countries, especially non-regional member countries. The NTF derives its funding from the federal government of Nigeria. It is important to

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[9] The African Development Bank Group has actively participated in the establishment of five associated institutions. There are (a) Africa Re-insurance Corporation; (b) Shelter Afrique, (c) Association of African Development Finance Institutions (AADFI); (d) Federation of African Consultants (FECA); (e) the Africa Project Development Facility (APDF); (f) the International Finance Company for Investments in Africa (SIFIDA); (f) African Management Services Company (AMSCO) (g) African Business Round Table (ABR); (h) African Export-Import Bank (AFREXIMBANK); (i) African Capacity Building Foundation (j) Joint Africa Institute (k) the Network for Environment and Sustainable Development in Africa (NESDA), among others.

mention here that unlike the African Development Fund, the NTF resources are allocated to both public and private sector projects, and not to countries. That is to say the NTF finance public and private sector projects that promote economic development and social progress among its RMCs, particularly the least developed. These projects are implemented and supervised by the NTF employees.

As of December 2014, AfDB has an authorized policy capital of 66, 98 billion USD, most of which came from subscription by its member countries (65, 1 billion USD). It has 232 operational activities such as projects in infrastructure and sponsorship for capability building across Africa totaling 5,05 billion USD, financed as follows.

Figure 2 AfDB Authorized Capital 2015

Capital as of December 31, 2015 (AfDB)	**Million USD**
Authorized Capital	**66, 980**
Subscribed Capital*	65 130
Paid-up Capital	*4 860*
Callable Capital	*60 270*
Total Reserves	2 820

* Paid-up Capital + Callable Capital

Figure 3 AfDB approved operations, 2015

AfDB approved Operations, 2015	**Billion USD**
African Development Bank (ADB)	33
The African Development Fund (ADF)	2
Nigeria Trust Fund (NTF)	12
Special Funds*	244,2
Sum	**290,2**
Of which:	**Billion USD**
Loans	3,89 (89 operations)
Grants	613,9 (93 operations)
Equity Participation	132,6 (6 operations)
Guarantees	173,1 (5 operations)
Special Funds*	244,2 (39 operations)

Loans represent 3.89 billion (89 operations) of the AfDB approved operations capital for 2015, Grants, 613.9 million (93 operations), Equity Participation 132.6 million (6 operations), Guarantees 173.1 million (5 operations) and the Special Funds 244.2 million (39 operations).

6. The World Bank Group

It will be unfair to discuss the African Development Bank Group within ECOWAS and Ghana without mentioning the contribution by the World Bank Group. The World Bank is the oldest and largest Multilateral Development Bank (MDB) in the world (Nelson, 2010). It was established in 1944 to rebuild post-World War II Europe under the International Bank for Reconstruction and Development (IBRD). Today, the World Bank functions as a global institution that fights poverty by offering developmental assistance to countries and by giving loans and offering advice and training in both the private and public sectors[10]. The World Bank Group comprises five sub-institutions that make loans and grants to developing countries: (a) the International Bank for Reconstruction and Development (IBRD), (b) the International Development Association (IDA), and (c) the International Finance Corporation (IFC). It also has the Multilateral Investments Guarantee Agency (MIGA) and the International Center of Settlement of Investment Disputes (ICSID). Like the AfDB, IDA and IBRD largely corresponds to ADB and ADF, and IDA and IBRD are jointly referred to as the World Bank.

Figure 4 World Bank Group Structure

Source: Worldbank.org

[10] The World Bank Group has set two goals for the world to achieve by 2030: (a) end extreme poverty by decreasing the percentage of people living on less than $1.90 a day to no more than 3%; (b) promote shared prosperity by fostering the income growth of the bottom 40% for every country

6.1. The World Bank Group's relationship with the AfDB

The World Bank Group works closely with the African Development Bank Group. This is not surprising, the World Bank and the AfDB share the same mandate: to help the poor and promote sustainable development. The World Bank works closely with the AfDB both in financing projects as well as providing advice. For instance, a number of the AfDB's projects, especially its policy loans, are financed jointly with the World Bank and other donors[11]. Sometimes the World Bank acts as the lead financier. In 2000, the World Bank and the AfDB signed a Memorandum of Understanding, outlining a strategic partnership between the two institutions to cooperate on a set of sectors/themes ranging from capacity building, governance, harmonization, HIV/AIDS, infrastructure, regional integration, staff development and water (worldbank.org, 2016). Due to its success, this strategic partnership was revised in 2002. It is still ongoing as of today.

Aside from the World Bank, the African Development Bank Group (AfDB) cooperates with other international institutions such as the International Monetary Fund (IMF) in capacity building and expertise in economic policymaking of African governments. For instance, the IMF is said to have trained over 3000 officials from African central banks, ministries of finance, economy and planning, and other government agencies within the past 20 years (Dessart, Ubogu and Kabbaj, 2001). The IMF also cooperates with the AfDB on providing technical assistance programs as well as conducting periodic consultations. A typical example is the Joint Africa Institute (JAI) which was established in Abidjan, Côte d'Ivoire, in November 1999 by the AfDB, the IMF, and the World Bank to provide African nationals with more opportunities to obtain training closer to their home countries. By establishing the JAI in Africa, the three institutions are able to integrate into the training program issues relevant to the region and to make fuller use of the skills of Africans.

The above shows that the African Development Bank Group is not in it alone in Africa when it comes to spurring sustainable economic development and poverty reduction; other multilateral institutions such as the IMF also play a vital role. In fact, when it comes to external donations to West African countries, the AfDB provides less than 10 percent of total development assistance (Dennis 2006).

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[11] The AfDB often co-finances projects with the World Bank, the European Union and other bilateral or multilateral donors. In 2005, approximately 25 percent of AfDB operations (by value) were co-financed.

7. The Economic Community of West African States (ECOWAS)

The Economic Community of West African States (ECOWAS) was established on 28 May 1975 by the Treaty of Lagos in Lagos, Nigeria[12]. The mission of the ECOWAS is to promote integration in all fields of economic activity, particularly in industry, transport, telecommunications, energy, agriculture, natural resources, commerce, monetary and financial questions, social and cultural matters, (Ecowas.int, 2015). In addition to its economic objectives, the ECOWAS also serves as a peacekeeping force in the West African region[13]. The main institutions of the ECOWAS are the Commission, the Community Parliament, the Community Court of Justice, and the ECOWAS Bank for Investment and Development (the fund). The ECOWAS Commission and the fund are the two main institutions designed to implement policies, pursue programs and carry out development projects in member states (ibid.). Types of projects funded by the fund and implemented by the commission include intra-community road construction, telecommunications project and agricultural, energy and water resources development projects in West Africa.

In 1994 a subgroup of seven member countries (Benin, Burkina Faso, Cote d'Ivoire, Mali, Niger, Senegal, and Togo) established the West African Economic and Monetary Union (WAEMU), to allow them to use a single currency. Today the CFA franc is the common currency for WAEMU member States. The English speaking member States of ECOWAS are in the process of replicating this. They are scheduled to launch their own single currency 'the Eco' within 2017. The urgency to integrate the economies of West Africa has been linked to proactive advice from the African Development Bank Group which is serving as a key facilitator in this process (interview with Akin Alugbade 2016).

7.1. Ghana

Ghana is widely considered a "beacon of hope" for African social economic development and by the African public as a model for other African countries to follow (Guder, 2009). Ghana is a republic located in West Africa. It lies between Latitudes 4° and 12°N. It

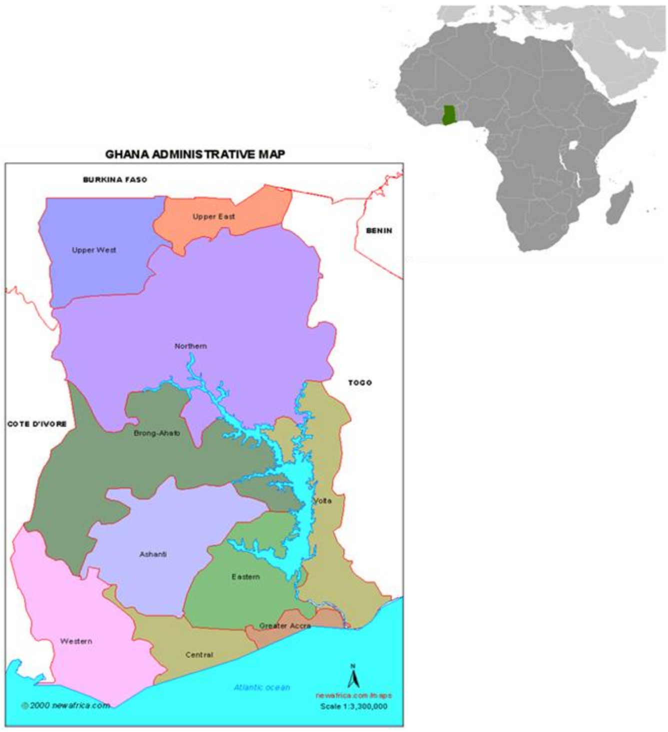
[12] The treaty was revised in Cotonou, Benin on July 24, 1993.

[13] On May 29, 1981, ECOWAS member States signed a Protocol on mutual defense assistance, in Freetown, Sierra Leone as well as a non-aggression protocol in 1990, to pave the way for the establishment of an allied armed force of the Community dubbed the Economic Community of West African States Monitoring Group (ECOMOG).

shares borders on the West with Cote D'Ivoire, in the East with the Republic of Togo, the North by Burkina Faso and to the South by the Gulf of Guinea. The merger of the former British colony of the Gold Coast and the Togoland trust territory formed Ghana. It has a total area of 238,533 sq km (land: 227,533 sq km, water: 11,000 sq km). It has a population of 26 million, with a median age of 20, 8 years old (2014 estimate), (CIA World Factbook, 2016).

In 1957, Ghana became the first sub-Saharan country in colonial Africa to gain its independence. After independence, Ghana endured a long series of coups before Lt. Jerry Rawlings took power in 1981 and banned political parties. After a long debate, a new constitution was approved and multiparty politics were restored in 1992. Today, Ghana is a constitutional democracy, structured in 10 regions; Ashanti, Brong-Ahafo, Central, Eastern, Greater Accra, Northern, Upper East, Upper West, Volta, Western.

Figure 5 Map references of Ghana



Source: CIA World Factbook (2016).

7.2. Economic overview of Ghana

Since the introduction of the new constitution in 1992 and the restoration of multiparty democracy, Ghana has enjoyed a relatively peaceful political climate with a stable democracy. It has demonstrated remarkable results in both macro-economic growth and socio-economic development. In 2015, the World Bank declared Ghana a middle income country, lifting itself from a low-income status to a middle-income status (World Bank, 2015). Ghana discovered oil in commercial quantities in 2007. Since the discovery of oil, Ghana's GDP growth has doubled. For instance, GDP estimates for 2014 showed a growth of 4.6 percent over the 2013 revised estimates. The GDP estimate for 2014 at current prices amounted to Ghana Cedis ₵ 111,436 million (US$38,584), with GDP per capita of Ghana Cedis ₵ 4,195 million (US$1,427). Non-Oil GDP for the same period at current prices was Ghana Cedis ₵ 106 902 million. In the next five years, Ghana is forecasted a growth of 6, 22% on average (Word Bank, 2015). A summary of Ghana's GDP indicators and the sectorial statistics are presented below.

Figure 6 Ghana - Summary Indicators

Economic Aggregates	**2011**	**2012**	**2013**	**2014**	**2015**	**2016***
Population estimate (million)	24,8	25,3	25,8	26,2	26,7	27,2
Exchange rate (USD/GHC) **	1,53	1,83	2,05	3,03	3,39	3,82
GDP Growth (%)	14	8	7,3	4	3,5	5,7

Sources: World Bank (2015).

** Estimated by World Bank Group. ** Base on data from central bank of Ghana*

From the above, it could be said that Ghana is on a path to a healthy economic growth, even in the face of the current global economic uncertainties. GDP growth is expected to pick up in 2016 after a slow down between 2013 and 2015. However, the country's currency (the Ghanaian Cedi) is doing very bad compared to the US dollar and other major international currencies. This is, among other things, due to an increase in government borrowing and trade deficit meaning that Ghana imports more than it exports.

7.3. Ghana's relationships with external donors

''…*It would be naive and unrealistic for certain sections of the Ghanaian society to think that the request for economic assistance from the World Bank and its affiliates means a sell-out of the aims and objectives of the Ghanaian revolution to the international community. ... It does not make sense for the country to become a member of the bank* *and the IMF and continue to pay its dues only to decline to utilize the resources of these two institutions…*''

The above is a statement from Ghana's first secretary for finance and economic planning, Kwesi Botchwey, defending the country's request for economic assistance from the World Bank in 1983. Ghana has a long history with external donors. Ghana became a member of the International Bank for Reconstruction and Development (IBRD) in September 20, 1957 (Worldbank.org, 2016). This was six months after it declared independence[14]. It became a member of International Development Association (IDA) in December 29, 1960, and a member of International Finance Corporation (IFC) in April 3, 1958. Ghana is also a member of the International Centre for Settlement of Investment Disputes (ICSID) and the Multilateral Investment Guarantee Agency (MIGA), which it joined in October 14, 1966 and April 29, 1988 respectively. The first major account of foreign aid to independent Ghana was the construction of the Akosombo dam. A 124m tall, 340m wide hydroelectric dam in Southern Ghana, constructed to produce Hydro Electric Power for the Aluminum industry in the country under Ghana's first president Dr. Kwame Nkrumah. The project was funded by with loans from the World Bank, the UK, the USA and Valco, an American company (Berry, 1995). Since then, Ghana has continued to enjoy the support of its development partners, both on a bi-lateral basis as well as a multilateral level. For instance, in 1983, the government of Ghana launched the Economic Recovery Program (ERP) under the World Bank to help reduce Ghana's debts and to improve its trading position in the global economy[15]. In 2001, Ghana joined the heavily indebted poor countries (HIPC) initiative to relieve it debt and put its economy on track. It is also important to mention that Ghana joined the HIPC initiative with advice and recommendation from the AfDB to do so.

This has been paying off. For instance, in 2000, Ghana came up with an economic plan of growing its economy by increasing productivity in agriculture. Knowing that in many rural areas in Ghana most people live in poverty and minimal use of modern farming techniques, the government requested and received development assistance, including a $547m grant from the US government's Millennium Challenge Corporation (MCC), toward improving agricultural productivity and food security. Ghana accepted the MCC's advice and recommendations, requiring partners to consult with citizens to

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[14] Ghana became an independent country on 6th March 1957.

[15] It also included lowering inflation through stringent fiscal, monetary and trade policies.

determine their constraints to growth and then reform policies and design programs to tackle them. The resulting improvements have been significant. In 2011 the Overseas Development Institute (ODI) calculated that since 1983, Ghana's agricultural sector has grown by more than 5% a year, helping to fuel the economy's overall growth (Leturque and Wiggins, 2011). According to the World Bank, the poverty rate in Ghana has been nearly halved from 51.7% in 1991 to 28.5% by 2006, and Ghana is poised to meet the UN millennium Development Goals (Coulombe and Wodon, 2007). Since the African Development Bank Group made electricity and infrastructure a major target, Ghana became one of the first countries to benefit from that. The AfDB has sponsored an expansion of cycle gas/fuel oil power plant from 220 MW to 330 MW combined cycle to produce electricity for rural communities in Ghana. The above may explain why Ghana is broadening its relationship with institutions within and outside Africa. These relationships are paying off very well, at least economically for Ghana as a country.

CHAPTER 2

THEORETICAL FRAMEWORK AND MODELS

8. International institutions – definition, distinction and differences

A distinct feature of modern international affairs is the large number of international institutions through which states seek to achieve cooperation. Given the variety of institutions that are international in character, before analyzing the role the African Development Bank Group (an international institution) in facilitating economic development in West Africa, it is crucial to explain what is meant by international institutions. Different scholars have tried to define international institutions. The point here is not to adopt one or another of these definitions, but to ensure clarity and to distinguish the notion of international institutions as legal entities from the concept of ‘‘international organizations’’ - the inter-state cooperation of the framework and structures of the international society. Social scientists and IR scholars define international institutions in term of their institutional nature. For instance (Krasner, 2009) defines international institutions as the ‘‘implicit or explicit principles, norms, rules and decision-making procedures around which actors’ expectations converge in a given area of international relations’’. Duffied (2007) defines international institutions as a relatively stable set of related constitutive, regulative and procedural norms and rules that pertain to the international system, the actors in the system including states as well as non-state entities and their activities. The United Nations (UN)[16] defines international institutions as; ‘‘…established by a treaty or other instrument governed by international law and possessing its own international legal personality. International institutions may include as members, in addition to states, other entities’’ (International Law Commission Report, 2011).

This thesis adopts the definition by the UN, and classify the African Development Bank Group as an international institution. This is because the UN definition is the widely used in the literatures I reviewed. This will help ensure some consistency in this thesis. The African Development Bank Group as a multilateral development bank (MDBs) provides financial assistance to developing countries in Africa and embodies the key elements for identifying whether an entity is an international origin or not. That is, first

[16] See work of the International Law Commission in 2011

for an entity to be considered an international institution it must be composed predominantly of states and/or other international originations[17]. Secondly, the entity must be established under international law. These two criteria makes it possible to distinguish international institutions like the World Bank, and the AfDB, which are the subject of this thesis from international associations like international non-governmental organizations (NGO's) such as Amnesty International or Greenpeace, and international public corporations. The key factor distinguishing international or intergovernmental institutions such as the AfDB is that, International institutions are composed predominantly of states while the latter are composed of private entities, although they may operate in more than one country (ibid.).

9. International Relations Theory and the study of International institutions

In this section, I examine how the International Relations school of liberalism sees the role of international institutions for the behavior of states. I do this by looking at what liberalism is and then focus on economic liberalism and liberal institutionalism.

9.1. Liberalism

Liberalism has a long tradition in International Relations (IR). Since the first debate between realism and liberalism, realism mocked liberalism for idealism and as a consequence almost wrote out liberalism from International Relations theory. During the 1960's and 1970's, liberalism was able to return into IR theory to make a real impact (van der Ree, 2014). The intellectual background of liberalism can be traced to the 17th century, the start of the cultural, economic and scientific changes in Europe. The core of the liberal movement was three main ideas: reason, liberty and progress (ibid.). One of the early proponents of liberal thinking was John Locke (1632 -1704). John Locke believed that the state of nature does not have to end in violence; that individuals and society can rationally come together and find a common solution to their common problems. That is to say that free individuals can rationally achieve progress in society by delegating authority on elected leaders through a social contract. This means elected leaders will be made accountable for their decisions and risk being voted out of power.

Another important proponent of liberalism was Immanuel Kant (1924 -1904). In his essay *Perpetual Peace* (Kant, 1957), Kant argues that human freedom and rationality can

[17] Although, the membership may extend to other entities as well.

produce peace because an elected government will have no choice but to be accountable to the people. By this he hinted (or suggested) that it is unlikely for democracies to go to war. This is not primarily because elected governments do not want war, Kant argues, as governments may want war for all kinds of reasons, but because the general populations usually have very little to gain from warfare but a lot to lose from it and are hence opposed. These ideas are popularly termed in IR theory as the democratic or liberal peace theory. Besides the democratic peace research and theory, there are different branches of liberalism in today's IR studies. These include interdependence, which focuses on the way trade affect peace. A third branch is institutionalism, which studies the impact of institutions on the state to cooperate and work together under anarchy. Other aspects of liberalism can also be found in for example the behavioral approach to neo-classical economics, where the main focal unit of analysis is the firm or the individual (Mahoney, 2005).

9.2. Economic Liberalism

Economic liberalism or neo-classical economics has been very influential in most parts of the world in the last decades. Proponents of this theoretical strand argue that the economy should be as free as possible. That market should operate freely and an 'invisible hand' as coined by Adam Smith in his 1776, *Wealth of Nations* (Smith, Cannan and Lerner, 1937) will generally lead to welfare gain for all. According to neo-classical thinking, there are just a few areas where collective action will fail, and that is when governmental interference would be needed. This is in the case of market failures. Economic liberalist theory emphasizes the importance of comparative advantages of countries, where every country should focus on the production of certain goods or services that it can produce better and cheaper than other countries. All other goods and services should be imported as it is not rational to produce it locally. Proponents of this economic version of liberalism claim that if all states do this, and trade with each other, this will be beneficial for all (Mahoney, 2005). Economic liberalism is largely a response to previous approaches that have emphasized the importance of government interference in markets, such as mercantilism which was dominant in Europe during the 16th -18th century.

During the 16th -18th century in Europe, mercantilism promoted the importance of governmental regulation of a nation's economy for consolidating state power at the expense of rival nations (Hansen, 2001). It was this notion that economic liberalism opposed. In the framework of economic liberalism, economic interdependence is believed to promote the development of peaceful relations among states (Hegre, Oneal and Russett, 2010). Economic liberalism has been very influential in most parts of the world in the last decades. However, in recent years, with the advent of the global financial crisis in 2008, there has been an increasing concern about the effects of economic liberalism. Most have called into question the core liberal belief in the benefit of open markets (ibid.).

9.3. Neo-liberal institutionalism

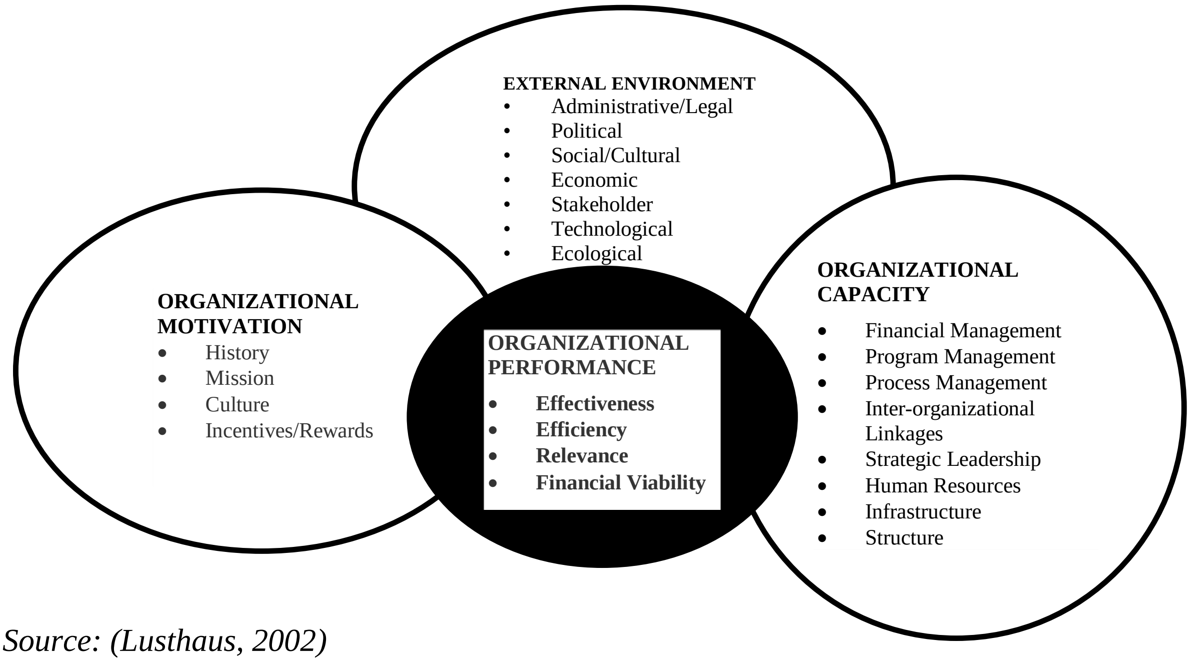
Neo-liberal institutionalism focuses on the role of institutions and regimes such as the AfDB, World Bank, ECOWAS and more recently BRICS in international relations. It studies the ways by which institutions and regimes make cooperation easier for states, focusing for example on the ways by which institutions provide states with information on transparency, consistency, durability and predictability (van der Ree, 2014). Neo-liberalism shares some of the main traditions of realism and neorealism. For instance, neo-liberalists adhere to the realist argument that states are the most important actors on the international scene, which act out of self-interest in an anarchic environment, and that states are rational (Hasenclever, Mayer and Rittberger, 1997). However, neo-liberal institutionalism differs from realism and neo-realism in other ways, for instance, neo-liberalists believe that next to states there are many other actors, trans-national linkages, and interdependencies between states that significantly influence the ways in which states behave and conduct their affairs (Keohane and Nye, 1977). Neo-liberalists and neo-realists alike believe that the global system is anarchic. However, states are not seen as the unit of analysis acting as cohesive entities but rather as being constituted by a range of different players. International institutions and domestic politics are believed to shape the priorities of governments and their behavior. In addition to this, neo-liberalists believe that actors can cooperate across national borders. Private multinational corporations and trans-national interest groups all play an important role in influencing states to act in a certain manner (ibid.). To neo-liberalists, international institutions set the rules, norms and principles that govern in a giving issue. For instance, as pointed out earlier, institutions are seen to provide information, reduce transaction cost, make commitments more credible, establish focal points for coordination, and in general facilitate the operation of reciprocity (Keohane and Martin 1995).

Institutions affect the ways states define their self-interest. Cooperation between states is possible partly because of the existence of institutions and regimes and the effects of reciprocity (ibid.). Institutions influence states' behavior. To measure the effectiveness of institutions and their impact on the behavior of states, institutionalists has developed models and framework to assess international institutions. One such model is the Universalia Institutional and Organizational Assessment Model (IOA Model), which is discussed below.

10. Universalia Institutional and Organizational Assessment Model (IOA Model)

Professors Charles Lusthaus and Gary Anderson of the Department of Administration and Policy Studies at McGill University developed this model (Lusthaus, 2002). This model looks at the performance of an institution as a balance between the *effectiveness, relevance, efficiency, and financial viability* of the organization (see schematic diagram below). It posits that institutions' performance should be examined in relation to their motivation, capacity and external environment. Lusthaus and Anderson claim that changes in these may lead to changes in their internal resources (e.g. financial, technological, human), and as a result leads to a fundamental shift in values within the institution, which in turn affect the climate, culture and ways of operating.

Figure 7 the Universalia Institutional and Organizational Assessment Model (IOA)



Source: (Lusthaus, 2002)

Although there seems to be a little consensus in the literature on what constitutes a valid set of criteria for measuring performance in organizations, the IOA model above provides a pragmatic approach to assessing performance in depth (Jørgensen and Laatikainen, 2012).

The model provides a conceptualization of institutional performance on three different levels: the degree to which an organization fulfils its objectives (motivation), the ability for the organization to make use of its external environment (external environment), how the institution's stakeholders perceive its performance (institutional capacity). According to Jørgensen and Laatikainen (2012), there are four core elements of institutional performance. These are:

- *Effectiveness* - the extent to which an institution is able to achieve its objectives
- *Relevance* - the ability to meet the needs of its main stakeholders and gain their support in the past, in the present and for the future.
- *Efficiency* - a ratio of outputs accomplished to the costs incurred therefor
- *Financial viability* - the ability for an institution to raise the funds required to meet its functional requirements in the short, medium and long term.

According to Lusthaus (2002), the above core elements can be further expanded and made measurable by identifying important dimensions and specific indicators. This model has been applied in numerous international studies, for instance, the Independent Evaluation Office of the IMF applied this model in assessing the IMF Performance in the Run-up to the Financial and Economic Crisis in 2008 (Lamdany and Wagner, 2011).

Effectiveness: Effectiveness is the extent to which an organization is able to achieve its objectives. That is, the extent to which the AfDB is able to achieve its mandate and mission. Following Lusthaus (2002), I define the effectiveness of the AfDB as an international institution in terms of the degree to which the AfDB has achieved its goals and objectives agreed to by the member countries: *To contribute to the economic development and social progress of its regional members – individually and jointly. To promote economic and social development through loans, equity investments and technical assistance*. In theory, various standards can be applied when measuring policy advice effectiveness. For instance Laatikainen and Smith (2006), distinguishes between four different kinds of effectiveness: (1) effectiveness in acting collectively, (2) effectiveness in achieving objectives, (3) effectiveness in contribution to the success of other institutions of which one institution belong and (4) effectiveness in solving the underlying problem through the available means or networks. For the purpose of this thesis, it is the third (3) kind of effectiveness that is of utmost importance, and therefore the focus of the analysis of this thesis.

Relevance: Relevance in this case is defined as the ability of an institution to meet the needs of its main stakeholders and gain their support in the past, the present and for the future. When analyzing the relevance of the African Development Bank Group in Ghana and West African countries, the thesis examines the background leading to the formation of the AfDB, the first few years of operations and how those challenges have shaped the AfDB of today. That is, relevance is constitutive of being able to talk about an institution's performance in an understandable way (Laatikainen and Smith, 2006).

Efficiency and financial resource viability. Efficiency is defined as a ratio of outputs accomplished to the costs incurred in securing that output. Financial viability refers to the ability of an organization to raise the funds required to meet its functional requirements in the short, medium and long term. The two criteria are related. As a result they are usually discussed jointly in the literature (see Lamdany and Wagner, 2011). Here, financial resource viability refers to the ability of the AfDB to raise the capital required in the capital markets to be able to finance its experts and advisors in the short, medium or long-term. The resources required include finance but also personnel, as well as external expertise and knowledge of the member countries.

10.1. Stakeholders of the African Development Bank in West Africa.

The key stakeholders of the AfDB are the governments of Africa to whom the activities and projects of the AfDB affect and which affect the activities of the AfDB. In West Africa it is the member governments: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo[18]. Moreover, in recent years the AfDB has been directly involved with private sectors entities, for instance it opened a line of credit for UT Bank Ghana Limited in trade finance and sponsors PhD Programs in Nutrition in East Africa in Burundi (AfDB Project Portfolio, 2015). In addition, various interest groups, NGOs (both foreign and African), think tanks and other organizations can be considered stakeholders

[18] Note that I have not included Cameroun. This is because I want to assess the performance of the AfDB in ECOWAS as a bloc, Cameroun has withdrawn from the ECOWAS.

to the AfDB and are likely to represent contending perspectives on the relevance of the AfDB. For instance, several Non-governmental organizations have shown an interest in the AfDB’s development, its borrowing and lending policies, and the impact it has on ordinary African citizens. During the 2008 financial crisis, the AfDB president at the time was one of the first to be quizzed about the future of Africa economies in the face of the financial crisis (see The Guardian, 2008). This is because the AfDB has a mandate to advice African governments on their economic policies, and different stakeholders expected it to perform that advisor role.

CHAPTER 3

METHOD AND DATA COLLECTION

In this section, I explain the core elements that are assessed in this thesis. These are Effectiveness, Relevance, Efficiency and Financial viability of the African Development Bank's contribution to West African countries and Ghana. The sources of data and the applicability of the data to the model are also examined. The method of verification of the data is discussed.

11. Method

In a democratic world, the legitimacy of international institutions is based on the process through which the institution functions (Wapner and Ruiz, 2000). In other words, the process is much more important than the exact outcome. A good performance offers an accountable source of legitimacy for international institutions. However, a question as to what constitutes an institutional performance assessment still remains. Immordino, (2014), describes institutional assessment as a systematic process for examining an institution to create a shared understanding of the current state of the elements that are critical to the successful achievement of its purpose (2014: p.7). Donaldson (2013) describes it as a systematic process for obtaining valid information about performance of an institution and the factors that affect its performance (2013: p.31). Immordino (2014), outline that in any complex institution there are many things that can be measured and studied, but an effective assessment process focuses on those things that have the greatest impact on the way the organization functions. The key considerations which may guide the selection key areas for a study like this are (a) time and availability of resource; (b) the purpose of the assessment and; (c) the need to balance the interests of multiple stakeholders (Immordino, 2014).

12. Scope of data collection

To assess the performance of the African Development Bank Group as a regional economic development partner in West Africa based on the advice it gives to member states, on the four core elements of Effectiveness, Relevance, Efficiency and Financial viability, I have examined a number of initiatives financed by the AfDB as well as projects it advised on. This is based on the assumption that the AfDB will not sponsor or advice on a project if it does not see it as aligned with and contributing to its general purpose.

Finding data from Africa is difficult. In this thesis, the main source of data has been the Word Bank Group. The African statistical yearbook 2014 (and prior), as well as other international organizations such as aiddata.org and Transparency International (TI) and afrobarometer.org were also utilized. The World Bank collects economic data from all countries in the world. This makes it the most comprehensive source of most economic data. The African Development Bank together with the African Capacity Building Foundation (ACBF), African Union Commission (AUC), and the UN economic commission for Africa (UNECA) compile annual statistics of various economic indicators in Africa called the African Economic Outlook. The African Economic Outlook reports together with the annual reports by the African Development Bank are also utilized. These raw data is analyzed and interpreted in light of the four criteria of assessing performance. Data was further validated in a personal interview between the author of this thesis, Gilbert Kofi Adarkwah and Marie Laure Akin Olugbade in January 2016. Marie Laure Akin Olugbade is the country representative of the African Development Bank for Ghana and chief officer for West Africa. Using the World Bank and the UNECA data together provides greater credibility and reliability than using locally produced data by the individual governments.

13. Data quality issues

Before I go further to discuss my reflection on my experiences with the data collection in Ghana and the African Development Bank Group, I find it important to mention that African statistical indicators, such as GDP data gathered by The African statistical yearbook, World Bank, Transparency International (TI) etc, as Morten Jerven put it ‘‘are of dubious quality’’ (Jerven, 2013). Lack of quality and consistent data from African sources has created a legitimacy problem. For instance on November 5th 2010, the Ghana Statistical Services revised the methods and base data used to calculate its GDP and announced that its GDP for the year 2010 was revised to 44,8 billion cedi, as compared to the previously estimated 25.6 billion. Which meant an increase in the income level of Ghana by about 60 percent. This rebasing was approved by the World Bank and other international institutions. The World Bank for example reported in favor of Ghana that the rebasing of national accounts followed a review of the underlying statistical methodology by IMF advisors. As a result Ghana was reclassified as a low middle income country from its previous status as a low income country. Ghana moved from being a low income country to a low middle income country overnight. In 2013, Nigeria's economy surpassed South Africa's as the largest on African continent after it rebased Nigeria's GDP from about USD 270 billion to USD 510 billion for 2013. An increase of about 90%. As a result of the rebasing, Nigeria is now the 26th largest economy in the world (PwC, 2016). Kenya, Tanzania, Uganda and Zambia, all revised their GDP data in 2013 (Sy, 2015). These revisions raises a lot of questions regarding the meaningfulness of using GDP levels as indicator for economic growth in Africa. The challenge for us as users of data is that, these inconsistencies and lack of quality which has led to the constant revisions of the data from the different African countries makes it difficult to utilize the data for comparisons of changes in economic development level. It raise questions regarding the meaningfulness of comparisons of GDP levels within ECOWAS and Sub-Saharan Africa in general. This leave recent economic growth estimates and policy implication suggested boiled in uncertainty.

14. My reflection from the interviews

One year before my interview with the AfDB officials in Ghana, I wrote an e-mail to Marie Laure Akin Olugbade informing her about my desire to write this thesis on the AfDB in West Africa and if I could have an interview with her team for discussion and verification of the data I have gathered. She gladly offered me invitation to come over to Ghana whenever I was ready. So in January 2016 I travelled to Accra to meet with Dr. Olugbade and her staff. They were very welcoming. They were open to answer every question I had and even invited me to social events that the AfDB was participating in. I was presented with materials on projects that the AfDB is monitoring in and around the ECOWAS region but particular in Ghana. The day-to-day running of the AfDB in Ghana was very professional.

My impression was that Dr. Olugbade had all the data at her finger tips, even the less obvious ones i.e GDP growth rate across the ECOWAS region, Ghana's Transparency International corruption perception score, trust deficit among different tribes in Ghana, among others. I was also given the opportunity to discuss informally with other staff members. Overall, I can say that the staff members where engaged in their jobs with the AfDB in Ghana and West Africa, however, they had little or no interest in the national policy dialogue of the country where they are stationed (in this case Ghana). For example, a few months before my visit to Ghana, world-renowned investigative journalist Anas Aremeyaw Anas published a documentary with audio and video evidences of how corruption takes place within the Ghanaian Judiciary set up in Ghana. Following that documentary, 22 circuit court judges and magistrates were suspended and 12 High Court judges were also put under investigations. This story was so popular that Al Jazeera news even did a special series about it[19]. During my conversation with one of the officials at the AfDB in Accra, I asked about what their thoughts were regarding the recent judicial corruption issues disclosed Anas Aremeyaw Anas. To my surprise, the official was unaware of the issue. I found it very surprising considering the fact that eradication of corruption is singled out as one of the main focus areas where the AfDB is advising African governments under the Governance Strategic Framework and Action Plan (GAP II) 2014-2018 (see AfDB annual Report, 2014) and also this judicial corruption case was the only thing the local media was focusing for those few months. I ask how long the official has been with the AfDB in Ghana. I was told she had been there for 6 years. This is not to say that she was not doing here job, in fact, she was very good in discussing projects under the AfDB control as well as the collaboration between the AfDB and other multilateral financial institutions. It was just that local policy dialogue was not of interest to her.

[19] See Aljazeera.com documentary here:
http://www.aljazeera.com/programmes/specialseries/2015/11/justice-151122124135186.html
[Accessed 22 Feb. 2016].

CHAPTER 4

ANALYSIS

15. Application of the theoretical model

In this section of the thesis, the African Development Bank Group is examined under the Universalia model of organizational Assessment, developed by Professors Charles Lusthaus and Gary Anderson. Four factors were assessed: effectiveness, efficiency, relevance and financial viability of the African Development Bank Group (AfDB).

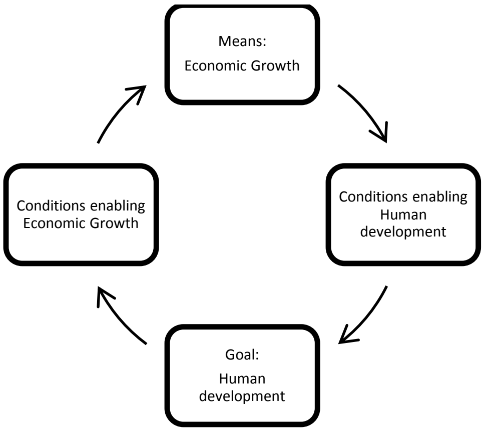
15.1. Effectiveness of the AfDB in West Africa

This section of the thesis assesses the extent to which the AfDB is able to achieve its objectives of: eradicate extreme poverty and hunger; improve maternal health; achieve universal primary education; combat HIV/AIDS, malaria and other diseases; promote gender equality and empower women; ensure environmental sustainability; reduce child mortality; mobilizing and allocating resources for investment in RMCs; and providing policy advice and technical assistance to support development efforts, in Ghana and ECOWAS region. The overarching objective of the African Development Bank Group (AfDB) is to spur sustainable economic development and social progress in its regional member countries (RMCs)[20], that is, contributing to poverty reduction (Afdb.org, 2015).

Economic development in this thesis is defined as a qualitative change and restructuring in a country's economy in connection with technological and social progress. Until now, the main indicators of economic development is increase in Gross National Product (GNP) or the Gross Domestic Product (GDP) per capita. Although highly disputed, GDP growth is said to reflect an increase in economic productivity and average material well-being of a country's population (Soubbotina and Sheram, 2000). Economic development is also said to be closely linked to economic growth, which leads to human development (ibid.). This in return facilitate the conditions enabling economic growth. This is illustrated in the diagram below. Both GNP and GDP per capital relations with economic growth have been disputed a lot in the literature, but for the purpose of this thesis, I will adopt these to criteria because they are the most widely discussed and easy to communicate.

[20] This thesis focuses on West Africa, which is only a subset of the AfDB member countries in Africa.

Figure 8Figure II: Economic growth and human development



Source: adopted from (Soubbotina and Sheram, 2000)

In the literature, there seem to be a large consensus that economic growth comes in two forms; extensive and intensive. That is, an economy can grow by using more of its resources or it can grow by using the same amount of resources more effectively. Since the objectives of the AfDB is to spur sustainable economic development and social progress, this analysis looks at Ghana and West Africa's (sustainable) economic development.

Sustainable economic development

Sustainable economic development is a term widely used by politicians and policy makers all over the world. However, as Soubbotina and Sheram (2000) acknowledge, the concept is still being developed and a definition of the term is still being revised continuously. This thesis adapt the classical definition coined by the United Nations World commission on environment and development (UNCED) in 1987. According to the UNCED, sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Lebel and Kane, 1989).

Measuring sustainable economic development

Different organizations uses different criteria in measuring sustainable development and classify countries into different categories. The World Bank for example uses GNI per capital to classify countries into low income countries and high income countries. Low-income economies are defined as those with a GNI per capital[21] of $1,045 or less in 2014; middle-income economies are those with a GNI per capita of more than $1,045 but less than $12,736; high-income economies are those with a GNI per capita of $12,736 or more. Lower-middle-income and upper-middle-income economies are separated at a GNI per capita of $4,125 (World Bank data 2015). Ghana has a GNI of $ 1 590, meaning Ghana is a middle income country.

Figure 9 GNI per capital in ECOWAS countries.

Country	GNI per capital (USD) 2014	Income Group
Benin	890	Low income
Burkina Faso	144	Low income
Cape Verde	3 450	Low middle income
Gambia	500	Low income
Ghana	1 590	Low middle income
Guinea-Bissau	550	Low income
Guinea	470	Low income
Cote d'Ivoire	1 450	Low middle income
Liberia	370	Low income
Mali	650	Low income
Nigeria	2 970	Low middle income
Niger	410	Low income
Senegal	1 050	Low middle income
Sierra Leone	700	Low income
Togo	570	Low income

Source: World Bank (2015) (http://data.worldbank.org/).

The Gross National Product of a country is calculated as the total final output of all goods and services produced in a particular time period within a country. The Gross National Product (GNP) is GDP plus income received by residents of the country from abroad minus income claims by non-residents[22]. There are two ways of calculating GDP and GNP. That is (a) by adding together all the income of the economy; wages, interest, profit

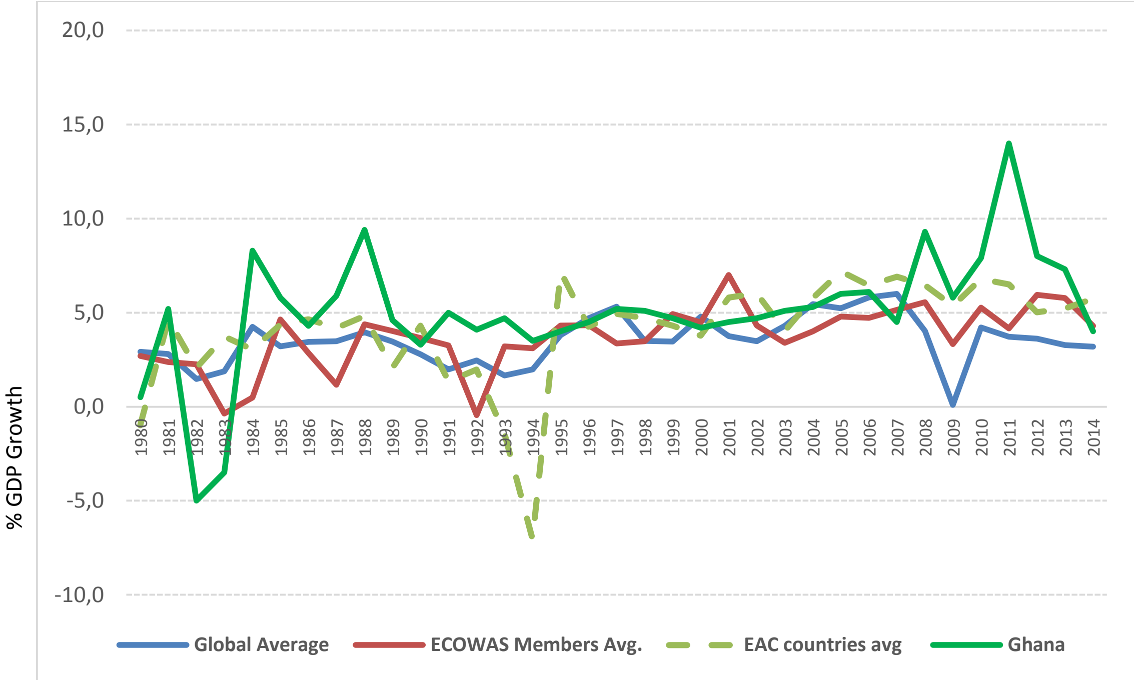
[21] Calculated using the World Bank Atlas method.
[22] It is important to mention here that, this year Remittances from the African Diaspora, the largest Source of foreign financial flows to the continent, rose by more than 10 percent to USD 67.1 billion. Meanwhile, Official Development Assistance (ODA) was estimated at USD 55.2 billion, marginally lower than the USD 55.8 billion recorded in 2013. This decline reflects a trend that began in 2000. See AfDB annual report 2014 p XI

and rent and (b) by adding together all the expenditure of the economy; consumption, investments, government purchases of goods and services and net exports (Soubbotina and Sheram, 2000). The results of both calculations should be the same (ibid.). In this thesis, the focus is on the GDP and GNP values and how they apply in classifying countries and assessing their economic development, rather than examining the calculation methods.

According to Soubbotina and Sheram GDP and GNP can serve as indicators of the scale of a country's economy, but to judge a country's level of economic development, these indicators have to be divided by the country's population (2000: p12). The GDP per capita and GNP per capita show the approximate income and amount of goods and services that each person in a country would get in a year if the nations' income were divided equally. However, it is important that GDP is not equally distributed. That is to say that, the use of GDP as an indicator for economic progress does not necessarily reflect the true situation at an individual level. For this thesis however, the performance of the country as a whole is the most important touch point for the analysis.

Despite GDP's limitations from not taking into account distribution of income, it has been one of the most popular (but also very disputable) approaches in measuring economic development in different countries. GDP and GNP are used as criteria for assessing economic development among the ECOWAS member states as well. I examine data from 1980 to 2014. Ghana and the ECOWAS are compared with the global average as well as countries under The East African Community (EAC), both of which are under the African Development Bank Group. The East African Community (EAC) is an intergovernmental organization composed of five countries in the African Great Lakes region in Eastern Africa: Burundi, Kenya, Rwanda, Tanzania, and Uganda. The EAC was founded originally in 1967, but collapsed in 1977. It was revived on July 7th, 2000. In 2008, after negotiations with the Southern Africa Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA), the EAC agreed to an expanded free trade area including the member states of all three organizations. Today, the EAC is an integral part of the African Economic Community.

Figure 10 GDP Growth among ECOWAS and EAC member states 1980 - 2014



Source: Student Analysis, IMF Data- World Economic outlook 2015.

From figure 6 above, it is safe to say that Ghana and West Africa in general Gross Domestic Product (GDP) growth started on a slow pace, at least before 1984. However, since 1984 the accumulated average GDP group for Ghana and the ECOWAS region was 6%, 5%, 4%, and 8% respectively. Ghana saw a negative growth on two occasions, 1982 and 1983. Thereafter, West African GDP growth has been very strong, beating the global average (see appendix 1 and attached excel sheet for details). The average GDP growth for ECOWAS countries combined between 2000 and 2014 has been 3, 6%.

Figure 11 ECOWAS countries GDP Growth 2000-2014

5 year accumulated Growth ECOWAS countries 1980-2014	1980-1984	1985-1989	1990-1994	1995-1999	2000-2004	2005-2009	2010-2014	Country Average %
Benin	2,3	1,1	4,8	5,1	4,5	3,8	4,5	**3,7**
Burkina Faso	1,7	5,4	2,7	7,5	5,0	5,6	6,4	**4,9**
Cabo Verde	6,0	5,5	3,9	8,4	6,2	5,9	1,9	**5,4**
Côte d'Ivoire	0,9	2,4	2,4	5,2	-0,8	2,2	5,0	**2,5**
Gambia, The	3,6	3,0	2,0	4,1	4,4	3,2	2,5	**3,2**
Ghana	1,1	6,0	4,1	4,7	4,8	6,3	8,2	**5,0**
Guinea	1,5	4,3	3,6	4,4	3,0	2,4	2,6	**3,1**
Guinea-Bissau	1,5	2,8	4,1	1,9	0,9	3,3	3,1	**2,5**
Liberia	0,0	0,0	0,0	0,0	-4,3	7,5	6,2	**1,4**
Mali	0,8	4,9	4,1	5,0	4,6	5,0	3,5	**4,0**
Niger	-2,8	4,4	0,0	2,5	3,4	5,3	6,8	**2,8**
Nigeria	3,1	0,5	5,3	4,6	8,5	8,6	6,2	**5,3**
Senegal	2,1	3,2	0,9	4,5	4,2	3,8	3,7	**3,2**
Sierra Leone	0,6	0,6	-1,9	-4,7	22,8	5,1	10,7	**4,7**
Togo	-1,7	3,7	-0,1	4,0	0,7	2,6	5,0	**2,0**
ECOWAS Members Avg GDP Growth	**1,4**	**3,2**	**2,4**	**3,8**	**4,5**	**4,7**	**5,1**	**3,6**

Source: Student Analysis, IMF Data- World Economic outlook October 2015.

Figure 12 EAC countries GDP Growth 2000-2014

5 year accumulated Growth EAC members 1980-2014	1980-1984	1985-1989	1990-1994	1995-1999	2000-2004	2005-2009	2010-2014	Country Average %
Burundi	1,6	5,4	0,1	-1,9	2,4	4,4	4,5	**2,4**
Kenya	3,6	5,5	1,3	2,8	2,5	4,4	6,0	**3,7**
Rwanda	3,1	0,8	-9,9	12,9	7,6	8,7	6,8	**4,3**
Tanzania	2,0	5,1	2,5	4,0	6,3	6,1	6,7	**4,7**
Uganda	2,1	3,3	5,1	7,6	6,7	8,7	5,2	**5,5**
EAC countries avg	**2,5**	**4,0**	**-0,2**	**5,1**	**5,1**	**6,5**	**5,9**	**4,1**

Source: Student Analysis, IMF Data- World Economic outlook October 2015.

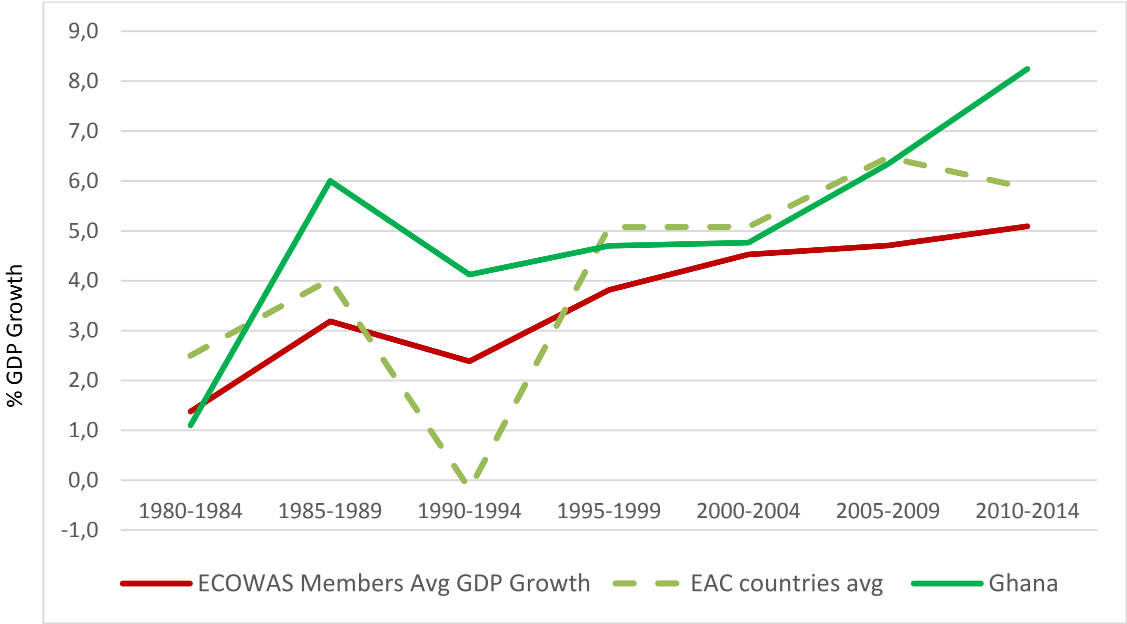
However, this is below the average growth enjoyed by nations under the membership of the EAC for the same period, which was 4,1%. Between 2000 and 2014, only two out of 15 countries within the ECOWAS experienced a negative GDP growth (OECD, 2015). In fact, between 2010 and 2014, the ECOWAS countries grew on average 5,1% while EAC members grew at 5,9% (OECD, 2015); (World Bank data 2015). This is an indicator that both the east and west side of Africa are growing.

One can conclude that with regards to AfDB objective of spurring sustainable economic development**,** using GDP growth as the criteria, the evidence shows that the Bank has been effective at advising ECOWAS countries in steering their economic development. In 2000 during the financial crisis, the ECOWAS countries grew 3,3% while the global growth was at an only 0 and 1%.

The AfDB has succeeded in providing policy advice and technical assistance to support development efforts within the ECOWAS region.

I must be cautious to state this, in the sense that economic growth for a country (Ghana) or a region (ECOWAS) is contingent on different factors, both internal and external. The AfDB has been functioning only as an advisor, which in practice means that its recommendations can be accepted or ignored at free will by the countries in question.

Figure 13 5 years accumulated GDP Growth: ECOWAS vs EAC member states, 1980 2014



Source: Student Analysis, IMF Data- World Economic outlook October 2015.

Social progress - beyond GDP

Beyond GDP, there have been discussions recently on measuring social progress. In the year 1990, when the United Nations Development Program published its human development report, several critics came out regarding the methodology (Osberg, 2001), the criteria chosen and the indices (Banting, Sharpe and St-Hilaire, 2001), among others. The scientific literature on measuring social progress is limited (Stager, 1973), however, one good tool is the UN Human Development Index (HDI), which was created by the UN to emphasize people and their capabilities as the ultimate criteria for assessing the development of a country (UNDP, 2015). Other commercial entities have taken it upon themselves to measure social progress. For instance, the consulting firm Deloitte produces an annual social progress index in which it measures social progress on three factors; (a) Basic Human Needs – comprising of Nutrition and Basic Medical Care, Water and Sanitation, Shelter and Personal Safety; (b) Foundations of Wellbeing - Access to Basic Knowledge, Access to Information and Communications, Health and Wellness and Ecosystem Sustainability; (c) Opportunity - Personal Rights, Personal Freedom and Choice, Tolerance and Inclusion and Access to Advanced Education[23]. Under this,

[23] See Social Progress Index https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-cr-social-progress-index-executive-summary-2015.pdf assessed 19.12.2015 kl 18:55

countries are grouped into: very high social progress (i.e. Norway, Sweden, Switzerland, Iceland, New Zealand, Canada, Finland, Denmark, Netherlands and Australia); high social progress; upper middle social progress; lower middle social progress; low social progress and very low social progress (Porter and Stern, 2015). There is a strong correlation (0, 78%) between economic development and social progress. That is to say, at any level of GDP growth, there are opportunities for higher social progress and risks of lower social progress. Should one accept this, then considering the level of GDP growth in Ghana and within the ECOWAS region, there is a strong indication that the region is improving on social progress.

15.2. Efficiency of the African Development Bank Group

Efficiency as defined earlier is the ratio of outputs accomplished to the costs incurred therefor. That is, the relationship between the goal achieved (effectiveness) and the cost incurred. Waste and government corruption has been a general theme of discussion within Ghana and among West Africa governments. A typical example is the recent arrest of Diezani Alison-Madueke, Nigeria's former Petroleum Minister in London, on charges of corruption (Payne and Onuah, 2015).

The AfDB in 2014 sat up a Governance Strategic Framework and Action Plan (GAP II) 2014-2018 to help streamline its operations and cut waste. It is organized around three main pillars: (a) Public-Sector and Economic Management (PSEM); (b) sector governance; and (c) investment and business climate (AfDB Annual Report, 2014). The three pillars are supported by three cross-cutting issues (a) anti-corruption, (b) gender and (c) regional integration. In 2014, a total of 18 operations of 885 million USD were approved in support of good governance initiatives across 16 countries (ibid.). One of the key areas of the GAP II program is Public Sector and Economic Management (PSEM) interventions. Under the PSEM, the AfDB works to strengthen governments’ capacity for transparent and accountable use of public resources and citizens’ ability to hold governments to account (AfDB Annual Report, 2014). Examples of such interventions in ECOWAS in 2014 included: (a) a 5 million USD institutional support project in Togo to modernize its Revenue Authority and increase transparency in the extractive industries; (b) a 12 million USD program-based operation (PBO) in Guinea for modernizing taxation and enhancing transparency and revenue collection from extractive industries; and (c) a 2.3 million USD institutional support project in Sierra Leone to strengthen fiscal control, accountability, and oversight through various instruments, including support to parliament and civil society organizations (interview with Olugbabe 2016). In Ghana, the AfDB has invested heavily in strengthening institutions to fight corruption (interview with Akin Alugbade 2016). However, despite all this emphasis on corruption, the misuse of public power for private benefit is rampant in Ghana and West Africa. In December 2015, Anas Aremeyaw Anas exposed how judges were easily bribed in Ghana to set free convicted felons (Aremeyaw Anas, 2015).

ECOWAS countries rank very low on Transparency International's (TI) Corruption Perceptions Index (CPI). Since 1995, TI annually ranks countries by their perceived level of corruption[24]. The most recent raking is from 2014. It ranked 177 countries on a scale from 100 (very clean) to 0 (highly corrupt). With the exception of Cape Verde, all the ECOWAS countries score below 50 points, which indicates that all of them are to some extent corrupt countries. This could be explained by the fact that, although the AfDB has invested in institutions to fight corruption in government in Ghana and West Africa, the real implementation is in the hands of the local and municipal governments.

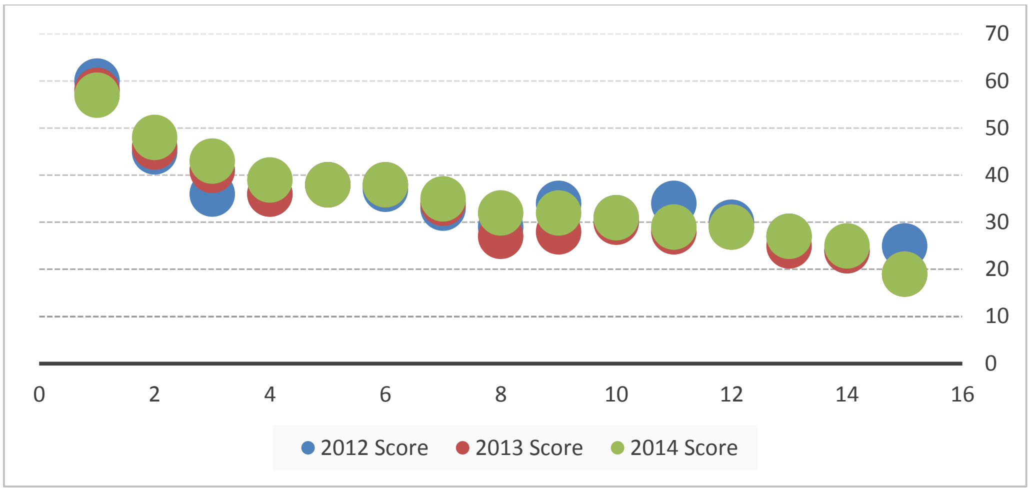
[24] The methodology is based on expert assessments and opinion surveys. See http://www.transparency.org

Figure 14 ECOWAS countries ranking on perceived levels of corruption 2012, 2013, 2014

Country	2012 Score	2013 Score	2014 Score	2014 Rank
Denmark	90	91	92	**1**
New Zealand	90	91	91	**2**
Finland	90	89	89	**3**
Sweden	88	89	87	**4**
Norway	85	86	86	**5**
.	.	.	.	.
.	.	.	.	.
.	.	.	.	.
Cape Verde	60	58	57	**42**
Ghana	45	46	48	**61**
Senegal	36	41	43	**69**
Benin	36	36	39	**80**
Burkina Faso	38	38	38	**85**
Zambia	37	38	38	**85**
Niger	33	34	35	**103**
Côte d´Ivoire	29	27	32	**115**
Mali	34	28	32	**115**
Sierra Leone	31	30	31	**119**
Gambia	34	28	29	**126**
Togo	30	29	29	**126**
Nigeria	27	25	27	**136**
Guinea	24	24	25	**145**
Guinea-Bissau	25	19	19	**161**
.	.	.	.	.
.	.	.	.	.
.	.	.	.	.
Korea (North)	8	8	8	**174**
Somalia	8	8	8	**174**

Source: (Transparency, 2015)

Figure 15 ECOWAS countries perceived levels of corruption 2012, 2013 and 2014



Source: Student analysis, Transparency International data, 2015)

Inhabitants' perception of corruption seems to be getting worse in West Africa. Most of the ECOWAS countries have a 2014 score worse than 2012 (when the olive green is above the red and blue bots, it means an improvement and vice versa). This is a sign of increasing level of corruption. This raises a lot of questions; is the level of activation of resources devoted to fighting corruption under the Governance Strategic Framework and Action Plan (GAP II) 2014-2018 by the African Development Bank sufficient to achieve the policy objectives? In Ghana, the AfDB through GAP II has invested in the Ghana Integrity Initiative (GII), mandated to fight corruption. However, Ghana's corruption perception score is still very high (lower than 50) while the total for the ECOWAS countries and Africa in general is worsening. Some blame this performance on the African Development Bank Group. The AfDB has among other things been criticized for not having a national office in all the member countries, making its projects and initiatives difficult to follow up on by its staff and experts (MOPAN, 2015). That is, the operations of the AfDB is inefficiently centralized, making it impossible for the bank to actively follow up on its programs (ibid.). At the national level, the AfDB's perceived role in national policy dialogue has also been criticized as being of low visibility and of minor contribution. This is perceived to be due to three factors (a) the AfDB not having an in-country representation in all member countries; (b) the AfDB's operations being largely project-specific; and (c) follow-up is not done in a systematic manner, whereby originally well-planned efforts lose impact.

On efficiency, taking corruption perception as the basis for measurement, the AfDB is not efficient in its use of resources. Resources are being ‘wasted’ simply because of improper follow up.

15.3. Financial and resource viability of the AfDB

Resource and financial viability include financial means, personnel and possibly other resources such as external expertise and knowledge etc. (Jørgensen and Laatikainen, 2012). This means that in assessing the resource and financial viability of the AfDB, I must consider indicators beyond funds alone. In this sections, I discuss where the AfDB gets its funds from, how much (financial) resources it has access to and how much it has disbursed. It is difficult to state categorically whether the AfDB has enough resources to operate effectively on advising ECOWAS governments or not without comparing its finance to other regional equals. In my interview with the AfDB officials in Accra, the officials acknowledged that the AfDB’s financial resources will always be a small fraction of Africa’s substantial needs. The fiscal pressures confronting many of the AfDB’s traditional donors are also challenging its capital flows. However, the AfDB is now looking at new sources of development capital from emerging economies and the private sectors, which are becoming more important for the funding of the AfDB’s projects and initiatives.

AfDB funding

When the African Development Bank was established in 1964, under the agreement of Khartoum, Sudan, by the governments of Africa, the share capital was fixed at 250 million Units of Accounts (UA) divided into 25 000 share of par value of UA 10 000 per share (Fordwor, 1981). In real monetary terms, the value of a share was 12 000 dollars per share (equivalent to 91 000 USD in current value). The authorized capital was fixed at 300 million USD (approximately 2, 3 billion USD in current value). Subscribers to the Bank were required to pay 50% of the shares issued to them while the balance remained callable capital. When the AfDB was established, initially only (independent) African countries were admitted to become members of the Bank. However, as stated by the AfDB itself, due to growing demand for investments by non-African countries and because of the AfDB group’s limited financial resources, membership was opened to non-regional countries.[25] As of 2015, the AfDB had 80 member countries, comprising 54 regional member countries (RMC) and 26 non-regional member countries (NRMC), primarily from Europe, America and Asia (Afdb.org, 2015).

Figure 16 African Development Bank top Donors by % of donations (2014)

Country	%
Nigeria	9,25
United States of America	6,07
Japan	5,57
Egypt	5,28
Canada	4,59
Germany	4,18
Algeria	4,05
South Africa	4,02
France	3,81
Morocco	3,75

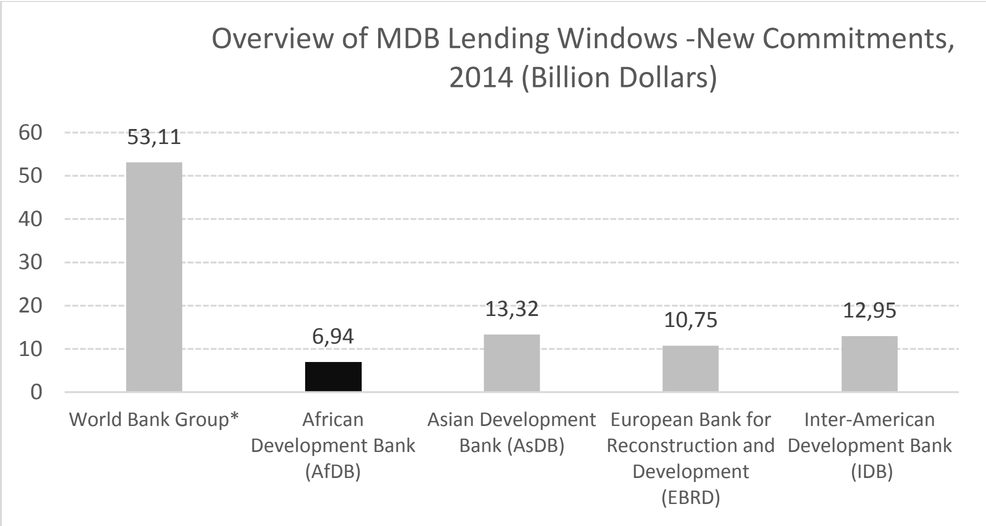
Source: AfDB Annual Report 2014.

The main sources of funds to the AfDB is subscription by its members. AfDB funds are derived from subscriptions by member countries, borrowings on international markets and loan repayments (ibid.). Its resources also come from African Development Fund (ADF) and the Nigeria Trust Fund (NTF) capital increases. The role of the ADF is to provide the institution's regional member countries with resources to boast their productivity and economic sustainability. It is difficult to state categorically whether the AfDB has enough resources to operate effectively or not without comparing its finance to other regional equals. To do this the AfDB is compared with other Multilateral Development Banks (MDB) with regards to the commitment to lend. The table below summarizes the different lending windows for the MDBs, noting what types of financial assistance they provide, who they lend to, when they were founded, and how much financial assistance they committed to developing countries in 2014 or FY2015.[26]

[25] Callable capital is capital that is subject to call only as and when required to meet the obligations of the bank on borrowing of funds for inclusion in the Bank's ordinary capital resources or guarantees chargeable to such resources

[26] Data for the World Bank Group Includes IBRD, IFC, and IDA.

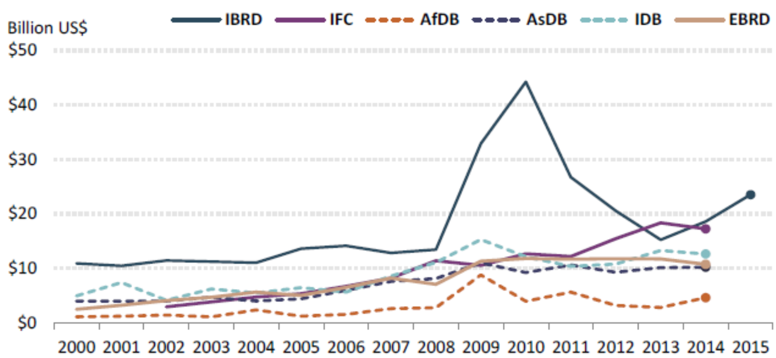
Figure 17 MDB Lending Windows -New Commitments, 2014



Source: MDB Annual Reports.

From the two figures above it could be said that taking individually, the African Development Bank will lend the least among the main Multilateral Development Banks. Lending only 6,9 billion dollars compared with 13,3 billion dollars of the Asian development Bank. This is a clear sign that the AfDB is less financially resourced that its counterparts. This has implications on the AfDB's ability to finance development projects, especially those that require large capital investments like the building of electric dam and grids (see figure 2 and figure 3 above). To fully understand the difficulties of the African Development Bank Group to raise the much needed funds and lend more, one must understand the historical context and developments leading to the establishment of the African Development Bank group.

Figure 18 Financial Assistance over Time



Source: MDB Annual Reports.

The figure above shows that Multilateral Development Banks (MDB's) financial assistance to developing countries has been growing since 2000. However, the African Development Bank's assistance to its member's countries is growing at a slower pace.

The World Bank Group's concessional lending arm, IDA, has grown steadily over the decade in nominal terms, while the regional development bank concessional lending facilities, by contrast, have remained relatively stable in nominal terms. One can argue that the World Bank is a larger institution than the AfDB with many wealthy donor countries. However, the same cannot be said as the explanation of the gap between the AfDB and the Asian Development Bank for example. The two banks were practically established at the same time, with almost identical foreign donors. With the USA, Japan, Canada and Germany donating to both institutions, the Asian Development Bank is better financed than the African Development Bank.

Figure 19 African Development Bank and Asian Development Bank top Donors by 5 of donations (2014)

AfDB	%	AsDB	%
Nigeria	9,25	Japan	15,68
USA	6,07	USA	15,57
Japan	5,57	China	6,47
Egypt	5,28	India	6,36
Canada	4,59	Australia	5,81
Germany	4,18	Canada	5,25
Algeria	4,05	Indonesia	5,13
South Africa	4,02	Korea	5,06
France	3,81	Germany	4,35
Morocco	3,75	Malaysia	2,74
Others	49,43	Others	27,58

Source: Af*DB and AsDB Annual Reports.*

CHAPTER 5

CONCLUSION

From the analysis of the data and interview with the AfDB's officials in Accra, one thing is clear, the African Development Bank lacks the necessary funds to finance the many initiatives needed on the continent and in West Africa in particular (*see pages 45 figure 16: MDB lending windows – new commitments*). This can be traced to the history of the funding of the AfDB. One of the most debated issues among African founding countries of the African Development Bank Group was concerning the structure and membership, i.e. whether membership should be open to non-African countries. A number of countries opposed open membership of the AfDB to non-African countries. This was because they feared that the non-African countries could end up dominating the institution by subscribing a majority stake of its capital stock (Barnes, 1984), due to history and the bitterness that many Africans still felt at the time towards western countries whom they considered oppressors. As one of the officials at the AfDB Ghana office put it ''... this is not unusual… remember this was at the time when half of their countries on the continent were still under colonialism''. The idea of inviting the former colonialists to participate in an African development institution meant for Africa shortly after gaining independence did not appeal to most African governments at the time.

However, some African countries favored the idea of open membership. They emphasized the economic benefits of opening the capital stock of the institution to non-African countries. That is, the participation of non-African countries would provide an additional source of capital and would ease the burden on poor African contributors and subscribers. They instead argued that the AfDB should be structured in such a way to ensure that African nations maintained majority shares (interview with Akin Alugbade. 2016). With this argument in play, it was quickly realized that securing the necessary resources to achieve the objectives for setting up the AfDB meant obtaining funds from the capital exporting countries. However, some member countries were concerned that the AfDB receiving funds from non-African countries would interrupt the flow of bilateral aid they receive from such 'donor' countries. This issue was so important to some members that at the Khartoum meeting in 1963 on the establishment of the Bank, the representative from Mauritania advocated the insertion of the word '*additional*' because a number of countries receiving such aid wished to maintain it without passing through the AfDB (Barnes, 1984).

Aside the issues of funds, another major controversy concerned the formula for representation for the African countries. The small (resource-poor) countries favored *a one flag for one vote* formula that would assure that each member had an equal representation in terms of votes, regardless of the number of subscription held by that member country. For instance, at the Khartoum congress for the signing of the treaty for the establishment of the AfDB, Gambia argued that the proposed minimum subscription level at the time was twenty percent of its annual revenue and that the AfDB members should consider some other formula for assigning subscription levels (ibid.). As a compromise, large resource-rich countries like Nigeria advocated a formula of proportional representation which would acknowledge the larger financial commitments of those countries, while giving the smaller countries a voice. As a compromise resolution, a formula was agreed upon in the AfDB's Charter under Article 35 (1) which states that *‘‘each member shall have 625 votes and, in addition, one vote for each share of the capital stock of the Bank held by that member’’* (The African Development Bank, 2011). With this compromise in place, the large contributors like Nigeria were able to secure greater voting power than under the ‘‘one flag - one vote’’ proposal. However, their degree of power was not as great as it would have been under the proposal for proportional representation. With minimum subscriptions set at 1 million USD and maximum subscriptions set at 30 million, a member country with the minimum level of subscription would have 725 votes, while a member with the maximum level of subscription would have 3,625 votes. That is to say that under the agreed formula, a larger resource rich subscribing country like Nigeria would have five times the voting power even though its subscriptions could be as high as thirty times greater. This compromise was seen as providing for a more equitable position between the large member states and the smaller countries while allowing the large members states to make sizable contributions to the institution. The tension between the large (resource-rich) countries and the small (resource-poor) countries has been analyzed by many as a sign of potentially disintegrative influence of imbalance among countries within the African community (Barnes 1984). On this, the officials of the AfDB in Accra disagree. They see it as a ¨ normal¨. That is ¨… it is normal that a country contributing more to an institution would like to have a higher influence over the institution than those contributing less¨ (Akin Alugbade. 2016).

According to the neo-classical economic perspective on regional integration, large disparities in size and resource among members of a regional bloc such as the ECOWAS, say Gambia versus Nigeria, is seen as a major setback to regional integration (FAO, 2015). Neo-liberalists has argued that when financial obligations are placed too heavily upon the poorer countries, the cooperative effort of the community can fail. In the case of the African Development Bank, the ‘‘balancing’’ formula under Article 35 of the Charter helped ease the financial pressures on the smaller, resource poor member countries and calmed their fears of being dominated by the resource rich countries. This paved the way for the AfDB to be established. The AfDB today has an open membership. However, it still lacks the necessary funds to finance the many initiatives needed on the continent and in West Africa in particular.

Conclusion

This thesis in looking into the advisor role of the African Development Bank within the Economic Community of West African States (ECOWAS) region, has revealed that the African Development Bank Group (AfDB) is an institution in the process of defining its focus and seeking to (re)establish itself as a premier, results-orientated development institution with a comparative advantage for its African member states. My analysis and feeling from the interviews with the African Development Bank officials in Ghana tells me that the AfDB overall has so far played a limited role in national policy dialogue in Ghana, with low visibility and a minor contribution (if any at all). For instance I had a meeting with one of the staff members who was not Ghanaian by nationality. In our conversation I asked about the recent judicial corruption case brought out by Anas. To my surprise, she was completely unaware of the issue. I find it very surprising considering the fact that eradication of corruption is singled out as one of the main focus areas where the AfDB is advising African governments under the Governance Strategic Framework and Action Plan (GAP II) 2014-2018 (see AfDB annual Report, 2014). Although, there might be variation between countries with regards to the contribution of the AfDB as an advisor, within the ECOWAS region, in Ghana the AfDB has been criticised for being passive and reactive. When the AfDB contribute to national discussions, they turn to be over-responsive to the incumbent governments to an extent that it sometimes becomes inconsistent with the need for a firmer, more fundamental and coordinated stand in policy dialogue.[27]

In Ghana, since early 2012, with the inauguration of the new government, the AfDB is described as having a positive policy dialogue with the government of Ghana, especially in the area of private sector development and finance. During my visit to the AfDB offices in Ghana, I was made aware that in the early 2000s, several non-regional members expressed disappointment at the performance of the AfDB such as failure to engage with other development actors. In response to that, the AfDB initiated a commission led by former World Bank Vice President David Knox, to evaluate its performance. The commission drew attention to a number of problems areas, including poor quality of lending; lack of focus, conflicting interests of shareholders as well as huge discrepancy between official policies and actual practices. The AfDB according to the Accra official has been working to correct this. They point to the fact that the AfDB has since become a signatory to both the Rome Declaration on Harmonisation and the Paris Declaration on Aid Effectiveness, the agreement among donors to better align and harmonise their policies behind recipient country policies. The AfDB claims these improvement initiatives have been showing positive results. As an example, the AfDB officials point to the AfDB's triple A ratings (AAA or excellent credit rating), although none of its ECOWAS regional member countries enjoy that same level of credit worthiness. In sum, the AfDB has come a long way beyond its role as a channel of development financing and has become a major economic policy advisor to governments in ECOWAS West Africa. This proves that, beyond the AfDB role as a channel of development financing, there is another critical contribution which African countries desperately need, and that is not resources, but policy advice support on how best to do things.

[27] Neither confirmed or denied by AfDB Ghana officials

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Appendix I

1. List of regional communities in Africa can their memberships

CEN-SAD - The Community of Sahel-Saharan States

Members: Kenya, Eritrea, Morocco, Ghana, Benin, Burkina Faso, Cape Verde, Central African Republic, Comoros, Côte d'Ivoire, Chad, Djibouti, Egypt, Gambia, Guinea-Bissau, Guinea, Liberia, Libya, Mauritania, Niger, Nigeria, São Tomé & Príncipe, Senegal, Sierra Leone, Somalia, Sudan, Togo, Mali, Tunisia.

UMA- The Arab Maghreb Union

Members: Morocco, Tunisia, Algeria, Libya, Mauritania.

COMESA - The Common Market for Eastern and Southern Africa

Members: Democratic Republics of Congo, Egypt, Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Libya; Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan Swaziland, Uganda, Zambia, Zimbabwe

EAC - The East African Community

Members: Rwanda, Burundi, Kenya, Tanzania and Uganda

ECCAS - The Economic Community of Central African States

Members: Angola, Cameroon, Chad, Democratic Republic of Congo, Republic of Congo, São Tomé and Príncipe, Burundi, Central African Republic, Equatorial Guinea, Gabon

IGAD - The Inter-Governmental Authority on Development

Members: Ethiopia, Djibouti, Kenya, Eritrea, Somalia and Sudan; Uganda

SADC - The Southern African Development Community

Members: Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe

ECOWAS - The Economic Community of West African States

Members: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone , Togo.

2. Accumulated Growth ECOWAS countries 1980-2014

5 year accumulated Growth ECOWAS countries 1980-2014	1980-1984	1985-1989	1990-1994	1995-1999	2000-2004	2005-2009	2010-2014	Country Average %
Benin	2,3	1,1	4,8	5,1	4,5	3,8	4,5	**3,7**
Burkina Faso	1,7	5,4	2,7	7,5	5,0	5,6	6,4	**4,9**
Cabo Verde	6,0	5,5	3,9	8,4	6,2	5,9	1,9	**5,4**
Côte d'Ivoire	0,9	2,4	2,4	5,2	-0,8	2,2	5,0	**2,5**
Gambia, The	3,6	3,0	2,0	4,1	4,4	3,2	2,5	**3,2**
Ghana	1,1	6,0	4,1	4,7	4,8	6,3	8,2	**5,0**
Guinea	1,5	4,3	3,6	4,4	3,0	2,4	2,6	**3,1**
Guinea-Bissau	1,5	2,8	4,1	1,9	0,9	3,3	3,1	**2,5**
Liberia	0,0	0,0	0,0	0,0	-4,3	7,5	6,2	**1,4**
Mali	0,8	4,9	4,1	5,0	4,6	5,0	3,5	**4,0**
Niger	-2,8	4,4	0,0	2,5	3,4	5,3	6,8	**2,8**
Nigeria	3,1	0,5	5,3	4,6	8,5	8,6	6,2	**5,3**
Senegal	2,1	3,2	0,9	4,5	4,2	3,8	3,7	**3,2**
Sierra Leone	0,6	0,6	-1,9	-4,7	22,8	5,1	10,7	**4,7**
Togo	-1,7	3,7	-0,1	4,0	0,7	2,6	5,0	**2,0**
ECOWAS Members Avg GDP Growth	**1,4**	**3,2**	**2,4**	**3,8**	**4,5**	**4,7**	**5,1**	**3,6**

3. year accumulated Growth ECOWAS countries 1980-2014

5 year accumulated Growth EAC members 1980-2014	1980-1984	1985-1989	1990-1994	1995-1999	2000-2004	2005-2009	2010-2014	Country Average %
Burundi	1,6	5,4	0,1	-1,9	2,4	4,4	4,5	**2,4**
Kenya	3,6	5,5	1,3	2,8	2,5	4,4	6,0	**3,7**
Rwanda	3,1	0,8	-9,9	12,9	7,6	8,7	6,8	**4,3**
Tanzania	2,0	5,1	2,5	4,0	6,3	6,1	6,7	**4,7**
Uganda	2,1	3,3	5,1	7,6	6,7	8,7	5,2	**5,5**
EAC countries avg	**2,5**	**4,0**	**-0,2**	**5,1**	**5,1**	**6,5**	**5,9**	**4,1**

4. Overview of MDB Lending Windows

Name	Type of Financing	Type of Borrower	Year Founded	New Commitments, 2014 or FY2015 (Billion $)
World Bank Group*				
International Bank for Reconstruction and Development (IBRD)	Non-concessional loans and loan guarantees	Primarily middle-income governments, also some creditworthy low-income countries	1944	23,53
International Development Association (IDA)	Concessional loans and grants	Low-income governments	1960	19,00
International Finance Corporation (IFC)	Non-concessional loans, equity investments, and loan guarantees	Private sector firms in developing countries (middle- and low-income countries)	1956	10,58
African Development Bank (AfDB)	Non-concessional loans, equity investments, and loan guarantees	Middle-income governments, some creditworthy lowincome governments, and private sector firms in the region	1964	4,64
African Development Fund (AfDF)	Concessional loans and grants	Low-income governments in the region	1972	2,30
Asian Development Bank (AsDB)	Non-concessional loans, equity investments, and loan guarantees	Middle-income governments, some creditworthy lowincome governments, and private sector firms in the region	1966	10,23
Asian Development Fund (AsDF)	Concessional loans and grants	Low-income governments in the region	1973	3,09
European Bank for Reconstruction and Development (EBRD)	Non-concessional loans equity investments, and loan guarantees	Primarily private sector firms in developing countries in the region, also developingcountry governments in the region	1991	10,75
Inter-American Development Bank (IDB)	Non-concessional loans and loan guarantees	Middle-income governments, some creditworthy lowincome governments, and private sector firms in the region	1959	12,65
Fund for Special Operations (FSO)	Concessional loans	Low-income governments in the region	1959	0,30

Appendix II

1. AfDB Group Operations revenue , 2014/2015

Year	Revenue	
2015	6,94	Billion USD
2014	5,05	Billion USD
2013	4,39	Billion USD
2012	4,25	Billion USD
2011	5,72	Billion USD
2010	39,9	Billion USD

2. AfDB Loan and Grant Approvals by Sector, 2014/2015

Sector	USD	%
Infrastructure	2 500 000 000	55,5 %
Finance	806 800 000	17,9 %
Agriculture and Rural Development	488 300 000	10,8 %
Social	366 900 000	8,2 %
Multi-sector	267 400 000	5,9 %
Industry, mining and quarrying	39 100 000	0,9 %
Environment	33 200 000	0,7 %
Sum	**4 501 700 000**	**100 %**

3. Authorized Capital, 2015

Capital as of December 31, 2015 (AfDB)	USD
Authorized Capital	66 980 000 000
Subscribed Capital	65 130 000 000
Paid-up Capital	4 860 000 000
Callable Capital	60 270 000 000
Total Reserves	2 820 000 000

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