Following their lead? The African Development Bank and the Bretton Woods Institutions

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Abstract

The African Development Bank (AfDB) is often maligned as a reckless lender, but it claims to coordinate its activities with the Bretton Woods institutions (BWIs). This, however, has not always been the case. In this paper, I rely on historical evidence to illustrate how non-African shareholder activism, led by the United States, engineered a major shift in the triadic relationship between the AfDB, the World Bank, and the International Monetary Fund (IMF). A conditional bailout by these donors amid a financial crisis in 1995 compelled AfDB leadership to implement a series of reforms, which included greater cooperation with the BWIs. Using AfDB funding data and interviews, I find evidence suggesting that deeper inter-organisational cooperation resulted in the AfDB relying on the BWI seal of approval, endorsed by the same activist shareholders. In particular, lending decisions appear to have become more selective since the bailout, favouring IMF and World Bank program participants. The findings not only highlight the role of shareholder activism and donor leverage in inter-organisational relations, but also suggest that views of an imprudent AfDB do not stem from the actual data.

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1 Introduction

The African Development Bank (AfDB) is not a stranger to criticism. In 1994, an independent externally-led review suggested that its lending quality was poor (Knox Report, 1994). Nearly three decades later, World Bank President David Malpass, accused the AfDB of lending recklessly after failing to coordinate with the Bretton Woods institutions (BWIs).[1]

The AfDB's official rebuttal did not mince words. Not only was Malpass' statement "inaccurate and not fact-based," but it also ignored the AfDB's "historic and ongoing" lending coordination with the World Bank and the International Monetary Fund (IMF).

Unsurprisingly, this unusually forthright exchange attracted media and popular attention.[2] While international organisations (IO) rarely engage in a war of words, the AfDB has also previously been unwilling to claim close cooperation with the BWIs.[3] Instead, among AfDB leaders, there has typically been "a reluctance to copy foreign models, most notably, the World Bank" to preserve the AfDB's African character (English and Mule, 1996, 2).

Why and how do the depths of inter-organisational cooperation change? In this paper, I argue that the likelihood and form of cooperation is influenced by "activist shareholders" (Babb, 2021; Gillan et al., 2007). Often the "G5" countries (United States, United Kingdom, Germany, Japan, and France), activist shareholders are member states of multilateral development banks (MDBs), who, dissatisfied with the MDB's governance or operations, use their financial leverage to bargain with management for organisational change.

Compared to other financial backers of MDBs, like capital market investors, activist shareholders can better coordinate amongst themselves to bring about their desired change, which often affords them more influence over IO activities. As part of their reforms from within, these states may act as "inter-organisational hegemons," which seek to promote deeper cooperation between two or more IOs (Koops, 2017, 201)—one of which is typically a preferred institution in which they hold relatively more sway in decision-making.[4]

I test this argument in the AfDB context using a multi-method approach. First, I rely on historical records to illustrate how deeper cooperation between the AfDB and BWIs resulted from a major shift in the degree of US-led shareholder activism during a financial crisis in the early 1990s. After previously granting senior management considerable leeway to run the AfDB, non-regional donors began to exercise leverage. Dissatisfied with the AfDB's governance and lending policies, they took advantage of the window of opportunity provided

[1] For the full statement, see Malpass (2020). For criticism from the US Treasury, see Malpass (2018).

[2] See Africa Report (2020) and The Cable (2020).

[3] For example, a previous AfDB president, Babacar N'diaye, once suggested that political considerations meant that "we should not work too closely with the IMF and the World Bank" (Novicki, 1987, 17).

[4] Here, the term hegemon identifies leading governments in international politics more generally. Focusing on the crisis finance regime, Henning (2023) makes a similar reference to "linchpin" countries.

by the crisis, cutting off the African Bank's financial lifeline and conditioning a bailout on organisational change. Reforms implemented from 1995 onwards by an AfDB president with previous IMF/World Bank board experience unlocked donor funding. These reforms included efforts to both formally and informally cooperate more with the BWIs as well as policies and practices that made it easier for BWI-aligned preferences to pervade AfDB operations.

In a second test of the argument, I examine whether inter-IO cooperation manifested in one of its often more opaque and perhaps more controversial forms—cross-conditionality. Here, assistance from one IO (AfDB) is contingent on the seal of approval from another (BWIs) (Mingst, 1990, 127). I specifically examine the catalytic role of IMF and World Bank programs on AfDB lending decisions. Estimation results for the 1974-2016 period corroborate the historical record. I find that AfDB lending decisions become more "selective" in targeting IMF and World Bank program participants particularly after 1995. The relationship between World Bank/IMF program participation and the likelihood of receiving AfDB funding commitments is also strongest during the reform era (1995-2005), under the presidency of former World Bank and IMF alternate executive director, Omar Kabbaj.

I also find that the relationship weakens when donor leverage is low, as captured by the AfDB's debt coverage ratio as well as periods during which its leadership is not negotiating with donors over capital replenishment. In other words, when the AfDB is in a less precarious position, it is less responsive to decision-making at the BWIs. I do not find a comparable pattern when I consider the moderating role of the AfDB's risk profile, which should provide capital market actors with their own leverage.

Additional tests show that the relationship between World Bank/IMF program participation and the likelihood of receiving AfDB funding commitments also holds for the post-1995 period if the sample is limited to supply-driven concessional AfDB funding involving zero-to-low interest loans and grants. The substantive results are also consistent when I consider IMF program interruption rather than participation. At a time when we should expect demand for concessional AfDB funding to increase, the AfDB follows the IMF's lead during the reform era. In line with the supply-side view, countries are less likely to receive AfDB funding commitments if their IMF program was suspended in the previous year.

As a final step, I complement the historical and statistical analysis with interviews with country representatives and AfDB staff. These interviews do not yield any evidence that the BWIs' catalytic power over AfDB funding continues to be influenced by active interventions or heavy-handed pressure from G5 donors. Instead, they lend credence to the explanatory power of the legacy of the post-1995 reforms that changed AfDB culture and rules as well as management sensitivity to the expectations of their major financial backers.

The paper builds on existing work on donor influence in IOs (Neumayer, 2003; Stone, 2004; Kilby, 2006; Lim and Vreeland, 2013). The AfDB case is not unique, but is part of a broader pattern of the United States—and other G5 donors—using their leverage during crisis periods to reform MDBs. The paper thus complements Babb (2009) and Park (2022), who focus on US-led reforms at the major MDBs. The paper further contributes to the literature on inter-IO cooperation and IO executives.[5] The AfDB case suggests the importance of the institutional experiences of top-level bureaucrats in shaping organisational responses to shareholder demands.

Finally, the paper builds on and extends scholarship on IO financing (Sridhar and Woods, 2013; Graham, 2017; Reinsberg, 2017; Reinsberg and Siauwijaya, 2023) and, specifically, the consequences of the financing model of MDBs (Humphrey, 2016, 2017, 2022; Peitz, 2023). While the AfDB serves African countries, it clearly faces cross-pressures related to its financial stability, which is dependent on non-African countries. To my knowledge, this is the first study to both qualitatively and quantitatively show the persisting impact of concerns over financing on organisational change at Africa's major MDB.

The rest of the paper proceeds as follows. In Section 2, I present the central argument about shareholder activism. Section 3 considers the historical evidence. In Section 4, I discuss cross-conditionality and the catalytic role of IMF and World Bank programs while in Sections 5-7, I turn to quantitative analysis. Section 8 focuses on interview evidence and Section 9 concludes with a discussion of the main findings.

2 Inter-organisationalism and shareholder activism

Shareholder activism is by no means a new phenomenon. In the world of business, activist shareholders are typically "investors who, dissatisfied with some aspect of a company's management or operations, try to bring about change within the company" (Gillan et al., 2007, 40). To do this, investors may publicly target the management or boards of poorly performing or loss-making companies or they may pressure management for corporate reforms (Gillan et al., 2007; David et al., 2007; Westphal and Bednar, 2008).

A similar situation arises in MDBs. The demands of shareholding states may vary and are often driven by politics (Babb, 2009, 55). Still, like investors, these states have a range of vehicles for advancing their goals. One major vehicle is donor leverage, whereby "the activist shareholder withholds or threatens to withhold resources from the banks unless its

[5] On inter-IO cooperation, see Gehring and Oberthür (2009); Kranke (2020); Clark (2021); Mingst (1987); Bal Gündüz and Crystallin (2018); Stubbs et al. (2016); Gehring and Faude (2014); Rwegasira and Kifle (1996); Pratt (2018). On IO executives, see Kille and Scully (2003); Reinalda and Kille (2017).

policy agenda is followed" (Babb, 2009, 37). Since MDBs need these resources to survive, we might expect the banks' management to respond to the activist shareholders' demands.

The United States, by far, has been the most prominent activist shareholder in MDBs, often using its leverage during negotiations around replenishment cycles and general capital increases to secure reforms. Scholars, for example, have shown that major changes in accountability systems as well as MDB operations, like the introduction of structural adjustment loans (SALs) in the 1980s, were preceded by threats of US funding withdrawal (Babb, 2009; Park, 2017). US Treasury justifications to Congress for MDB funding also explicitly point to its success in securing "reforms" at MDBs as a condition for capital (US Treasury, 2010, 99-100).

Can shareholder-driven reforms involve changes to inter-organisational relations? Member states have always played a key role in the major stages of the life cycle of inter-organisational relations, including formation, functioning, and impact (Koops, 2017). Some scholars have pointed to the obstructive role that states can play in inter-IO relations (Hofmann, 2009). Others have shown that the identity of major member states may often encourage cooperative relations between IOs (Clark, 2021).

One reason why shareholders may want to promote inter-IO cooperation is to facilitate the dominance of one IO over another.[6] The dominating or 'preferred' institution is often the IO in which these shareholders enjoy more formal and informal influence.[7] Other complementary goals might include ensuring shared policy priorities and organisational coherence (Babb and Carruthers, 2008, 19).

The desire for inter-IO cooperation involving the activist shareholders' preferred institutions should be particularly prominent in IOs where these shareholders have less influence. This is the case with borrower-led MDBs, like the AfDB, where borrowing countries collectively have majority shareholding, larger voting power, and geographic and staff-level advantages.[8] In this context, inter-IO cooperation affords activist shareholders a degree of indirect influence over an IO's activities that they would not otherwise have.

Activist shareholders are not the only actors that have financial leverage over MDBs nor are they the only actors that might want to initiate change at MDBs. International capital markets are another major source of MDB resources and both private investors and credit rating agencies can influence MDB behaviour (Humphrey, 2022; Peitz, 2023). Responding to concerns over portfolio concentration risk and to protect their own AAA credit rating,

[6]I take on a very broad interpretation of cooperation, including coordination, pooling, and cross-conditionality (see Clark, 2021; Pratt, 2018; Gehring and Oberthür, 2009).

[7]For an analysis of formal and informal influence over MDBs, see Stone (2011); Kilby (2011).

[8]For example, through the location of headquarters and nationality of majority of staff.

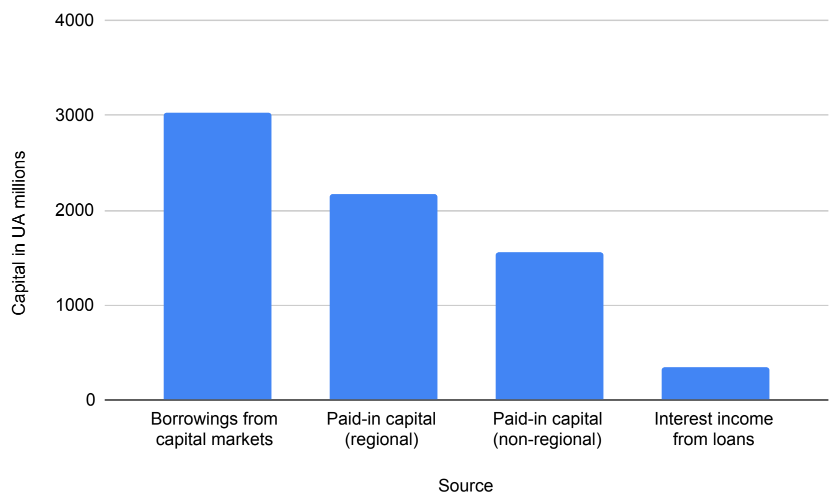
MDBs, for example, may drastically reduce lending to countries experiencing significant ratings downgrades (Molinari and Patrucchi, 2020, 609-611; Humphrey, 2017, 16).

In facilitating inter-IO cooperation, however, capital market actors are limited. Unlike shareholding governments, they neither have voting rights nor a seat on the executive boards of major international financial institutions. While MDBs might be concerned, downgrades of MDB bond ratings or a significant decrease in demand for MDB bonds also rarely happen, unlike threats to withdraw shareholder funding (Babb, 2009, 35). MDB bonds are considered relatively safe investments and in the rare case of a downgrade, ratings agencies have, historically, only reported a modest deterioration (S&P Global, 2023, 16).

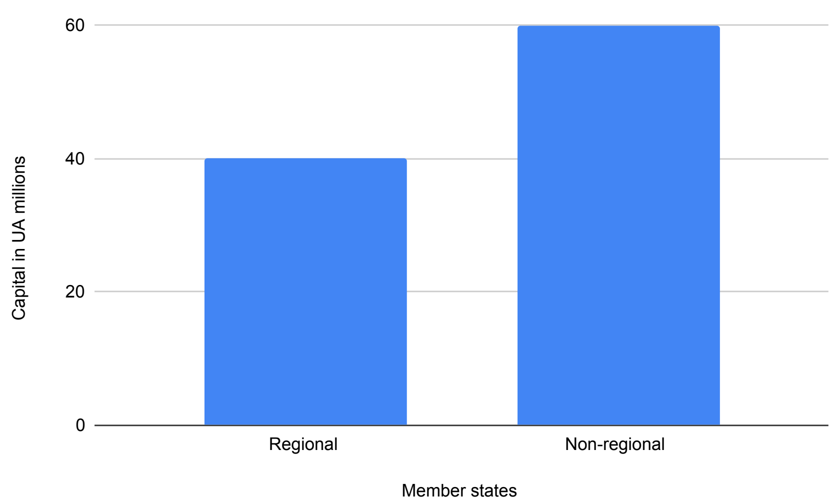
The other key source of MDB funding comes from borrowers in the form of share capital as well as interest income from loans. While the latter is often the least significant contributor to an MDB's balance sheets (see Molinari and Patrucchi, 2020), borrower shareholder capital is also limited at the individual state level. Consider the AfDB's finances in the period under study for 2015. As Figure 1a shows, the AfDB, like most MDBs, relied heavily on borrowings from capital markets and shareholder capital. The higher paid-in capital from regional members owes to a stipulation in the AfDB charter: when fully subscribed, the African group must hold at least 60 percent of total capital stock. When average contributions are considered, as in Figure 1b, the AfDB actually gets more individual funding from non-regional members, which have greater fiscal capacity to contribute financial resources than low-income African countries (Humphrey, 2022, 31). Moreover, the AfDB's AAA-rated status, which facilitates capital market borrowing on favourable terms, is influenced by the backing of AAA-rated shareholders—largely non-African states.

The lessons of organisational sociology suggest that IO leaders and staff are more likely to alter their activities in a way that conforms to the demands of the most significant funding sources (Barnett and Coleman, 2005, 599; see also Gould, 2006). The upshot is that unless a majority of African countries coalesce as activist shareholders, borrower preferences would remain secondary to shareholder activism by the US-led G5. While capital market actors may have their own financial leverage, they are either unwilling or unable to use it effectively. Thus, insofar as the activist (non-regional) shareholders continue to use their leverage to nudge the AfDB toward closer resemblance to the BWIs, then AfDB leaders and staff might have little choice but to follow their lead. I turn to qualitative analysis to examine when and how activist shareholders influenced AfDB-BWI relations.

Figure 1: AfDB funding sources for 2015



(a) Different sources



(b) Average paid-in capital

3 Historical evidence

I trace how a period of resource mobilisation was followed by a financial crisis, in which the AfDB's ratings were downgraded and donors threatened exit.[9] In exchange for an organisation-saving bailout, activist shareholders demanded reforms, including closer co-operation with the BWIs. AfDB senior leadership delivered.

3.1 Honeymoon era

The AfDB faced a resource mobilisation problem during the early years after its establishment in 1964 (Fordwor, 1981, 74). Funding from low-income and less credit-worthy African countries was limited and tentative rallies into international capital markets were unsuccessful. According to the-then AfDB President, Kwame Fordwor (1981, 78), "the fact that [African countries] had collectively pooled their guarantee was, for the hardheaded men of the money markets, not very much of an improvement to their credit rating."

The lack of resource security led to the opening up of the institution to non-African countries, like the United States, Japan, and France. In 1974, non-regional countries began to provide concessional finance through the African Development Fund (ADF). In 1982, these countries were granted official membership, despite opposition by some African countries concerned about external influence (Fordwor, 1981, 96, 118, 134; Novicki, 1987, 15).

Ultimately, the economic benefits of opening up outweighed the anticipated political costs (English and Mule, 1996, 25). Direct capital contributions increased and the AfDB's new backing by AAA-rated shareholders prompted rating agencies to rate AfDB senior debt, giving the African Bank leverage in international capital markets (Fordwor, 1981, 149).

Outwardly, the AfDB appeared conscious of the need to strike a balance between the status quo and the BWI-aligned preferences of the new non-regional members (Novicki, 1987; Brooke, 1987). Yet, prior professional experience in their national governments made even Western-trained AfDB officials "somewhat disillusioned" with the free market approach (Mingst, 1990, 107).[10] In practice, these officials placed priority on a distinct "sensitivity" to the needs of regional members and their "uniquely African" approaches to development (Mingst, 1990, 107, 108). Having been on the AfDB's professional staff since 1965, the president, Babacar N'Diaye, had a straightforward rationale for the Africa-centred approach: "we are Africans first before being bankers" (Novicki, 1987, 18).

[9] More detailed notes on the sources used for historical evidence are provided in Appendix B.

[10] he AfDB's top officials received their degrees from North American and European universities, including "Princeton, London School of Economics, and France's Ecole des Sciences Politiques" (Brooke, 1987).

In one notable example of this approach, the AfDB joined other MDBs in introducing policy-based loans in the 1980s, but rejected the obligatory nature of conditionality (Mingst, 1990, 111).[11] Kofi Dei-Anang, then-AfDB Secretary General, suggested that the AfDB wanted to avoid becoming "an offshoot of the IMF and World Bank" (Brooke, 1987). Instead, it wanted to align with the interests of African governments, who, at the time, were working with the United Nations Economic Commission for Africa (UNECA) on an African Alternative Framework to IMF/World Bank conditionality, with financial support from the UN Development Programme (UNDP) (UNECA et al, 1989).

The more obvious examples of the divergence between the Western model and the AfDB's "African" approach tend to be instances where the BWIs withheld financing while the AfDB did not (English and Mule, 1996, 79). In the case of Zambia, the AfDB approved an $18 million loan in 1987 only a few days after the country abandoned its IMF program and the World Bank withdrew funds. Arguably, the AfDB was more concerned with maintaining its relations with Zambia and meeting funding targets (Mingst, 1990, 128; US House of Representatives, 2001, 65). Explaining the decision, Secretary General Dei-Anang revealed:

> There was a frank appraisal of outside perceptions...Are you letting an African country down because it let down the IMF?[12]

There is evidence that non-regional shareholders were concerned about AfDB operations. For example, US officials had once criticised the N'Diaye-led AfDB for giving "too much control to the Bank's borrowers" and needing "sweeping structural reforms" (US Treasury Report, 1999). They also raised alarm over the AfDB's credit policy: the poorest African countries—those that the World Bank considers only eligible for concessional International Development Association (IDA) loans—were allowed to take on non-concessional AfDB debt with higher interest rates and shorter maturities (US House of Representatives, 2001, 65).

Notwithstanding these concerns, donors were unwilling, at that time, to impose themselves on an institution where they were not only in the minority, but also where their membership faced scepticism from some founding members. According to a former US executive director, Donald Sherk, Western donors during this "honeymoon" period with the African Bank "often went along with loans and programs they might have resisted more strongly in another institution" to appear as "good junior partners" (US House of Representatives, 2001, 64, 65). In fact, the first US executive director that had been accredited to the AfDB noted that his primary duty was simply to "refrain from being obnoxious" (Browne, 2008).

[11] For an explanation of the AfDB's rationale for policy-based loans, see English and Mule (1996, 77).

[12] Brooke (1987).

The resultant deference to African members and AfDB management allowed the AfDB to continue to steer itself in a direction decidedly different from the BWIs.

3.2 Reform era

The end of the honeymoon era and the beginning of greater AfDB-BWI alignment were precipitated by a fiscal crisis in the aftermath of the Third World debt crisis. First, the inability of African countries to repay loans meant that AfDB arrears had worsened by the start of the 1990s, ultimately doubling from their 1992 levels to $700 million in 1994 (Kish, 2011, 8; English and Mule, 1996, 29).

As an initial sign of donor dissatisfaction, the ADF's sixth replenishment in 1991 saw a $460 million shortfall in contributions. This was led by the United States, which began to take a tougher stance on "its demands for more effective use of Bank/Fund resources" and sought to "convince the other major donors to support this tough approach" (USAID, 1990, 2). Donor leverage managed to secure a change in lending criteria during this latter half of the presidency of N'Diaye: strong economic performance, determined by implementation of an IMF/World Bank stabilisation or adjustment program or already-existing policies, would now play an important role (English and Mule, 1996, 69, 92).

In a second development, an independent review concluded that the AfDB was "facing serious problems in the quality of its lending" (Knox Report, 1994, 1). It partly attributed the AfDB's problems to governance and the bank's lending culture. Since the chairman of the report committee and one of its members were former World Bank senior managers, comparisons with the US-led institution arguably played a key role in the assessment of the AfDB (English and Mule, 1996, 89-90).[13] In April 1995, the US General Accounting Office issued its own report that similarly called the AfDB "solvent but vulnerable" and criticised its governance system, which "allowed borrowers to control decision-making" while limiting non-regional members, whose capital was responsible for the AfDB's top credit rating.[14]

Following these two reports, the AfDB, in August 1995, became the first major MDB to lose its AAA-rated status (Mingst, 2015, 82; S&P Global, 2023, 16). In exchange for a bailout, the US Treasury led major non-regional shareholders in demanding reforms, including restructuring voting power and more alignment with the BWIs.[15] When reforms were not forthcoming, donors used their financial leverage "to get their message across" (US House of Representatives, 2001, 68, 75).[16] They delayed funding for the ADF's seventh replenishment

[13] For historical background on the Knox Report, see Appendix D.1.

[14] GAO/NSIAD-95-143BR. See also Copson (2000, 3).

[15] For the historical background, see Appendix B.

[16] Reforms hit a road block due to an internal managerial crisis involving the AfDB president and long-serving African executive directors. President N'Diaye was criticised for governance mismanagement, in-

for 1994-1996. This resulted in a 46% fall in lending from 1994 to 1995 and coincided with the closure of AfDB field offices (BIC, 2007, 8).

Shareholder activism via donor leverage arguably proved successful. With a barely-surviving institution, a new AfDB President—Omar Kabbaj of Morocco—was willing to please the AfDB's major donors to get back on track, even if this meant major organisational change.[17] While the action plan for reforms was developed before Kabbaj, his prior experience on the boards of the IMF (1980-1993) and the World Bank (1979-1980) meant that he was arguably better positioned to reassure activist shareholders compared to N'Diaye, who had been began his career at the AfDB.[18]

In a report submitted to the US House of Representatives (2001, 68), the US executive director noted that "President Kabbaj moved quickly to implement the promised reforms." Other US government reports referred to an "aggressive new president" with respect to Kabbaj's approach to reforms (Copson, 2001, 4). Some of these reforms brought the AfDB closer to the BWIs (both through imitation and direct cooperation), as the new president gave "increased emphasis" to coordination with the BWIs (Kabbaj, 2002, 5).

In one notable example, a new credit policy was introduced in 1995. It mirrored World Bank practice by forcing 39 out of the AfDB's 53 borrowing members with low per capita income (or those deemed less creditworthy) to only borrow from the concessional lending window—a key demand by US-led shareholders (English and Mule, 1996, 29; US House of Representatives, 2001, 65). Rather than relying on a project-by-project approach, the AfDB also began to expand its use of country strategies for its lending operations—an approach that started at the World Bank (Babb, 2009, 138).

In another major change, the AfDB deepened staff-level relationships with the IMF. Prior to 1995, there were only "occasional" contacts between AfDB and IMF staff, most of which related to policy-based operations (AfDB, 1995, 44). In 1995, the AfDB formally "established contacts," requested training assistance, and set up information-sharing arrangements with the IMF (AfDB, 1995, 44).[19]

The Kabbaj-era reforms also saw the implementation of an extensive quality review system. This made it easier for non-regional directors, who wanted the AfDB to more closely resemble the World Bank, to have greater strategic oversight. The new system was opposed by regional executive directors, but non-regional shareholders were interested in examining

cluding nepotism, while N'Diaye accused some directors of using bank money to fund their personal affairs (Susman, 1995).

[17] The term of an AfDB Presidency was for 5 years. Presidents have a two-term limit. Kabbaj assumed the role in May 1995 following the ten-year tenure of Babacar N'Diaye.

[18] N'Diaye, because of his career hsitory, was called a "son of the Bank" (Mingst, 1990, 24).

[19] Four years later, the AfDB and the BWIs established the Joint Africa Institute (JAI) to provide opportunities for IMF/World Bank staff to train African officials (Feinstein and Khattri, 2005).

"each individual loan that the Bank's management proposed" (US House of Representatives, 2001, 64). This was not only supposed to ensure prudent lending; it was also meant to encourage greater "selectivity" in lending decisions (Lewis, 1993; Dollar and Levin, 2004).

It was clear that while this comprehensive program of reforms was implemented to "restore the confidence of shareholders," it was a specific response to non-regional activist shareholders (Kabbaj, 1997). Opposition from African shareholders could not prevail in the face of organisational crisis.[20] By 1997, the set of reforms pushed through by senior management—including and beyond those related to AfDB–BWI alignment—were so extensive that it led the US Treasury to declare that:

> After two years of intensive efforts by the U.S. and others to make fundamental changes in the institution, the [AfDB] has overcome many of the management problems which once troubled it. With our full support, an aggressive new President continues the most far-reaching and comprehensive restructuring and reform ever undertaken by an MDB.[21]

The reforms paid off. The change in strategy among activist shareholders first became evident at the 1996 annual meeting when donor contributions for the the seventh replenishment cycle ended a two-and-half-year hiatus for the AfDB's concessional lending operations. This was followed by a 35% general capital increase (GCI) at the 1998 meeting, the first since 1986. According to US Treasury reports, Congress approved US contributions in 1998, "having recognised progress on a substantive reform process which largely conforms to U.S. policy recommendations."[22] While the new GCI expanded non-regional share of capital from one-third to 40%, it also gave the AfDB a significant financial buffer. This level of shareholder support reinforced the AfDB's conservative financial management—a condition deemed necessary to restore the bank's financial credibility.[23]

Capital markets reacted positively to the changes. Major credit ratings agencies, like Moody's and Standard and Poor's (S&P), attributed their response to better lending and monitoring procedures and a strong shareholder base (US House of Representatives, 2001, 70). By 2003, all major ratings agencies had restored the AfDB's top rating.

Overall, the historical evidence suggests that shareholder activism through donor leverage led to organisational reform at the AfDB. Part of this reform included a deeper relationship with BWIs as AfDB leaders sought to secure much-needed resources. In the empirical

[20] See Appendix for discussion about the evidence involving regional opposition.

[21] Hearings before a House Subcommittee of the Committee on Appropriations, 105th Congress (1998: 216). On file with author.

[22] ibid (217).

[23] See Addis Tribune (1998).

analyses that follow, I test whether this deepened relationship led to greater selectivity in the form of "cross-conditionality" (Dell, 1988, 558-559).

4 Inter-IO cooperation as cross-conditionality

The empirical analysis focuses on informal "consultative cross-conditionality" (Feinberg, 1988, 554). While the AfDB might not have a formal arrangement with the BWIs, it may favour program participants if the IMF or World Bank's involvement in the country serves as a part of a vetting mechanism in decision-making processes. This form of cross-conditionality implies that IMF or World Bank program approvals have a "multiplier effect" on AfDB lending (Kremmydas, 1989, 653). I specifically examine whether countries under an IMF or World Bank program are associated with an increased likelihood of receiving AfDB funding commitments.[24]

With IMF or World Bank programs, recipients implement a set of policy reforms or "conditions" in exchange for assistance. IMF conditions typically range from expenditure cuts to tightened monetary policy, and intend to correct the economic problems that led the country to the IMF (Vreeland, 2007, 22-24). World Bank conditions or the prior actions attached to Development Policy Loans (DPLs) aim to promote medium-term institutional reforms (Independent Evaluation Group, 2015, ix, 2; Clark and Dolan, 2021, 46).[25]

I focus on cross-conditionality and the catalytic role of these programs for two reasons. First, the G5 were open about wanting to use MDBs to promote IMF/World Bank-type policy reforms in African countries. (House Subcommittee, 1995, 1266; World Bank, 1985; Babb, 2009, 145, 150). Second, African countries had been (and continue to be) sceptical about conditionality and cross-conditionality, especially because of the domestic political backlash that the former can generate (see Simutanyi, 1996) and the loss of bargaining power over the BWIs that the latter encourages (Mingst, 1990, 127; Olukoshi, 2022, 156).[26] Evidence of cross-conditionality might not only suggest that the AfDB is following the lead

[24] Most empirical studies on the catalytic role of IMF or World Bank programs on other financial flows focus on private and bilateral flows (Dhonte, 1997; Edwards, 2005; Rodrik, 1996; Rowlands, 2001; Adji et al., 2018; Hajivassiliou, 1987; Bird and Rowlands, 1997, 2001, 2000; Woo, 2013; Stubbs et al., 2016; Mody and Saravia, 2006; Bauer et al., 2012; Cho, 2014; Moon and Woo, 2022). Only a handful of recent studies have shown that the presence of Fund programs catalyses MDB funds (Stubbs et al., 2016; Bal Gündüz and Crystallin, 2018; Schiavone and Maurini, 2023; He et al., 2024).

[25] DPLs were previously structural adjustment lending up until 2004. Both IMF and World Bank programs are not always guided by purely technical considerations (Dreher et al., 2009; Vreeland, 2005, 2019; Stone, 2011; Clark and Dolan, 2021) and the implementation of conditions cannot be guaranteed (Stone, 2004).

[26] There has been scepticism about the effectiveness of IMF programs, in particular (Vreeland, 2006, 359; Babb, 2013). It should be noted that some developing countries intentionally enter into IMF programs as political cover to implement unpopular policies that they endorse (Vreeland, 2006). For other factors affecting the probability of seeking IMF assistance, see Abeywickrama et al. (2024).

of the BWIs, but it might also suggest that in the balance between regional and non-regional shareholder preferences, the latter has been prioritised.

I expect countries with an active IMF or World Bank program in a given year to have a greater chance of receiving AfDB commitments in that year, especially in the post-1995 period. While the historical evidence suggests that some reforms began during the second half of the N'diaye era (1985-1995), they were more extensive and pursued more aggressively during the 1995-2005 period, when Omar Kabbaj assumed the AfDB's presidency. I also expect the catalytic power of the World Bank to be generally greater than the IMF because of its shared mandates with the AfDB and its focus on long-term development rather than short-run stabilisation (Bird and Rowlands, 2000, 956).

5 Quantitative evidence

The dataset covers 53 African countries between 1974 and 2016.[27] The dependent variable is AfDB commitments, drawn from the AfDB operations database.[28] It is coded either one, if a country received any commitments in year t, or zero, otherwise. The main independent variables are binary indicators capturing whether a country is under an IMF program (Vreeland, 2007) and a World Bank DPL (Kersting and Kilby, 2019).

A possible question arising from the catalytic role of the BWIs is the alternative to following their lead. One such alternative might be a regional African approach, which could be a pure need-based, equitable, or principled model of lending. Given its focus on "poverty reduction" (Wamboye et al., 2013, 157) and involvement in the African Alternative Framework to conditionality, UNDP might provide a readily available, though imperfect, proxy for an alternative lending model—one that is perhaps more poverty-selective. I thus include a variable capturing the amount of UNDP disbursements. I expect the likelihood of receiving AfDB commitments to reinforce UNDP lending patterns before 1995 but not after.

I also consider a set of control variables drawn from the literature on MDB lending: population size (logged), per capita income (logged), and life expectancy. AfDB commitments might also be responsive to an African country's connections to powerful countries.[29] I control for international connections in three ways: UN Security Council membership—

[27] Lending levels were so low in the early years that by the end of 1970, cumulative loans amounted to $24 million for just fifteen projects (Fordwor, 1981, 74). Lending increased in the mid-1970s with non-regional participation. The time period also covers the full tenure of the three AfDB presidents subsequently analysed and years in which data used to examine mechanisms is available or reported with consistency.

[28] This captures all commitments from all lending windows.

[29] At the World Bank especially, scholars have found that countries that are politically important to the United States receive favourable treatment (Harrigan et al., 2006; Dreher et al., 2009; Vreeland and Dreher, 2014). For similar dynamics at the Asian Development Bank (Kilby, 2006, 2011; Lim and Vreeland, 2013).

which has typically signalled geo-political importance to powerful countries (Vreeland and Dreher, 2014); UNGA voting alignment with the AfDB's two largest non-regional shareholders, the United States and Japan, and bilateral aid commitments from these two countries.[30] Appendix C summarises the variables and their sources.

5.1 Model estimation

The statistical analysis first examines participation in an IMF and World Bank program separately since the latter is typically (though not always) preceded by an IMF program.[31] I subsequently present results for a full specification that includes both independent variables to determine if any significant associations found in the individual specifications hold.

Following the approach of Kaya et al. (2021, 7), I focus on a model at the recipient-year level and estimate (via probit):

$$y_{it} = \beta_0 + \beta_1 P_{it} + \beta_2 Q_{it} + \beta_3 R_{it} + \eta_t + \epsilon_{it} \tag{1}$$

where the dependent variable, y_{it}, is a binary variable indicating the approval of AfDB funds to recipient country i in a given year t. P and Q represent IMF and World Bank program participation, respectively. R captures the set of control variables for each country lagged by one year, and η is a vector of year dummies.[32] Standard errors are clustered by country.[33]

5.2 Results

Table 1 presents the probit estimation results as marginal effects (at means) on the probability of receiving any AfDB commitments.[34] Column [1], [2], and [3] consider the full sample covering the 1974-2016 period. Most of the covariates are signed in the expected direction. Receiving more bilateral aid from Japan and the United States are associated with an in-

[30]See working paper by Anyiam-Osigwe and Vreeland (2024). To reduce the influence of outlier observations and normalise, to the extent possible, the distribution of the variable, I use a natural logarithm (plus one) transformation in line with the common approach in the literature. See Vreeland and Dreher (2014), Dollar and Levin (2006), and Bermeo (2017). Here, $1 has been chosen as a small value that makes little difference to the measurement but enables the transformation to be valid i.e. provide sensible values for all measurements.

[31]See also Ratha (2005, 417) and Harrigan et al. (2006, 265).

[32]I do not lag the IMF or World Bank program variable because my central argument about the seal of approval rests on the country having an active or current program in place.

[33]Following the approach of Kilby (2006); Kaya et al. (2021) and Stubbs et al. (2016), I do not introduce country dummies. This is, in part, due to concerns over incidental parameters bias found in limited dependent variable models, like probit. See Greene (2004).

[34]Subsequent probability differentials also hold variables at means unless otherwise stated.

creased likelihood of receiving AfDB commitments. UNSC members are also associated with a higher predicted probability of receiving AfDB funding commitments compared to non-members. Poorer countries and those that received larger UNDP funding in the previous year are also associated with an increased likelihood of receiving commitments—although the latter result is not statistically significant.

Focusing on Column [1], I consider IMF program participation. Evaluated at the mean values for all variables, the predicted probability of receiving funding commitments increases by around 9 percentage points for countries that begin to participate in an IMF program. In Column[2], I find similar results for participation in a World Bank program—with the predicted probability of receiving AfDB commitments increasing by nearly 13 percentage points for countries under a DPL program. In Column [3], I consider both IMF and World Bank program participation along with the control variables. The results remain robust. Overall, the AfDB appears to follow the lead of Bretton Woods.

5.3 Pre and post-1995

Historical evidence suggests that the AfDB might not have followed the lead of the BWIs—at least in a more prominent and systematic way—until the start of Kabbaj era (post-1995). Thus, the results from the full sample might be driven by this time period. I thus split the sample into the pre-1995 and post-1995 periods.

The results, presented in Columns [4]–[9] of Table 1, reflect the historical record: I find no systematic association between IMF and World Bank program participation and the probability of receiving AfDB commitments in the pre-1995 period. Instead, across Columns [4]-[6], the selection of AfDB funding recipients reinforced UNDP lending patterns.

The findings for catalysis appear to be more driven by the post-1995 period. Results are presented in Column [7]-[9]. The positive and significant coefficients for IMF and World Bank program participation indicate that the predicted probability of receiving AfDB funding commitments is higher for program countries. Evaluated at mean values for all variables, this probability increases by 13 percentage points when countries start participating in an IMF program and nearly 15 percentage points when countries come under a World Bank program.

Considering both variables jointly in Column [9] slightly reduces the magnitude of the coefficients on IMF and World Bank program participation, but not the significance or the sign. Lending confidence to findings of the historical record, I find that UNDP lending becomes negatively associated with the probability of receiving AfDB commitments in the

Table 1: Selection for AfDB commitments

		All			Pre-1995			1995 and after	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Under IMF	0.0897***		0.0640**	0.0218		0.00680	0.127***		0.101***
	(0.0270)		(0.0264)	(0.0443)		(0.0453)	(0.0332)		(0.0327)
Under World Bank		0.125***	0.107***		0.0625	0.0598		0.146***	0.128***
		(0.0267)	(0.0267)		(0.0431)	(0.0436)		(0.0352)	(0.0357)
UNDP funds	0.0107	0.00971	0.0109	0.0383**	0.0387**	0.0387**	-0.0121*	-0.0143*	-0.0118
	(0.0118)	(0.0117)	(0.0116)	(0.0152)	(0.0152)	(0.0153)	(0.00713)	(0.00745)	(0.00723)
Japan: UN alignment	0.425	0.444	0.412	0.103	0.0975	0.0921	1.067**	1.084**	1.013*
	(0.285)	(0.293)	(0.280)	(0.568)	(0.571)	(0.567)	(0.541)	(0.543)	(0.539)
Japan: Bilateral aid	0.00649*	0.00703**	0.00580*	-0.00171	-0.00179	-0.00184	0.0206***	0.0219***	0.0183***
	(0.00341)	(0.00333)	(0.00334)	(0.00423)	(0.00428)	(0.00422)	(0.00647)	(0.00611)	(0.00613)
US: UN alignment	-0.00823	0.0114	-0.00425	-0.0339	-0.0179	-0.0191	0.425	0.428	0.397
	(0.174)	(0.170)	(0.167)	(0.342)	(0.341)	(0.341)	(0.294)	(0.286)	(0.286)
US: Bilateral aid	0.0175***	0.0180***	0.0176***	0.0196***	0.0197***	0.0196***	0.0120**	0.0129**	0.0120**
	(0.00385)	(0.00407)	(0.00392)	(0.00446)	(0.00476)	(0.00465)	(0.00600)	(0.00567)	(0.00575)
UNSC member	0.0783**	0.0766*	0.0743*	0.123**	0.122**	0.122**	0.0387	0.0350	0.0296
	(0.0394)	(0.0402)	(0.0400)	(0.0497)	(0.0496)	(0.0497)	(0.0577)	(0.0610)	(0.0610)
Population	0.0165	0.0137	0.0147	0.0173	0.0162	0.0160	0.0369**	0.0305**	0.0359***
	(0.0110)	(0.0109)	(0.0106)	(0.0135)	(0.0133)	(0.0134)	(0.0144)	(0.0143)	(0.0137)
GDP per capita	-0.0808***	-0.0823***	-0.0730***	-0.0600**	-0.0587*	-0.0584*	-0.0917***	-0.102***	-0.0785***
	(0.0195)	(0.0204)	(0.0195)	(0.0303)	(0.0303)	(0.0301)	(0.0236)	(0.0237)	(0.0231)
Life expectancy	0.0107***	0.0100***	0.0100***	0.0111***	0.0111***	0.0111***	0.00957***	0.00839**	0.00823**
	(0.00260)	(0.00254)	(0.00255)	(0.00364)	(0.00363)	(0.00362)	(0.00345)	(0.00330)	(0.00339)
Number of countries	53	53	53	48	48	48	53	53	53
Observations	1997	1997	1997	906	906	906	1091	1091	1091

Note: Probit estimation. Dependent variable = 1 if country received at least one AfDB loan commitment that year, 0 otherwise. Unit of observation: country-year. Table reports marginal effects evaluated at sample mean. All independent variables lagged by one year except IMF and DPL program. All specifications include year dummies. SEs in parentheses clustered by country; * p<.10, ** p<.05, *** p<.01.

post-1995 period. Overall, the results in Table 1 suggest that, since the mid-1990s and through the start of the twenty-first century, the AfDB has followed the lead of the BWIs.

5.4 AfDB presidencies over time

To trace the trends across AfDB presidencies over time, I further split the time period into four, covering the early years (1974-1985), the years under Babacar N'diaye (1985-1995), Omar Kabbaj (1995-2005), and Donald Kaberuka (2005-2015).[35] The results presented in Table 2 broadly confirm our understanding of the AfDB's historical record.

AfDB-BWI alignment appears to be driven by the 1995–2005 period, under reform-driven Kabbaj era. During the early years, neither IMF nor World Bank program participation increased the probability of receiving AfDB funding commitments. While I find a positive and significant relationship between World Bank program participation and the probability of receiving AfDB funding commitment during the N'Diaye years, this relationship is relatively weaker and smaller in magnitude compared to the full period—in line with the historical evidence about the stalled reform efforts under N'Diaye's presidency. This changes under the presidency of Omar Kabbaj. Both IMF and World Bank program participation enter with positive and statistically significant coefficients of larger magnitudes (over 10 percentage points) than those presented in Table 1.

I do not detect a robust, statistically significant positive correlation between IMF program participation and the predicted probability of receiving AfDB funding commitments during the 2005-2015 period. This aligns with my expectation of the weaker catalytic power of IMF programs relative to World Bank programs in general (See Bird and Rowlands, 2000, 956). The estimated marginal effect of coming under a World Bank DPL program remains positive and statistically significant at the 5% level. These results also suggest that AfDB-IMF alignment was largely driven by the Kabbaj/reform era, where there was perhaps greater pressure to align with not just the institution in the same development finance regime, but an IMF which took the lead on conditionality.

5.5 Project-based commitments

Although they are included in total AfDB commitments, policy-based operations (PBOs) typically make up a small portion of the AfDB's portfolio.[36] Still, these are also loans in which there is some form of informal cross-conditionality already acknowledged because PBOs, like budget support or stabilisation funds, require an IMF program to be in place

[35]See Table B1 in the Appendix B for profiles of AfDB Presidents.
[36]Interview A and A.

Table 2: Selection for AfDB commitments across different presidencies

	All 1974-2015	Early years Before 1985		N'Diaye years 1985-1995		Kabbaj years 1995-2005		Kaberuka years 2005-2015	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Under IMF	0.0666**	0.0126		0.0272		0.243***		0.0365	
	(0.0272)	(0.0585)		(0.0481)		(0.0676)		(0.0449)	
Under World Bank	0.109***		-0.0120		0.0797*		0.263***		0.0852**
	(0.0268)		(0.0767)		(0.0480)		(0.0568)		(0.0393)
UNDP funds	0.0117	0.0611	0.0599	0.0512***	0.0535***	0.00516	-0.00169	-0.0177***	-0.0184***
	(0.0116)	(0.0579)	(0.0555)	(0.0187)	(0.0184)	(0.0177)	(0.0165)	(0.00656)	(0.00658)
Japan: UN alignment	0.429	-0.425	-0.428	0.814	0.821	1.711***	1.669**	0.772	0.748
	(0.285)	(0.917)	(0.923)	(0.630)	(0.632)	(0.625)	(0.655)	(0.620)	(0.611)
Japan: Bilateral aid	0.00585*	0.00676	0.00690	-0.00645	-0.00692	0.0237**	0.0299***	0.0172***	0.0151**
	(0.00339)	(0.00505)	(0.00512)	(0.00741)	(0.00719)	(0.0110)	(0.0105)	(0.00653)	(0.00621)
US: UN alignment	0.0116	0.489	0.493	-0.249	-0.199	0.605	0.541	0.433	0.421
	(0.166)	(0.701)	(0.705)	(0.421)	(0.414)	(0.419)	(0.420)	(0.302)	(0.297)
US: Bilateral aid	0.0172***	0.0258***	0.0260***	0.0101	0.00962	0.0165*	0.0197**	-0.00622	-0.00669
	(0.00392)	(0.00792)	(0.00818)	(0.00718)	(0.00719)	(0.00886)	(0.00882)	(0.00829)	(0.00785)
UNSC member	0.0839**	0.138*	0.139*	0.119*	0.119*	0.0334	0.0553	0.0695	0.0548
	(0.0395)	(0.0760)	(0.0754)	(0.0670)	(0.0667)	(0.0962)	(0.0760)	(0.0653)	(0.0733)
Population	0.0139	-0.0523*	-0.0511*	0.0553***	0.0536***	0.0338	0.0213	0.0470***	0.0477***
	(0.0107)	(0.0315)	(0.0309)	(0.0174)	(0.0174)	(0.0235)	(0.0241)	(0.0178)	(0.0157)
GDP per capita	-0.0749***	-0.0894**	-0.0898**	-0.0131	-0.0110	-0.0873**	-0.119***	-0.104***	-0.0990***
	(0.0190)	(0.0391)	(0.0390)	(0.0301)	(0.0305)	(0.0441)	(0.0430)	(0.0218)	(0.0181)
Life expectancy	0.0101***	0.00872	0.00887	0.0111**	0.0113***	0.0130**	0.0119**	0.00605*	0.00478
	(0.00257)	(0.00549)	(0.00548)	(0.00436)	(0.00423)	(0.00595)	(0.00528)	(0.00317)	(0.00340)
Number of countries	53	44	44	48	48	50	50	53	53
Observations	1945	447	447	459	459	485	485	554	554

Note: Probit estimation. Dependent variable = 1 if country received at least one AfDB loan commitment that year, 0 otherwise. Unit of observation: country-year. Table reports marginal effects evaluated at sample mean. All independent variables lagged by one year except IMF and DPL program. All specifications include year dummies. SEs in parentheses clustered by country; * p<.10, ** p<.05, *** p<.01.

(Bal Gündüz and Crystallin, 2018, 368; Avellán et al., 2021; AfDB Group, 2012). To consider a harder case for informal conditionality, the rest of the analysis focuses on only project-based commitments, which are not tied to IMF or World Bank programs.[37]

Results are presented in Table 3 and Table 4. The historically contingent findings about the AfDB-BWI connection hold—although the results for IMF program participation are weaker except under the Kabbaj-led reform era. Even for capital-intensive operations where AfDB staff often have the greatest expertise and geographical advantage over other development partners (English and Mule, 1996, 82), the results suggest that IMF and World Bank program participation matter.[38]

6 Mechanisms

While the empirical results provide evidence suggesting that AfDB lending decisions favour IMF and World Bank program participants at least since 1995, they do not clearly distinguish which mechanism(s) is at play. For example, the (unconditional) expectation that program participation unlocks AfDB funding commitments is observationally equivalent across both the shareholder activism hypothesis and a potential argument about capital market actors.

This argument would suggest that the AfDB is responding to their preferences because capital market actors also look favourably on IMF/World Bank programs. Indeed, some scholars have suggested that program participation positively impacts credit rating agencies' assessments of sovereign creditworthiness (Gehring and Lang, 2020), fosters better capital market access (Ratha, 2001, 420), lowers bond spreads (Eichengreen et al., 2006), and gives private creditors confidence that they can lend with safety (Bird and Rowlands, 2000, 955).

These hypotheses nevertheless imply a differing set of conditional relationships. First, the shareholder activism hypothesis suggests that the relationship between AfDB funding and IMF/World Bank program participation will be most pronounced when the AfDB is less resource secure. In other words, when the AfDB is in a less favourable financial position and donor leverage is high, we should expect the AfDB to respond more favourably to the Bretton Woods seal of approval. Conversely, when the AfDB is more resource secure and donor leverage is low, it should be less likely to follow the lead of the BWIs.

To assess this hypothesis, I re-estimate the main specification for project-based commitments over the full time period after adding an interaction term between IMF/World Bank DPL program participation and a measure of resource security captured by the AfDB's debt

[37]Kersting and Kilby (2016, 163), for example, find no evidence of cross-conditionality with World Bank investment loans. AfDB projects account for the bulk of operations (Interview A. See also Appendix A).

[38]In these specifications, I also control for the presence of an active World Bank projects.

Table 3: Selection for AfDB project-based commitments

	All			Pre-1995			1995 and after		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Under IMF	0.0507		0.0291	0.0297		0.0237	0.0716		0.0492
	(0.0364)		(0.0355)	(0.0479)		(0.0506)	(0.0440)		(0.0443)
Under World Bank		0.102***	0.0937***		0.0333	0.0231		0.133***	0.124***
		(0.0311)	(0.0294)		(0.0428)	(0.0456)		(0.0407)	(0.0406)
Active WB projects	0.294***	0.292***	0.285***	0.0461	0.0500	0.0451	0.348***	0.348***	0.338***
	(0.0872)	(0.0845)	(0.0871)	(0.0993)	(0.100)	(0.0991)	(0.0868)	(0.0844)	(0.0884)
UNDP funds	0.00574	0.00562	0.00647	0.0435**	0.0436**	0.0437**	-0.0168	-0.0171	-0.0151
	(0.0121)	(0.0118)	(0.0119)	(0.0184)	(0.0186)	(0.0185)	(0.0114)	(0.0112)	(0.0114)
Japan: UN alignment	0.484	0.492	0.480	-0.192	-0.175	-0.190	1.003*	0.970	0.952
	(0.388)	(0.394)	(0.385)	(0.666)	(0.669)	(0.665)	(0.594)	(0.596)	(0.584)
Japan: Bilateral aid	0.00579	0.00581	0.00535	-0.000966	-0.000855	-0.00102	0.0341***	0.0339***	0.0324***
	(0.00474)	(0.00454)	(0.00469)	(0.00452)	(0.00459)	(0.00453)	(0.0129)	(0.0118)	(0.0125)
US: UN alignment	-0.383	-0.368	-0.373	-0.143	-0.129	-0.137	-0.0171	-0.0358	-0.0309
	(0.245)	(0.240)	(0.240)	(0.434)	(0.431)	(0.434)	(0.351)	(0.351)	(0.347)
US: Bilateral aid	0.0209***	0.0212***	0.0211***	0.0208***	0.0210***	0.0208***	0.00606	0.00634	0.00603
	(0.00566)	(0.00578)	(0.00572)	(0.00488)	(0.00516)	(0.00494)	(0.00884)	(0.00872)	(0.00874)
UNSC member	0.0538	0.0484	0.0480	0.0912	0.0906	0.0901	0.00548	-0.00425	-0.00558
	(0.0519)	(0.0522)	(0.0523)	(0.0670)	(0.0671)	(0.0672)	(0.0690)	(0.0701)	(0.0701)
Population	0.0421***	0.0396***	0.0400***	0.0214	0.0215	0.0209	0.0780***	0.0742***	0.0768***
	(0.0153)	(0.0151)	(0.0151)	(0.0144)	(0.0143)	(0.0142)	(0.0236)	(0.0229)	(0.0232)
GDP per capita	-0.00789	-0.00499	-0.00132	-0.0420	-0.0421	-0.0414	0.0251	0.0282	0.0389
	(0.0265)	(0.0254)	(0.0260)	(0.0309)	(0.0310)	(0.0305)	(0.0397)	(0.0373)	(0.0381)
Life expectancy	0.0100***	0.00931***	0.00939***	0.0133***	0.0133***	0.0133***	0.00494	0.00354	0.00374
	(0.00338)	(0.00331)	(0.00331)	(0.00362)	(0.00360)	(0.00358)	(0.00504)	(0.00495)	(0.00502)
Number of countries	53	53	53	48	48	48	53	53	53
Observations	1997	1997	1997	906	906	906	1091	1091	1091

Note: Probit estimation. Dependent variable = 1 if country received at least one AfDB loan commitment that year, 0 otherwise. Unit of observation: country-year. Table reports marginal effects evaluated at sample mean. All independent variables lagged by one year except IMF and DPL program. All specifications include year dummies. SEs in parentheses clustered by country; * p<.10, ** p<.05, *** p<.01.

Table 4: Selection for AfDB project-based commitments across presidencies

	All 1974-2015	Early years Before 1985		N'Diaye years 1985-1995		Kabbaj years 1995-2005		Kaberuka years 2005-2015	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Under IMF	0.0330	0.0186		0.0403		0.212***		0.00488	
	(0.0359)	(0.0606)		(0.0632)		(0.0617)		(0.0669)	
Under World Bank	0.100***		-0.0670		0.0662		0.148**		0.158***
	(0.0316)		(0.0780)		(0.0497)		(0.0740)		(0.0562)
Active WB projects	0.267***	0.127	0.137	0.0730	0.0702	0.221	0.280**	0.370***	0.352***
	(0.0907)	(0.101)	(0.101)	(0.170)	(0.169)	(0.157)	(0.135)	(0.0752)	(0.0776)
UNDP funds	0.00782	0.0856	0.0816	0.0583***	0.0611***	-0.00244	-0.0100	-0.0237*	-0.0214*
	(0.0121)	(0.0749)	(0.0721)	(0.0224)	(0.0224)	(0.0200)	(0.0193)	(0.0135)	(0.0129)
Japan: UN alignment	0.494	-0.978	-0.997	0.488	0.569	1.171*	1.113	1.589**	1.506**
	(0.385)	(0.908)	(0.924)	(0.971)	(0.972)	(0.691)	(0.703)	(0.770)	(0.735)
Japan: Bilateral aid	0.00541	0.00848*	0.00877*	-0.00996	-0.0101	0.0261*	0.0323**	0.0630***	0.0580***
	(0.00470)	(0.00497)	(0.00508)	(0.00840)	(0.00823)	(0.0141)	(0.0129)	(0.0219)	(0.0212)
US: UN alignment	-0.355	0.466	0.477	-0.517	-0.472	0.111	0.0496	0.0661	0.0495
	(0.240)	(0.716)	(0.723)	(0.508)	(0.507)	(0.491)	(0.494)	(0.450)	(0.438)
US: Bilateral aid	0.0206***	0.0279***	0.0281***	0.0106	0.00999	0.00218	0.00457	-0.00349	-0.00507
	(0.00569)	(0.00872)	(0.00906)	(0.00817)	(0.00801)	(0.00938)	(0.00925)	(0.0173)	(0.0173)
UNSC member	0.0649	0.171**	0.172**	0.00903	0.00358	-0.00765	0.0274	0.0649	0.0203
	(0.0540)	(0.0780)	(0.0767)	(0.116)	(0.118)	(0.0827)	(0.0770)	(0.123)	(0.124)
Population	0.0397***	-0.0620*	-0.0582	0.0682***	0.0672***	0.0466*	0.0370	0.102***	0.109***
	(0.0148)	(0.0373)	(0.0370)	(0.0237)	(0.0237)	(0.0262)	(0.0262)	(0.0377)	(0.0357)
GDP per capita	-0.00442	-0.0622	-0.0637*	-0.00325	-0.00304	-0.0325	-0.0631	0.0720	0.0981**
	(0.0253)	(0.0384)	(0.0387)	(0.0372)	(0.0366)	(0.0525)	(0.0515)	(0.0461)	(0.0433)
Life expectancy	0.00982***	0.00800	0.00840	0.0156***	0.0156***	0.0108*	0.00924*	0.000248	-0.00220
	(0.00322)	(0.00566)	(0.00565)	(0.00547)	(0.00544)	(0.00579)	(0.00549)	(0.00523)	(0.00522)
Number of countries	53	44	44	48	48	50	50	53	53
Observations	1945	447	447	459	459	485	485	554	554

Note: Probit estimation. Dependent variable = 1 if country received at least one AfDB loan commitmnet that year, 0 otherwise. Unit of observation: country-year. Table reports marginal effects evaluated at sample mean. All independent variables lagged by one year except IMF and DPL program. All specifications include year dummies. SEs in parentheses clustered by country; * p<.10, ** p<.05, *** p<.01.

coverage ratio (lagged by 1 year). Referenced by Moodys (2021, 13-14), the debt coverage ratio (DCR) is callable capital as a share of outstanding debt. Outstanding debt is the total amount of money MDBs owe to bondholders and other creditors while callable capital is the portion of subscribed capital that is not paid in by shareholders, but can be called upon should the MDB need to meet its financial obligations.[39]

A higher ratio indicates a larger potential source of additional resources available to tap into before facing potential financial difficulties. It signals higher levels of resource security. A lower ratio would raise concerns over the MDB's resource security due to the limited buffer provided by callable capital relative to the MDB's current debt burden. At its base level, the debt coverage ratio is simply a measure of shareholder support against potential financial crisis at the MDB. For ease of interpretation, I transform the ratio to an indicator variable, where 1 is coded as a "high" DCR (based on the 90th percentile) to signal extraordinary support, and 0 otherwise. The benchmark is informed by the AfDB's unusually high debt coverage ratio compared to other MDBs (Fitch, 2023; Moodys, 2021) and an exceptionally high capacity to withstand crisis at these upper limits.[40]

As reported in Column 4 of Table D1 in Appendix D, the interaction between World Bank and IMF program participation and the AfDB's debt coverage ratio is negative—although only the interaction with World Bank program participation is statistically significant. This suggests that while World Bank program participants may be more likely to receive AfDB funding commitments, the added value of program participation diminishes during periods when the AfDB is in a better financial position.

To better represent this finding, I report the predictive margins in Figure D3a in Appendix D. The two lines are directed in the opposite direction. For countries that are not under a program, the chances of receiving funding commitments are high when the AfDB is in a relatively better financial position (high DCR). When the AfDB is in a less secure financial position (low DCR), the opposite is true: chances are low without a World Bank program, and become greater when countries come under a program.

As a robustness check, I consider whether negotiations around replenishment cycles affect the relationship between World Bank program participation and AfDB funding decisions. The ADF, the AfDB's concessional lending window, is replenished every three years in a process that involves four to five meetings over a 9-month period involving senior management, donors, and recipient states. Participants "define the priorities" and negotiate "the volume of resources for the coming 3 years" (African Development Fund, 2009, i). During these negotiations, donor leverage is high. I find similar substantive results (see Figure D3b and Ap-

[39]In practice, no MDB has ever made a call on capital.

[40]Results remain robust when the ratio is a continuous variable.

pendix D). The difference between World Bank program participants and non-participants is larger during ADF negotiation years than it is during non-negotiation years.

I also examine if concerns over capital market financing may similarly affect the catalytic role of IMF and World Bank programs on AfDB commitments. When the AfDB is already viewed more favourably by credit rating agencies, for example, we might expect it to be less responsive to the BWIs. I consider the possible moderating influence of the risk profile of the AfDB's outstanding sovereign-guaranteed loan portfolio. Perraudin et al. (2016) and Humphrey (2017) argue that some credit rating agencies, like S&P, place significant emphasis on portfolio concentration risk when assessing MDBs. The AfDB has also acknowledged that to be "consistent with the highest credit rating," it needs to "maintain a prudent risk profile" (AfDB, 2015, 143).

As part of its systemic credit risk assessment, the AfDB reports the share of its loans that are contracted with or guaranteed by sovereigns with very low to very high credit ratings.[41] The risk profile variable captures the percentage of outstanding loans that are deemed "high risk" and "very high risk." As shown in Table D3 of the Appendix D, there is no evidence suggesting that the relationship between World Bank or IMF program participation and the probability of receiving AfDB funding commitments is systematically different during times when the AfDB's risk assessment is high or low. This suggests that the apparent patterns might be more closely related to donor leverage and concerns over shareholder support than capital market financing.

7 Alternative explanations

Three alternative hypotheses, which have broadly consistent expectations with the main argument, merit attention. The first suggests that IMF/World Bank program participants request more loans from the AfDB as part of a broader increase in demand for multiple sources of finance, perhaps because they are looking for outside options with relatively less conditionality. In the pre-1995 period under the N'Diaye presidency, we might, for example, expect the AfDB to be particularly responsive to borrower demand—as US Treasury documents suggest. Given the extent of World Bank conditionality in the late 1980s (Cormier and Manger, 2022, 402), this can offer an alternative explanation for results in Column 5 of Table 2 showing that World Bank program participation affected the probability of receiving AfDB funding commitments in a systematic way.

The post-1995 period similarly has less distinct supply and demands-side expectations about the relationship estimated. While the World Bank's conditionality was being "renego-

[41] Data is only available from 1999 to 2015.

tiated in line with the changing emphasis" on development (Pender, 2001, 408), the IMF was known for its controversial—often politically sensitive—conditionality from the late 1990s to early 2000s (Kayizzi-Mugerwa, 1998; Chikulo, 2019; Dornan, 2017, 047; Kentikelenis et al., 2016, 549). Expectations about increased demand, even for non-substitutable project-based loans—would thus coincide with greater cross-conditionality during the Kabbaj/reform era.

Following criticisms of the IMF, there was a shift to ostensibly borrower-friendly "new conditionality," which emphasised country ownership (Whitfield, 2009). Because this dates back to the 2005 Paris Declaration and 2008's Accra Agenda for Action, we might expect relatively less demand during a period (the Kaberuka era) where we also expect weakened cross-conditionality with the IMF (see Monye et al., 2010; Steering Group, 2008).

One approach to address this demand-related interpretation is to follow Kilby and McWhirter (2022, 645) and assume that concessional funds from MDBs are more likely to be supply-constrained than non-concessional loans because of limited funding envelopes and cheaper borrowing costs. Consequently, countries should demand as much highly concessional ADF funding as they can. If the relationships estimated were demand-driven, the changing patterns across different presidencies should therefore not hold for the ADF sub-sample. We should instead expect demand from both IMF and World Bank program participants to be stable for these loans and grants regardless of whether the AfDB was in its reform or post-reform era.

The results in Table E3 in Appendix E do not suggest such consistency. The estimation repeats the models in Table 4, but only using loans from the concessional ADF window to ADF/IDA-eligible countries. For the full period (Column 1), only IMF program participation enters with a positive and statistically significant coefficient. During the N'Diaye era, there is a positive and statistically significant relationship between World Bank program participation and AfDB funding commitments. For the post-1995 period, the results are similar to those in Tables 2 and 4—with the exception that only IMF program participation enters with a statistically significant coefficient during the Kabbaj years.

To further disentangle whether the patterns in AfDB lending is supply- or demand-determined, I consider the relationship between IMF program suspensions and the probability of receiving AfDB project loans, again with the smaller sub-sample of ADF-eligible countries. The rationale is straightforward: suppose that the IMF suspended a program in an African country. Presumably, in a demand-driven world, this would be the time when that country seeks out alternative sources of funding, like the AfDB, leading to expectations of a positive relationship between IMF program interruptions and AfDB loans. Suppose, however, that the relationship we were to estimate was in fact supply-driven. We might expect the opposite. Informal cross-conditionality implies that the AfDB should be more reluctant to provide funding to countries where the IMF (or the World Bank) has suspended programs or held up disbursements.

I re-estimate the model, including the lag of an "IMF program suspension" variable that captures the year in which either a delayed or cancelled program review was initially scheduled (Reinsberg et al., 2022, 1026).[42] Because suspensions imply a previous program, I also include another variable indicating whether a country had an IMF program in the year before and similarly lag this variable. Table E1 in Appendix E presents the results, providing suggestive evidence for the supply-side view. IMF program interruptions are negatively associated with the probability of receiving AfDB funding commitments, and this relationship is statistically significant during the Kabbaj era.

A second alternative hypothesis might suggest that IMF/World Bank program participants either request more loans or have greater bargaining leverage due to the opportunity costs of implementing policy reforms and debt servicing. Program countries could argue that the room left to fund development projects is constrained and successfully secure loan commitments.[43] If this hypothesis holds, we might expect the relationship between program participation and AfDB funding to be most pronounced for countries with higher levels of debt servicing. To assess this hypothesis, I re-estimate the main specification after adding an interaction term between program participation and debt servicing as a percentage of GNI. The results, reported in Table E2 in Appendix D, suggests that there is no systematic difference based on debt service burden.[44]

A third alternative hypothesis suggests that AfDB board members and staffers may favour IMF and World Bank program participants because of their own (unconscious) ideological bias, which informs a more favourable view of IMF/World Bank conditions.[45] If this hypothesis is correct, then we might expect the relationship between IMF/World Bank program participation and AfDB funding commitments to be most evident when countries have signed up to either more conditions or conditions covering more areas.

I consider the simultaneous presence of a World Bank and an IMF program in the same country using an interaction term (Marchesi and Sirtori, 2011). The results seem to suggest that while the programs, on their own, might increase the chances of receiving AfDB funding commitments, the simultaneous involvement of the IMF and the World Bank in a country has a negative impact. The finding is consistent with the view that while AfDB management

[42] With the smaller sample, I have to drop the "Active Projects" dummy due to collinearity.

[43] This scenario was noted in an AfDB appraisal report for a project for Zambia. ZAM/PAAI/2000/01.p.21.

[44] This aligns with interview evidence, which suggests that board members from borrower countries also have limited influence whilst on the board. They "are not even allowed to speak" when a loan document for the country is on the table (Interview A).

[45] See, for example, Clark and Dolan (2021).

might follow the lead of the BWIs, it might have less to do with their own favourable view of conditions (see Table E4 in Appendix D, Mingst, 1987). To the extent that the concurrent engagement of the IMF and the World Bank is indicative of more severe economic problems, the results could also suggest a reluctance to provide project funds to countries in crisis.

8 Interview evidence

As a final step, I draw on five interviews with executive directors and AfDB officials.[46] Do shareholders want the AfDB to follow the BWIs' lead? Without exception, AfDB shareholder representatives revealed that they look favourably on IMF/World Bank assessments.

Non-regional executive directors emphasised their preference for potential borrower countries to have clear evidence of commitments to IMF-type reforms, with indicators showing that these countries are taking "the right steps" because the AfDB might want to "support that process."[47] One non-regional executive director specifically noted a preference for seeing deeper "cooperation" between the BWIs and the AfDB. According to this executive director:

> We need governments to reform..[we] need governments' positions to be favourable, resistant to short term shocks...pouring money is not the issue, promoting good policies and implementation is the issue.[48]

Another interviewee confirmed that there was a donor coordination framework in place with counterparts at the IMF, the World Bank, and other major regional MDBs. Government representatives "meet with similar constituencies at similar MDBs" as well as "colleagues from capitals to discuss issues."[49] The goal is often to make sure positions and preferences are aligned.

Despite their preferences for AfDB-BWI alignment, none of the interviewees suggested that board members representing donors actively intervene on behalf of a particular country. Instead, donor countries' expectation of what Lang and Presbitero (2018, 5) call "preemptive obedience" mean that they are comfortable in leaving AfDB management to fashion their own lending priorities.[50] In practice, the need to secure donor financing means that staffers have

[46] IRB No.14861. Details of the interview strategy as well as interviewees are included in Appendix F.

[47] Interview C.

[48] Interview D.

[49] Interview C.

[50] There are some projects, however, that non-regional executive directors expressed a desire to see the AfDB "be more selective," but interviewees acknowledged that there is a "reluctance [by non-regional members] to go against projects" for African countries, despite opportunities to do so (Interviews C, D, E).

to "make their board members happy" by pre-empting their specific priorities.[51] According to a non-regional director:

> It is a question of management, of course, being aware of the priorities and what the policies of the board are, so they would not spend a lot of time preparing a project that they do not expect to pass through the board.[52]

There is also an extensive quality review system—a legacy of the Kabbaj-era reforms—that gives board members greater oversight and more opportunities to communicate with staff about these priorities before a loan reaches the board. Executive directors with previous experience at the BWIs in fact noted that the AfDB board is far more "hands on" than the World Bank and the IMF because of the many access points in the project preparation process. One interviewee explained:

> There are also projects you sort of pick up on in a more preparatory phase, so you discuss it informally or you ask questions before a committee or board meeting, which management responds to in writing or during a bilateral meeting where you discuss it with them...I think staff may think that we are sometimes too critical even.[53]

The lengthy behind-the-scenes interactions that take place long before a project proposal gets to the board mean that what is often seen at the board level are projects that management are certain will pass through the board.[54] Anticipating board members' oversight, AfDB staff will account for IMF/World Bank assessments when they align with the priorities of the Board and country strategy papers.

Finally, the interviews did suggest that AfDB leaders and staff are concerned over capital market financing and the AfDB's credit rating, in particular. Still, there is less of a direct link to the desirability of lending more to IMF/World Bank program participants. Instead, an indirect link is apparent when considering shareholder support. Pleasing shareholders remains a top priority for management and staff so that these shareholders can inject capital into the AfDB. On the one hand, the AfDB's credit rating—which is central to the competitiveness of its lending products—is a function of not only sovereign loan performance and risk

[51]Interview A.

[52]Interview C.

[53]Interview C. This is in line with existing reports comparing AfDB project approval process with those of the Asian and European MDBs (Humphrey, 2015, 29).

[54]Interview C. Board members here are not simply ratifiers and this process may provide an alternative to bureaucratic autonomy arguments about why executive boards almost never reject any loan proposal that is brought to it by Bank management and staff" (Morrison, 2013, 295). See also Kapur et al. (1997, 10), Babb (2009); Momani (2007); Denly (2023, 8).

management policies, but also the support of (highly-rated) shareholders.[55] On the other hand, the credibility of the AfDB to outside actors, especially credit rating agencies, is also of primary concern to board directors—both regional and non-regional.[56] This also makes it a direct concern for AfDB staff beyond their own bureaucratic interests in the metrics of rating agencies.[57] As a regional executive director noted:

> The AfDB has to run on a proper banking business model. It has to raise money on the capital market, so it is about prudent lending...it is not in our interest to lend recklessly, some say we are too conservative even.[58]

From this director's perspective, following the lead of the BWIs sometimes has less to do with explicitly endorsing Bretton Woods and more to do with the outside perceptions of the AfDB. This translates into expectations that AfDB leaders and staff take IMF and World Bank signals seriously, with emphasis placed on whether a country is "planning to borrow from the World Bank," "is on an IMF program or about to be" and what the "IMF is saying" about a country.[59] Conversely, from a non-regional director's perspective, because shareholders look favourably on governments that are "very focused on economic reforms" they expect the AfDB "to be more prepared to lend money to support that process."[60]

Consistent with the historical and statistical evidence, these interviews suggest that shareholder oversight and concerns over shareholder support—both from activist shareholders and even regional shareholders concerned with the AfDB's financial standing—matter for the relationship between the AfDB, the IMF, and the World Bank.

9 Conclusion

African institutions have often been singled out for being fiscally irresponsible and even corrupt. Washington-based officials, in particular, have been critical of the AfDB, accusing the African Bank of corruption (Gebre and Mieu, 2020) and reckless lending (Malpass, 2020). Yet, this paper shows that the days where the lending path of the AfDB looked differently from those of the US-led IMF/World Bank have long since passed.

Qualitative evidence drawing on the historical record suggests that the AfDB's dependence on donors meant that it has had little choice but to follow the lead of the BWIs. Major

[55]Interview A.
[56]Interviews B and C.
[57]Interview B. Interview C similarly suggested that the AfDB is "so conscious of its triple A rating."
[58]Interview B.
[59]Interview B.
[60]Interview C.

donors, led by the United States, not only wanted more organisational convergence between the AfDB and the BWIs, but they also wanted to promote the kind of market-liberalising policy reforms attached to IMF/World Bank programs. In pursuit of both objectives, they used their financial leverage during a period of financial crisis in the early 1990s to push the AfDB in that direction.

Estimation results from an analysis of AfDB commitments between 1974 and 2016 corroborate the historical record. When the AfDB president set out a reform agenda in 1995 to secure external resources, countries that were under an active IMF or World Bank program began to enjoy more privileged access to funding commitments. Interviews suggest that the catalytic role of the BWIs and the apparent pattern of AfDB-BWI alignment are driven by both the legacy of reforms and management sensitivity to shareholder expectations.

While catalysis involving IMF and World Bank programs benefits African countries by unlocking more funds, the AfDB's often-cited value-added has traditionally been its distinct African character (Mingst, 2015, 80). What this means in light of the results in this paper is unclear, especially in a world where there is both scepticism over the effectiveness of IMF/World Bank programs (Ekpo, 1992; Stubbs et al., 2017; Lang, 2021) and a turn towards "African solutions to African problems" in development discourse on and within Africa (Muchie et al., 2017; Lobakeng, 2017). Amid reliance on Western donors, perhaps the claims of fully maintaining "an African character" as distinct from the priorities of Western-led approaches may be wishful thinking (see AfDB, 2011, 3). Such wishful thinking nevertheless suggests that Washington-based policymakers need to be more careful about singling out the African institution.

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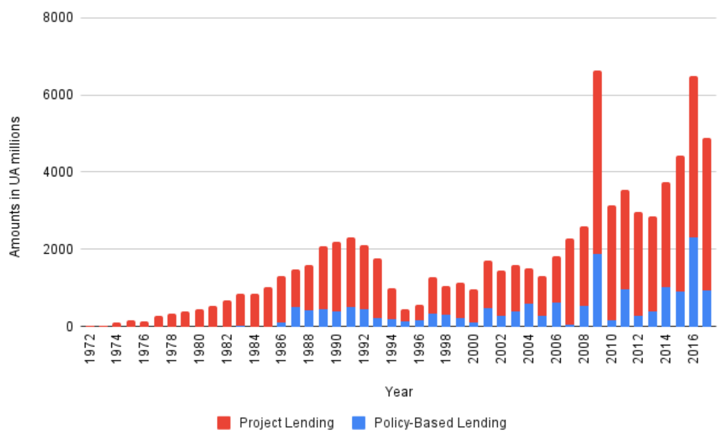
Appendices

This document provides supporting information for the paper, "Following their Lead? The African Development Bank and the Bretton Woods Institutions."

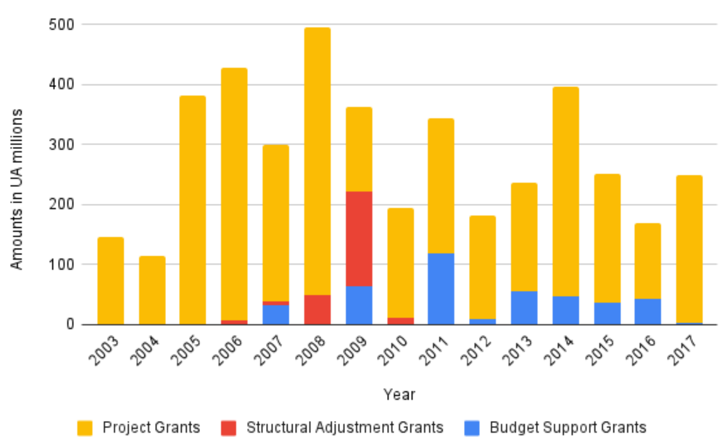
A Distribution of loans by type over time

Figure A1: AfDB Group Operations - distribution of loan type over time



Source: AfDB Operations database, 2024

Figure A2: AfDB Group Operations - distribution of grant type over time



Source: AfDB Operations database, 2024

B Notes on the historical evidence

Newspaper articles were primarily sourced from Africa Confidential and the AllAfrica Repository of newspaper articles hosted by Factiva. Newspaper-based interviews with AfDB officials included Babacar N'Diaye (President, 1985-1995) with Africa Report in 1987, Kofi K. Dei-Anang, the AfDB's secretary general, with the New York Times in 1987, and Omar Kabbaj (President, 1995-2005) with Africa Confidential. I also relied on World Bank and AfDB archival reports.

The qualitative analysis also relies on US Congressional reports and hearings. The US Treasury is the agency officially in charge of the administration's policy toward MDBs and Official statements of the US Treasury to Congress are a matter of public record. Every year, the Treasury must convince the relevant congressional subcommittees to authorise and appropriate funds (Babb, 2009, xi).

In terms of secondary literature, until 1989, the AfDB "had essentially escaped in-depth review by outside analysts" (English and Mule, 1996, 2). In 1981, the former president of the Bank, K.D. Fordwor, published a detailed history of his term in office and his version of events leading up to this resignation (Fordwor, 1981). In 1990, Karen Mingst published the first independent book on the AfDB that examined the political nature of the Bank (Mingst, 1990). In 1996, Phillip English and Harrison Mule published a book examining AfDB operations as part of a series on MDBs (English and Mule, 1996).

I also make use of AfDB documents, some of which were recently published in response to requests I filed through the AfDB's Disclosure and Access to Information Policy.

B.1 On the Knox report

From 1992 through 1994, the AfDB, along with the Inter-American Development Bank (IDB) and Asian Development Bank (ADB), followed the lead of the World Bank in assembling expert teams to review their lending portfolios. The Knox Committee was established to examine the quality of lending and the organisational strength of the AfDB. This committee, along with similar committees established to investigate the quality of lending at both the IDB and ADB, grew out of shareholder reaction to what became known as the Wapenhans Report.

Wapenhans, a former Vice President of the World Bank, was asked by the then-President of the World Bank, Lewis Preston, to chair a review committee made up of World Bank officers. The mandate of the committee was to examine the quality of the World Bank's \$360 billion project and program portfolio and the effectiveness of World Bank staff in implementing these projects. It was the Wapenhans' Committee's findings of significant deterioration in the quality of the World Bank's portfolio that led the shareholders of the regional development banks, including the AfDB, to undertake similar investigations of their loan portfolios.

B.2 AfDB Presidents

B.3 On changes to the voting power

In 1998, the non-regional share of the Bank's capital (and consequently, its voting share) was increased from 33.3 percent to 40 percent while the 67.3 vote share held by African countries was reduced to 60 percent. In exchange for this concession, the non-regional countries endorsed the fifth general capital increase for the AfDB and the commencement of negotiations for the eighth replenishment of the ADF (Njoku, 1998). The new voting structure also included a change in the way major decisions are taken in the Bank, making it possible for the non-regional members to effectively wield a veto on some decisions at the board level.

The newly instituted "Luxembourg Option," used for decision-making in the European Union, required the approval of directors representing 66.66 percent of the bank's capital with support from at least one regional director. However, if any one of the bank's executive directors "feels that a specific issue in the institution is important enough," the required percentage would be 70 and the support of at least two non-regional directors (Njoku, 1998). This provided another opportunity for non-regional shareholders to have a larger voice in lending decisions (Babb, 2009, 30,31, 154).

B.4 On regional opposition to the post-crisis changes

There is no convincing evidence of pressure from African countries in favour of these changes. In fact, there were generally concerns among the AfDB's African membership about whether the AfDB was "still African" (Business Day, 1999). According to newspaper reports at the time, the demand for changes in exchange for the resumption of funding led some African shareholders to "accuse the non-Africans of trying to seize control and destroy the bank's African heritage" (Susman, 1995). Newspaper reports from the late 1990s were also reporting of "open warfare" breaking out, with a "Gang of Four executive directors from Chad, Egypt, Libya and Nigeria accusing Western powers of subverting the ADB" (Africa Confidential, 1998).

Two of the AfDB's largest shareholders, Nigeria and Libya, also publicly opposed the changes to the voting structure, which gave more power to non-African members. These

Table B1: Profiles of AfDB Presidents (1964-2015)

AfDB President	Tenure	Previous IO experience
Mamoun Beheiry (Sudan)	1964-1970	
Abdelwahab Labidi (Tunisia)	1970-1976	
Kwame Donkor Fordwor (Ghana)	1976-1979	International Finance Corporation (1966-1971)
Godwin Gondwe (Malawi)	1979-1980[a]	
Willa Mung'Omba (Zambia)	1980-1985	
Babacar N'diaye (Senegal)	1985-1995	AfDB Young Professional AfDB Director of Finance AfDB Vice-president (Finance)
Omar Kabbaj (Morocco)	1995-2005	World Bank Board member (1979-1980) IMF Board member, alternate (1980-1993)
Donald Kaberuka (Rwanda)	2005-2015	IMF Governor (1997-2005) World Bank Governor (1997-2005)

[a]Caretaker capacity

two countries were already under severe sanctions from the European Union and the United States; should they ever try to borrow from the IMF or World Bank, they might have faced an immediate veto. Nigeria and Libya did not want a veto from the AfDB.

Some regional members nevertheless seemed to understand that this was ultimately about the survival of the AfDB, but they were still concerned about the new direction of the African Bank. For example, one southern African delegate at the 1999 annual meeting remarked that, "the car has a new engine and is moving, but where is it going?" (Business Day, 1999).

C Data

Table C1: Descriptive statistics

Variable	Sources	Obs	Mean	Std. dev	Min	Max
AfDB commitments (approvals)	AfDB Operations database	1,997	0.5578368	0.496768	0	1
IMF programs	Vreeland (2007)	1,997	0.4797196	0.4997137	0	1
World Bank DPL	Kersting and Kilby (2019)	1,997	0.241362	0.4280165	0	1
Debt coverage ratio	Author's calculations based on annual report data	1,897	3.63613	1.63029	1.798661	9.954662
Debt coverage ratio (dummy) - High DCR	Author's calculations based on annual report data	1,897	0.110174	0.313189	0	1
Risk portfolio	Author's calculations based on annual report data	852	17.05516	7.027594	5	30
ADF negotiation	AfDB report on ADF	1,997	0.3214822	0.4671624	0	1
Active World Bank project	Kersting and Kilby (2019)	1,997	0.9108663	0.285008	0	1
Debt service (% GNI)	World Bank data	1,810	4.014177	4.886984	0.0006065	73.28264
UNDP funds	World Bank data	1,997	15.16862	2.273868	0	17.99741
Japan: UNGA voting	Kersting and Kilby (2019)	1,997	0.7137491	0.0556068	0.55625	0.8877551
Japan: aid	OECD data	1,997	14.80429	4.257831	0	21.51544
US: UNGA voting	Kersting and Kilby (2019)	1,997	0.3504469	0.1273857	0.0961538	0.8416666
US: aid	OECD data	1,997	16.3249	3.914046	0	23.8618
UNSC member	Kersting and Kilby (2019)	1,997	0.0605909	0.2386381	0	1
Population	World Bank data	1,997	15.63167	1.514329	11.05504	19.03042
GDP per capita	World Bank data	1,997	6.999724	0.9183197	5.1176	9.626319
Life expectancy	World Bank data	1,997	54.66996	8.33086	14.098	75.692

D Additional tests

D.1 Debt Coverage Ratio

Table D1: Selection for AfDB commitments (DCR)

	(1)	(2)	(3)	(4)
Under IMF	0.141	0.163*		
	(0.0935)	(0.0935)		
High DCR		1.087***		1.125***
		(0.421)		(0.412)
Under IMF x High DCR		-0.314		
		(0.241)		
Under WB Program			0.281***	0.326***
			(0.0864)	(0.0941)
Under WB Program x High DCR				-0.892***
				(0.280)
Active WB Project	0.717***	0.669**	0.713***	0.665***
	(0.259)	(0.261)	(0.250)	(0.253)
UNDP funds	0.0178	0.0126	0.0173	0.0134
	(0.0314)	(0.0307)	(0.0305)	(0.0300)
Japan: UN alignment	1.261	1.992*	1.279	1.924*
	(0.987)	(1.086)	(0.997)	(1.105)
Japan: Bilateral aid	0.0149	0.0246*	0.0151	0.0248*
	(0.0121)	(0.0146)	(0.0115)	(0.0140)
US: UN alignment	-0.932	-0.631	-0.888	-0.628
	(0.626)	(0.632)	(0.609)	(0.616)
US: Bilateral aid	0.0516***	0.0498***	0.0525***	0.0499***
	(0.0143)	(0.0159)	(0.0146)	(0.0158)
UNSC member	0.182	0.192	0.168	0.183
	(0.140)	(0.139)	(0.141)	(0.138)
Population	0.107***	0.116***	0.0994***	0.108***
	(0.0384)	(0.0390)	(0.0378)	(0.0384)
GDP per capita	-0.0295	-0.0343	-0.0215	-0.0275
	(0.0658)	(0.0690)	(0.0627)	(0.0656)
Life expectancy	0.0266***	0.0264***	0.0246***	0.0246***
	(0.00846)	(0.00881)	(0.00824)	(0.00856)
Number of countries	53	53	53	53
Observations	1945	1845	1945	1845
Pseudo R2	0.168	0.172	0.171	0.177

Note: Probit estimation. Dependent variable = 1 if country was approved for at least one AfDB project-based loan that year, 0 otherwise. Unit of observation: country-year. Table reports coefficient estimates. All specifications include year dummies. SEs in parentheses clustered by country; * p<.10, ** p<.05, *** p<.01.

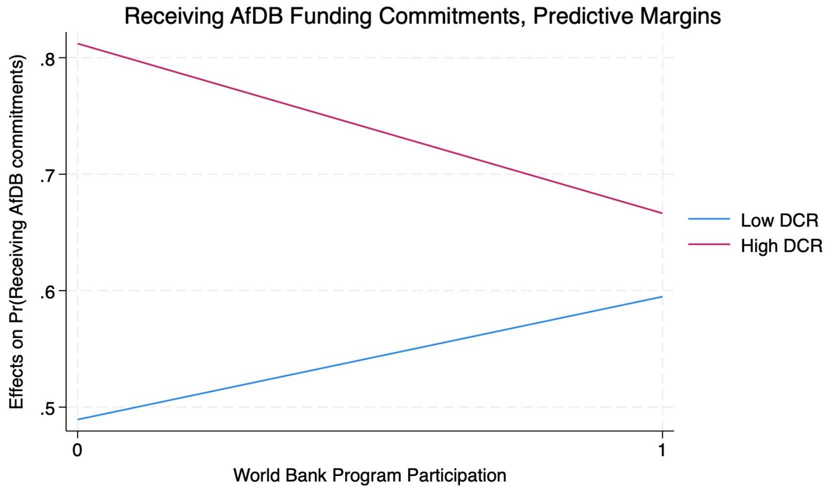
D.2 Replenishment cycles

Table D2: ADF Replenishment

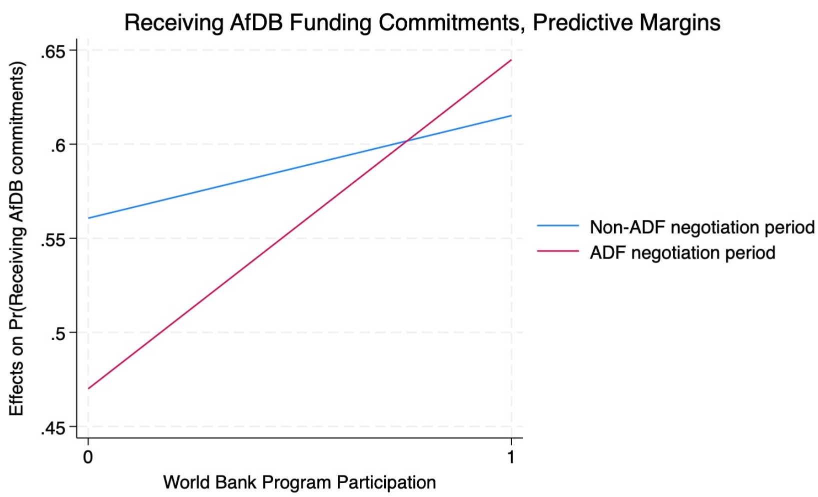
	(1)
Under World Bank	0.171*
	(0.0953)
ADF replenishment negotiation	-0.275
	(0.353)
Under WB Program X ADF negotiation	0.371***
	(0.133)
Active WB project	0.716***
	(0.250)
UNDP funds	0.0180
	(0.0304)
Japan: UN alignment	1.215
	(1.002)
Japan: Bilateral aid	0.0149
	(0.0115)
US: UN alignment	-0.893
	(0.614)
US: Bilateral aid	0.0521***
	(0.0145)
UNSC member	0.170
	(0.141)
Population	0.100***
	(0.0376)
GDP per capita	-0.0188
	(0.0627)
Life expectancy	0.0247***
	(0.00824)
Number of countries	53
Observations	1945
Pseudo R2	0.173

Note: Probit estimation. Dependent variable = 1 if country was approved for at least one AfDB project-based loan that year, 0 otherwise. Unit of observation: country-year. Table reports coefficient estimates. All specifications include year dummies. SEs in parentheses clustered by country; * p<.10, ** p<.05, *** p<.01.

Figure D3: Predictive margins



(a) Predictive margins, by Debt Coverage Ratio



(b) Predictive margins, by ADF negotiation period

D.3 DCR and ADF replenishment: Predictive margins

D.4 Risk profile

Table D3: Risk Profile

	(1)	(2)	(3)	(4)
Under IMF	0.141	0.468		
	(0.0935)	(0.304)		
Risk profile		-0.0187		-0.00284
		(0.0513)		(0.0553)
Under IMF X Risk profile		-0.0133		
		(0.0159)		
Under World Bank			0.281***	0.575*
			(0.0864)	(0.347)
Under WB Program X Risk profile				-0.0124
				(0.0182)
Active Projects	0.717***	0.930***	0.713***	0.946***
	(0.259)	(0.345)	(0.250)	(0.336)
UNDP funds	0.0178	-0.0341	0.0173	-0.0373
	(0.0314)	(0.0291)	(0.0305)	(0.0295)
Japan: UN alignment	1.261	2.855**	1.279	2.635*
	(0.987)	(1.451)	(0.997)	(1.442)
Japan: Bilateral aid	0.0149	0.112**	0.0151	0.113***
	(0.0121)	(0.0439)	(0.0115)	(0.0419)
US: UN alignment	-0.932	0.228	-0.888	0.0921
	(0.626)	(0.915)	(0.609)	(0.933)
US: Bilateral aid	0.0516***	-0.00744	0.0525***	-0.00720
	(0.0143)	(0.0339)	(0.0146)	(0.0326)
UNSC member	0.182	0.192	0.168	0.116
	(0.140)	(0.229)	(0.141)	(0.233)
Population	0.107***	0.226***	0.0994***	0.212***
	(0.0384)	(0.0756)	(0.0378)	(0.0723)
GDP per capita	-0.0295	0.0711	-0.0215	0.0725
	(0.0658)	(0.106)	(0.0627)	(0.0955)
Life expectancy	0.0266***	0.00765	0.0246***	0.00289
	(0.00846)	(0.0137)	(0.00824)	(0.0134)
Number of countries	53	53	53	53
Observations	1945	800	1945	800
Pseudo R2	0.168	0.186	0.171	0.192

Note: Probit estimation. Dependent variable = 1 if country was approved for at least one AfDB project-based loan that year, 0 otherwise. Unit of observation: country-year. Table reports coefficient estimates. All specifications include year dummies. SEs in parentheses clustered by country; * p<.10, ** p<.05, *** p<.01.

E Alternative explanations

E.1 ADF commitments

E.2 IMF program interruptions

E.3 Debt service burden

Table E1: IMF program interruptions and AfDB funding commitments

	(1)	(2)	(3)	(4)	(5)
	All	Early years	N'diaye years	Kabbaj years	Kaberuka years
IMF program interruption	-0.172***	-0.152	-0.0508	-0.346***	-0.000688
	(0.0578)	(0.150)	(0.0935)	(0.102)	(0.135)
Previous IMF program participation	0.134***	-0.0210	0.162**	0.401***	0.117*
	(0.0511)	(0.0872)	(0.0813)	(0.0704)	(0.0671)
UNDP funds	0.0477	0.347***	0.124	-0.0324	-0.0300
	(0.0500)	(0.102)	(0.0851)	(0.0673)	(0.0966)
Japan: UN alignment	0.785	-0.622	-0.886	2.224	1.878*
	(0.615)	(0.998)	(1.289)	(1.375)	(0.968)
Japan: Bilateral aid	0.00486	0.00897	-0.0222	0.000409	0.0797***
	(0.00638)	(0.00747)	(0.0155)	(0.0147)	(0.0232)
US: UN alignment	-0.284	0.0194	-0.685	0.853	0.132
	(0.331)	(0.684)	(0.528)	(0.773)	(0.591)
US: Bilateral aid	0.00507	-0.00342	0.0285	0.0112	-0.0164
	(0.00966)	(0.0148)	(0.0324)	(0.0174)	(0.0255)
UNSC member	-0.0160	0.149	-0.305**	0.104	0.0643
	(0.0719)	(0.122)	(0.130)	(0.128)	(0.145)
Population	0.0535*	-0.104*	0.0314	0.0630	0.111**
	(0.0307)	(0.0565)	(0.0427)	(0.0463)	(0.0538)
GDP per capita	-0.0817	-0.220**	-0.0884	-0.184**	0.0390
	(0.0592)	(0.101)	(0.0738)	(0.0806)	(0.0749)
Life expectancy	0.000713	0.00322	0.0121*	0.0101	-0.00615
	(0.00420)	(0.00822)	(0.00728)	(0.00746)	(0.00635)
Number of countries	42	31	36	38	39
Observations	1148	233	278	245	392

Note: Probit estimation. Dependent variable = 1 if country was approved for at least one ADF project-based loan that year, 0 otherwise. Unit of observation: country-year. Table reports marginal effects evaluated at means. All specifications include year dummies. SEs in parentheses clustered by country; * $p<.10$, ** $p<.05$, *** $p<.01$.

Table E2: Debt service burden

	(1)	(2)
Under IMF	0.0426	
	(0.108)	
Debt service (% GNI)	-0.00300	0.000249
	(0.0152)	(0.0106)
Under IMF X Debt service (% GNI)	0.0115	
	(0.0173)	
Under World Bank		0.197**
		(0.0993)
Under World Bank X Debt service (% GNI)		0.0111
		(0.0140)
Active World Bank project	1.169***	1.144***
	(0.346)	(0.338)
UNDP funds	-0.0540	-0.0526
	(0.0595)	(0.0590)
Japan: UN alignment	1.001	0.957
	(1.187)	(1.182)
Japan: Bilateral aid	0.0117	0.0111
	(0.0138)	(0.0133)
US: UN alignment	-0.766	-0.748
	(0.779)	(0.766)
US: Bilateral aid	0.0473***	0.0484***
	(0.0159)	(0.0162)
UNSC member	0.123	0.112
	(0.142)	(0.140)
Population	0.175***	0.167***
	(0.0501)	(0.0500)
GDP per capita	-0.0768	-0.0612
	(0.0844)	(0.0804)
Life expectancy	0.0244***	0.0225**
	(0.00897)	(0.00878)
Number of countries	49	49
Observations	1810	1810
Pseudo R2	0.162	0.165

Note: Probit estimation. Dependent variable = 1 if country was approved for at least one AfDB project-based loan that year, 0 otherwise. Unit of observation: country-year. Table reports coefficient estimates. All specifications include year dummies. SEs in parentheses clustered by country; * p<.10, ** p<.05, *** p<.01.

Table E3: Selection for ADF project-based commitments

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	All	Early years	Early years	N'Diaye years	N'Diaye years	Kabbaj years	Kabbaj years	Kaberuka years	Kaberuka years
Under IMF	0.0900*		0.116		0.123		0.417***		0.0267
	(0.0509)		(0.0830)		(0.0935)		(0.0849)		(0.0731)
Under World Bank	0.0675	-0.124		0.111*		0.125		0.118*	
	(0.0461)	(0.0994)		(0.0602)		(0.0845)		(0.0675)	
UNDP funds	0.0437	0.327***	0.357***	0.141*	0.129	-0.0377	0.0413	-0.0604	-0.0568
	(0.0492)	(0.102)	(0.111)	(0.0850)	(0.0870)	(0.0662)	(0.0627)	(0.0896)	(0.0910)
Japan: UN alignment	0.723	-1.062	-0.992	-0.318	-0.544	2.702**	2.935**	1.939**	1.969**
	(0.627)	(0.957)	(0.954)	(1.311)	(1.299)	(1.260)	(1.164)	(0.987)	(0.980)
Japan: Bilateral aid	0.00199	0.00410	0.00293	-0.0170	-0.0181	0.0239	0.000683	0.0808***	0.0841***
	(0.00586)	(0.00697)	(0.00671)	(0.0146)	(0.0134)	(0.0147)	(0.0142)	(0.0243)	(0.0234)
US: UN alignment	-0.413	-0.324	-0.386	-0.429	-0.581	0.886	0.873	0.164	0.127
	(0.326)	(0.605)	(0.626)	(0.554)	(0.548)	(0.703)	(0.674)	(0.614)	(0.620)
US: Bilateral aid	0.0123	0.00501	0.00414	0.0282	0.0239	0.0194	0.0128	-0.0179	-0.0177
	(0.00970)	(0.0174)	(0.0184)	(0.0356)	(0.0363)	(0.0170)	(0.0182)	(0.0257)	(0.0257)
UNSC member	-0.0283	0.0912	0.0897	-0.303**	-0.299**	0.0365	-0.0146	0.0107	0.0644
	(0.0684)	(0.127)	(0.126)	(0.127)	(0.126)	(0.106)	(0.0983)	(0.137)	(0.141)
Population	0.0401	-0.101*	-0.129**	0.0222	0.0318	0.0262	0.0105	0.115**	0.114**
	(0.0296)	(0.0525)	(0.0536)	(0.0438)	(0.0464)	(0.0524)	(0.0414)	(0.0527)	(0.0539)
GDP per capita	-0.0885	-0.226**	-0.245***	-0.0772	-0.0732	-0.241***	-0.140*	0.0239	0.00643
	(0.0569)	(0.0902)	(0.0906)	(0.0762)	(0.0773)	(0.0916)	(0.0821)	(0.0749)	(0.0763)
Life expectancy	0.000458	-0.00220	-0.00378	0.0114*	0.0107	0.0178***	0.0145**	-0.00542	-0.00512
	(0.00413)	(0.00714)	(0.00809)	(0.00684)	(0.00704)	(0.00660)	(0.00565)	(0.00607)	(0.00622)
Number of countries	44	33	33	36	36	38	38	39	39
Observations	1212	259	259	278	278	282	282	393	393

Note: Probit estimation. Dependent variable = 1 if country received at least one ADF loan commitment that year, 0 otherwise. Unit of observation: country-year. Table reports marginal effects evaluated at sample mean. All specifications include year dummies. SEs in parentheses clustered by country; * p<.10, ** p<.05, *** p<.01.

E.4 Concurrent IMF and World Bank programs

Table E4: Concurrent IMF and World Bank programs

	(1)
Under IMF	0.142
	(0.105)
Under World Bank	0.495***
	(0.164)
Under IMF X World Bank	-0.348*
	(0.193)
Active World Bank project	0.711***
	(0.249)
UNDP funds	0.0167
	(0.0304)
Japan: UN alignment	1.226
	(0.968)
Japan: Bilateral aid	0.0131
	(0.0119)
US: UN alignment	-0.954
	(0.608)
US: Bilateral aid	0.0535***
	(0.0147)
UNSC member	0.114
	(0.138)
Population	0.101***
	(0.0383)
GDP per capita	-0.00167
	(0.0660)
Life expectancy	0.0229***
	(0.00842)
Number of countries	53
Observations	1997
Pseudo R2	0.171

Note: Probit estimation. Dependent variable = 1 if country was approved for at least one AfDB project-based loan that year, 0 otherwise. Unit of observation: country-year. Table reports coefficient estimates. All specifications include year dummies. SEs in parentheses clustered by country; * $p<.10$, ** $p<.05$, *** $p<.01$.

F Interviews

Much of the decision-making at multilateral development banks (MDBs) belong to a behind-the-scenes setting that is often difficult for researchers to capture in real-time. The interviews conducted thus present one of the most ideal means of indirect observation because they shed light on the hidden elements of decision-making that might not always be clear from an analysis of lending outcomes or other primary sources.

In total, five high-level interviews were conducted between April and June 2023, including with two senior ADB officials and three executive directors. While interviews serve to provide insights into AfDB decision-making, there are methodological issues related to this method, including uneven researcher-interviewee power dynamics. I opted to follow the approach of Delaney (2007, 215) and Bunte (2019, 78-79), emphasising my subordinate role as a researcher and garnering more detailed responses from participants.

The interviews were conducted via video call and during face-to-face meetings. Multiple follow-up interviews were conducted over the months-long period, with the average taking an hour and a half each time. All interviewees were informed that they would be pseudonymised with artificial identifiers in the main paper.

The series of interviews conducted were semi-structured and covered a wide range of topics that are part of a wider project on the political economy of lending at the AfDB (IRB No. 14861). Here, I present only the material that are relevant to this paper. I focused on the following questions:

1. How does the presence of an IMF or World Bank program in a country affeect your view of that country?
2. How do you view the relationship between the AfDB and the BWIs?
3. What did you think of World Bank President, David Malpass' comment on the AfDB in February 2020?
4. Is there any coordination with your counterparts at the World Bank and the IMF?
5. What power do executive directors have on the AfDB board?
6. At MDBs, loan approval rates are typically high. Do you typically differ a lot to AfDB staff when it comes to loans? Have you ever rejected a loan that is put on the table? If so, why?
7. What is your relationship with other regional/non-regional members? How do your views differ on key policy issues at the AfDB?
8. Having been an executive director in the Bretton Woods institutions, how, if at all, do you think governance at the AfDB different from the World Bank or IMF?

Table F1: Interviews

ID	Interviewee
Interview A	Senior official at the AfDB
Interview B	Executive director at the AfDB (regional)
Interview C	Executive director at the AfDB (non-regional)
Interview D	Executive director at the AfDB (non-regional)
Interview E	Senior official at the AfDB

9. What goes into preparing a loan as part of the country team? What kind of considerations do you take into account?

I include specific quotes in the main paper and attribute it to the relevant interviewee.