

# The African Development Bank

## Problems of International Cooperation

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Kwame Donkoh Fordwar

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**The African  
Development Bank**

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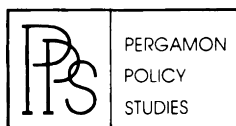
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ON INTERNATIONAL DEVELOPMENT

# **The African Development Bank Problems of International Cooperation**

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**Kwame Donkoh Fordwor**

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To my wife and family  
who stood by me

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## Foreword

The African Development Bank (ADB) is one of a number of continental institutions that African governments have set up to provide assistance to indigenous organs to enable member countries to free themselves from the grip of colonial dependence. Prior to the creation of the United Nations Economic Commission for Africa, economic transformation in African countries had taken the form of modifications and relaxation here and there of institutions and functions designed by the metropolitan powers.

The Bank was conceived as an instrument for economic cooperation and also as an organ within the Commission to encourage financiers, industrialists, and entrepreneurs to participate in the formulation and execution of policies for economic development in Africa. The idea to establish the Bank was first put forward by a Liberian delegation at one of the meetings of the Commission. When the Commission discussed this idea it decided to set up a committee of nine to consult member governments of the Commission and non-African governments to ascertain the support for the establishment of an African Development Bank. In the course of the deliberations it became increasingly clear that the attachment of Africa to several monetary zones and the lack of independent banking and financial institutions posed serious problems related to any attempt to take independent economic measures.

Besides, African governments approach changes in vital institutions that have been run for them by their former rulers with some trepidation. Not all of them have indigenous technicians and trusted officials whose advice they can accept unquestionably. Frictions and contradictions that plague those who initiate action in these delicate and somewhat mystifying fields stem not necessarily from ill-will but from ignorance and confusion. Sometimes even the non-African technical advisers are not better informed or equipped.

Thus, even before the establishment of the Bank there had been conflicting ideas and suspicions which led some of the promoters to

dissociate themselves from the project. In fact, one of the very active sponsors who was looked upon as a likely first president was obliged to declare that he would not contest for any position so as to facilitate the "smooth" sailing of the project. In other words it was necessary to get him to retire from the committee even before he had been formally proposed. Thus, the question of leadership of ADB appeared then as it does now, a very complex political problem. Dr. Fordwor's predecessors realized that they had entered a field that was fertile for misunderstanding, suspicion, and mischief making. No wonder he describes some of his experiences as being caught in a mesh of "interplay of national wishes, individual ambition and group politics." This situation should be expected because the African Development Bank serves a very mixed group whose interests are crisscrossed by linguistic, religious, cultural, ethnic, economic, social, and political differences.

After several consultations with African governments and non-African states who indicated their interest to support the ADB project, a special meeting was convened in Khartoum in August 1963 to study the documents setting out the aims and objectives, the organs and procedures of the Bank. After lengthy discussions an agreement was reached, and a date was fixed for the first meeting of the Board of Governors in Lagos who was to elect the Board of Directors, the president of the Bank, and on whose recommendations four vice-presidents would be chosen. These stages were also marked by friction and politics. At times the members of the Commission, the sponsoring agent, were attacked and required to withdraw from the deliberations of the member states. In Akan dialect, a Ghanaian language, there is a saying that a warrior does not narrate the details of his experiences in the battlefield when he returns home. After Dr. Fordwor's account, readers can imagine for themselves the difficulties encountered in getting member governments to agree to the establishment of the Bank.

This book gives an account of the sort of experience African young men with a sense of mission often encounter. Dr. Fordwor tells how his interest in the work of the ADB developed. He considered that his experience gained working with the International Finance Corporation (IFC), an affiliate of the World Bank, could be drawn upon in the service of his people and even of his burning desire to contribute to the solution of the problems of the governments and people of Africa. He had learned that previous administrators of the Bank had encountered difficulties in dealing with the Boards of Directors and Governors. He points out that the legal provisions spelling out the roles of the Governors and Directors and procedures for relating the work of the Boards to the functions of the presidency were not precise. But most instruments setting up multinational and international organizations normally go through a process of modifications and amendments. In the case of the African Development Bank, the attitudes of member states and particularly their suspicion, had introduced a strong element of rigidity. It had been hoped in Khartoum and later in Lagos that the attitudes of the governing councils and those who would be involved in running them would mellow and admit to reasonable modifications. This

hope has not been fulfilled. In the postscript Dr. Fordwor lists the issues that require action for the Bank not merely to survive but to make an impact on economic cooperation and progress in Africa.

The problems of ADB are not unique. They have occurred and continue to repeat themselves in most of the efforts the Economic Commission for Africa has been trying to promote – Institute for Economic Development and Planning, Trans-African Road Network, Training Centres for Statisticians, demographers and cartographers, Centres of Excellence, Pan-African Telecommunication Network, and Sub-regional Economic Integration. It is a wonder that positive results sometimes emerge. It was surprising that African governments decided to accept the invitation from the European Economic Community (EEC) to participate in an economic program with the EEC. It is unfortunate that the few qualified people with a vision for the improvement of living conditions in Africa often find themselves frustrated and disillusioned.

The most interesting and encouraging chapters of the book deal with the performance of the African Development Bank during the tenure of Dr. Fordwor. He and his colleagues formed an effective team which produced the program of action for the Bank's five critical years. Dr. Fordwor's team successfully defended the thesis of the Bank in negotiations with the prospective non-regional members. This must have given some satisfaction to the team. It is a pleasure to watch this team rake through difficulties and misgivings of both the regional and non-regional members of the Bank during negotiations with the all African team from ADB. Dr. Fordwor and his team have shown that Africa can produce technicians who can hold their own and champion African aspirations anywhere.

I consider this book not an epitaph but a landmark on the road to more positive achievements. I am sure Africa will outgrow the current pains of decolonialization and that changes in the social, political and economic environment will make it possible for the Donkoh Fordwors of the future to realize their dreams and see their people free from the shackles of economic dependence.

Robert Kwaku Gardiner  
Minister for Economic Planning,  
Ghana

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## Preface

This account of events and developments during the three years of my active involvement with the African Development Bank (ADB) has not been written solely or even primarily to justify or explain myself and my role in these events. Naturally, as a principal participant in a story about which the full facts have so far been unavailable to the public or available only in highly tendentious and mostly inaccurate and misleading terms, I have considerable personal interest in getting the full and true record to the widest possible audience. For that reason, the chronicle has been made as detailed and comprehensive as is feasible in order to enable those who are interested in this limited, though not unimportant, aspect of the story to get the full facts and thus be in a better position to judge for themselves. It is my hope and belief that the impartial reader will, after reading the whole of the story, come to appreciate and understand, even if not necessarily endorse, my objectives or my methods. To that extent this book may be considered as a personal defense or an "apology."

But my fundamental purpose is more than mere self-justification or exoneration. I have decided to give a detailed chronicle of my experience at the ADB because I sincerely believe that what happened in that seemingly restricted and highly specialized sphere exemplifies and reflects to a great extent certain basic issues and problems which are of direct and continuing relevance to the viability and success of international cooperative effort in the field of developmental planning and action, not only in Africa, but also in all developing regions of the world. Indeed, the issues and problems to which I am referring are not all confined to the developing countries, nor even to the economic and developmental fields. In a very real sense, some of them touch the very foundations of international institutions and the basic rationale of intergovernmental machineries as instruments for effective action. Admittedly, the impact of these problems may be less significant in the more general international institutions whose functions and purposes

are clearly recognized and accepted as being political rather than functional. It is nevertheless, true to say that, even in these so-called political organizations, difficulties and frustrations will occur if political and diplomatic maneuverings are allowed completely to replace informed and dispassionate discussion and consideration of issues. Be that as it may, there can be no doubt that in those areas where international institutions are intended and expected to make a meaningful contribution to the solution of practical problems of economic and social development, undue or doctrinaire emphasis on political or politico-economic ideologies or excessive reliance on chauvinistic nationalism can stand in the way of success; thus they can frustrate the legitimate expectations and, in many cases, the crying needs of the ordinary men and women in whose names and for whose welfare the international programs are supposed to be instituted and operated.

It would of course be naive for anyone who chooses to work in or with an institution run by governments to expect that operations and decisions within or in relation to such an institution can be isolated from political considerations. Such political considerations can in many cases be of positive advantage, not only to individual participants in the process, but also to the organization and its members. My own experience has shown me quite clearly that the political factor is not always bad and that, in any event, there are situations in which a cherished and legitimate objective cannot be achieved except by resort to political action or political leverage.

It is one thing to accept the inevitability and usefulness of a political dimension in international decision making, but it is quite another thing to make the political dimension the sole or predominant factor in the deliberative and management process of an institution whose success must necessarily depend on an objective appraisal of facts and trends, a scientific analysis of data, and a clear willingness to accept facts and deal with them on the basis of rational and realistic expectations. Like the other regional development banks and many other continental or regional institutions for economic and social cooperation and development, the African Development Bank was, in my view, established primarily to help the member governments to achieve definite economic and political goals. These goals call for a combination of relevant technical expertise and managerial skills, aided in appropriate cases by measured political leverage.

The problems and controversies which are the subject of this chronicle, and the processes by which these fundamental issues were dealt with in the end, appear to me to illustrate very clearly the dangers of running institutions of this kind by reference solely or mainly to political considerations. It is not my intention to prescribe solutions to the problem; I would not presume to undertake such a task. My purpose is to tell the story of the ADB in such a way as to highlight the problem. It may be that the problem could be dealt with in such a way as to obtain a right and acceptable balance between the demands of politics and diplomacy and the requirements of technical and technocratic management – between the apparently unavoidable dictates of

consensus politics and the imperatives of resource management and administration. It may also be that no such balance is possible. Governments may just have to choose in each case either the satisfaction of practical and material needs or the solution of political issues to provide emotional satisfaction to the politicians. My purpose will be served if I am able to draw attention to the issues and to its probable, indeed inevitable, consequences.

In Chapter 1 I explain why and how I came to be interested in the objectives and problems of the ADB and how I came to the conclusion that my previous experience and reflections were of relevance to the Bank. I state in brief my general ideas about the objectives and the strategy for development for developing countries and the role and potential of international institutions in such a process. These considerations convinced me, first, that an institution such as the ADB could play a significant role in promoting the development needs of African countries and, second, that my training, previous experience, and the approach which I had developed as a result of them had equipped me to make some contribution to the work of such a Bank. That was why I agreed to be a candidate for president.

Chapters 2 through 5 deal with the process through which I was obliged to canvass and promote my candidacy. I go into considerable detail because I believe that the process illustrates the role that politics play necessarily (and legitimately, in my view) in an institution such as the ADB. Although I do not think that the process in my case was much different from what prevails in other intergovernmental organizations, I feel that a detailed account of the interplay of national wishes, individual ambitions, and group politics may be of interest and use to political scientists and students of international law and organizations.

Chapters 6 through 16 tell the story of my tenure of office. Here I attempt to describe the events, issues, and personalities in such a way as to enable the reader to appreciate the problems, the ideas and objectives which were being debated, and the motivations of some of the participants.

In the Postscript, I set down what in my view are the main issues and problems raised by my story and I conclude with the lessons that I have learned. Other trained Africans, wishing to contribute to the development of their continent or countries, would do well to consider these before committing themselves to any institution or course of action. I have not sought to provide answers or blueprints, but have raised questions which I am convinced cannot continue to be ignored.

The preparation of this book was undertaken and completed with the very willing and generous assistance of my close associates. Mr. C. A. Arthur of the presidency at the African Development Bank spared no time or effort in typing out the manuscript with remarkable speed and accuracy. I am most grateful to him and to Mr. G. E. Gondwe who as acting president agreed to let him do this for me. To Mr. K. K. Dei-Anang, the general counsel of the ADB, goes my greatest gratitude. He read over the first draft and made many valuable suggestions on



drafting and organization. In asking Mr. Dei-Anang for help, I deliberately requested him not to pass judgment or comment on what were my views and mine alone. He wisely and most considerately respected my wishes in this. I am also indebted to Dr. T. A. Mensah a close friend, for reading the manuscript and providing useful advice at stages in the preparation of the final draft. To my former secretary, Mrs. Esther Aryeetey of the Ghana High Commission, London, who typed the final changes made to the draft in her own time and at no cost to me, goes my sincere gratitude. My thanks also go to many others too numerous to mention who in various ways helped to make the undertaking of this assignment possible. Last, but by no means the least, may I thank my wife and family who stood by me with their heads up during the crisis because they believe in truth and justice.

# 1 Introduction

I joined the International Finance Corporation (IFC), an affiliate of the World Bank, in February 1966, and I left the corporation in March 1971. During my period with this organization, I had the opportunity to visit a number of countries in Asia and Africa. The country which was my chief responsibility as schedule officer was India, and I visited parts of this subcontinent no less than twenty-five times, staying for an average of three weeks on each visit.

The International Finance Corporation had a heavy program of project financing in India, and during the period I was working there helped to commit no less than \$100 million to the country. My responsibility was to see to it that this money was effectively absorbed in the projects for which it was committed. It was a gigantic effort. But the problems of India are such that, despite the effort made by the corporation and the determination of the Indian government, it was but a drop in the deep ocean of poverty.

To development economists who are too busy to see the things they theorize about, poverty is just a thing to be analyzed in terms of per capita income and gross national product. It takes real, physical contact with poverty to see what an ugly thing it is and how persistent and progressive it can be in its impact if nothing is done about it or if what is done turns out to be the wrong thing. The adage "It is so bad that it can't get worse" simply does not apply to the disease of economic deterioration. It can and does get worse if it is not dealt with in a quick, sustained, and determined manner and its effect on human beings is frightening to see. Of all the plagues that beset mankind, poverty is the most lethal, and it is one which, in spite of cures, will always threaten to return.

India sobered my academic pretensions to know about this condition of life. It filled me with a deep and permanent horror of poverty and, I think, induced in me a permanent tendency to get impatient with the administration of efforts to combat it. As an African, I knew poverty,