Introduction

Where do the Regional Development Banks (RDBs) fit within the contentious debate over the power and impact of International Financial Institutions (IFIs), often discussed under the rubric of the Washington Consensus? Curiously, it is not a question frequently asked. Yet it should be. The International Monetary Fund (IMF) and the World Bank are frequently invoked as either friends or foes of developing countries. These institutions exist to provide financing for economic growth and development – to providing loans, technical assistance, grants and guarantees to developing countries with limited access to private capital markets and experiencing significant balance of payments problems. Yet since the 1980s these ‘sister’ institutions have been attacked for their prescriptive (Washington Consensus) policies, harsh conditionalities and questionable success (Mosely Harrigan and Toye 1991; Peet 2003; George and Sabelli 1994). Scholars debate whether much has changed since lending modifications were introduced in the 1990s, contributing to the discussion over whether this constitutes a Post-Washington Consensus (Kuczynski and Williamson 2003; Onis and Senses 2005). Some argue that the Bretton Woods institutions today exemplify ‘provisional governance’ such that the Fund and the Bank are now aware of the possibility of failure even as they prescribe their standard policy recommendations (Best 2014).

Given the hotly contested debates over the power and impact of the IMF and the World Bank, it is surprising how little is written on the African Development Bank (AfDB), the Asian Development Bank (ADB), the Inter-American Development Bank (IADB), and the European Bank for Reconstruction and Development (EBRD). There even exists an entire overlooked sub-category of ‘sub-regional’ Multilateral Development Banks such as the Caribbean Development Bank (CDB). Despite their longevity and regional importance there is little scholarly analysis of them despite the fact that all of the RDBs were modelled on the World Bank; share many of the same member states on their Boards; have similar or the same policies; and often engage in co-financing with the World Bank. Two possible answers as to
their relative neglect spring to mind: first, that because they resemble the World Bank there is little to say – what stands for the World Bank must therefore be applicable to the ‘other’ MDBs. Second, that because these are regional banks concerned with regional development issues with predominantly regional members, that this does not concern scholars of global economic governance. This volume aims to dispel both of these notions by bringing together work on the RDBs that interrogates the role and impact of these Banks in the international political economy. The book grapples with an important empirical puzzle as to their role in global economic governance to shed light on whether the RDBs should be subject to similar criticism as the World Bank. It seeks to unpack why attacks on the ‘other’ MDBs are scarce or muted, uncovering for example whether the RDBs are subject to less criticism because their regional member states have greater ownership and therefore protect the reputation of ‘their’ Bank from criticism or whether it is because they operate fundamentally differently.

The RDBs in Global Economic Governance: Different to the World Bank?

In examining the RDBs in global economic governance we challenge the idea that what stands for the World Bank stands for the RDBs. Even from the beginning of the RDBs, the literature aimed to establish what made these institutions unique (White 1970). Despite being modelled on the World Bank, all of the RDBs have features that aim to distinguish them. While the World Bank is a universal organisation open to all sovereign states and operates globally, they the RDBs are focused on providing financing for economic growth in their regions, although for some of these Banks like the ADB and EBRD this has broadened considerably. In the late 1950s and 1960s when most of these Banks were created (bar the EBRD which emerged at the end of the Cold War), the developing regions of Africa, Asia and Latin America and the Caribbean were starved of liquidity. Regional member states aimed to create indigenous institutions to raise funds to finance economic growth, while recognising the need for extra-regional capital. This informed most of the architects to design their Banks like the World Bank and to actively seek extra-regional donor funding (except African states). The Banks aimed to generate ‘additional’ funding for their region to offset pre-existing levels of official development assistance (ODA) as well mitigate the political vagaries of bilateral aid disbursements. Other differences are subtle: the AfDB, ADB, and the IADB all included provisions in their Articles of Agreement to support intra-regional projects although this would prove difficult given the structure of the economies of Africa and Latin America,
heightened nationalism, and mistrust among states in Asia (Bull and Boas 2003; Mingst 1990).

Irrespective of the conservative ‘Western’ financial structure of these RDBs (Dutt 2001: 249), the Banks were imbued with the spirit of regional cooperation. Given the revolutionary fervour of states moving towards or celebrating independence, the possibilities that lie with Communist, Dependencia, and state-led development approaches, and the prospects of pan-African and American ideas, these Banks epitomised what states in their own regions could achieve. Curiously, the dominance of regional ‘ownership’ of the Banks would not necessarily translate into substantially different development ideas formulated by the Banks but to membership, staffing, and management issues (Mingst 1990). Lending practices were not therefore dissimilar although the Banks emphasised lending to different sectors: the IADB focused significantly on social sector lending in its first few decades, and was well funded with significant United States (US) support (Dell 1972). The ADB focused on large-scale infrastructure lending, was considered a highly technical institution that was financially the most conservative (Watanabe 1977). The AfDB had difficulty finding ‘Bankable’ projects and raising funding from the beginning. This stemmed from its refusal to have extra-regional members, making it near impossible for regional members desperate for capital to make use of the Bank (Fordwor 1981). Less is known about the lending practices of the sub-regional development banks.

It was not until the 1980s that the RDBs shifted towards similar sectoral lending as the World Bank (Culpeper 1997). Yet even when the RDBs’ portfolio began to look more like the World Bank, differences remained. They lagged the World Bank considerably in introducing program lending (such as structural adjustment loans) from the 1980s, lent less than the World Bank for program lending, and with less conditionality and oversight. That the RDBs have not received the same vitriolic critique may be because their regional member states have greater ownership and therefore shielded ‘their’ Bank from criticism or because the RDBs do not behave the same way as the World Bank. This volume sheds light on such an empirical puzzle by drawing out how the RDBs differ from the World Bank; how and why we do so is detailed next.

*Theorising Difference: The Resource Dependence and Legitimacy of the RDBs*
The volume identifies the source of policy and governance changes initiated by each of the Banks in exploring their role and influence in the international political economy. This is important for identifying what drives these International Organizations (IOs). Each of the contributions to the book probes the basis for change to the Banks with regard to specific policies, strategies and operations. The chapters seek to identify the cause of changes in the Banks’ activities in order to assess whether the Banks’ operations are determined by Bank management, donor or borrower member states, or from external sources such as civil society actors. Theoretical debates over the role of the IMF and the World Bank are based on whether or to what extent these institutions are independent of their member states (Hawkins et al 2006; Woods 2006; Weaver 2008; Park and Vetterlein 2010). This volume contributes to the scholarly literature by interrogating the ability of the RDBs to present their own expert authoritative knowledge to development financing or to uncover if they are merely conduits of their member states’ interests and preferences, shaped by civil society, or pressured to emulate the World Bank. The answers identified by the contributors highlight the complexities of how power, resources, and ideas interact, requiring multifaceted explanations of policies and change.

Within the theoretical literature on IOs and the Fund and the World Bank specifically, scholars question the extent that those organisations determine their own actions. The rationalist Principal-Agent (P-A) model has been prominent in articulating a framework for IO autonomy within its relationship to member states (Hawkins et al 2006). This is supported by analyses of formal power within the Banks (Strand 2003, 1999). This approach establishes a puzzle of how, why and when these IOs fail to meet (powerful) members’ interests. In this way, the tensions and nuances between the RDBs as relatively autonomous authoritative ‘agents’ and their ‘principal’ member states is drawn (Hawkins et al 2006). This compares with the constructivist scholarship on IOs which examines how the relative autonomy of IOs allows these bureaucracies to develop an independent internal culture that shapes their decision-making processes even to the point of becoming dysfunctional and hypocritical (Barnett and Finnemore 2004; Weaver 2008).

Recognising the relative autonomy of the RDBs, as bureaucracies run independently by Bank management but subject to the demands of their member state Executive Boards, this book takes up the theoretical concerns as to why and how the RDBs operate the way they do. The volume therefore feeds into debates as to whether the RDBs, like the World Bank, can be
accused of being foreign policy instruments of powerful states such as the United States (Babb 2009) or if they are independent institutions that shape member states’ interests and preferences (Barnett and Finnemore 2004). Constructivist accounts recognise the non-state centric nature of idea and policy formulation within IOs (Park and Vetterlein 2010). In analysing the IMF and the World Bank constructivists argue that IO behaviour is explained through organisational culture, routines and identity, including the role of ideas and actions of bureaucrats (Chwieroth 2008; Park 2010; Weaver 2008). Constructivists have mapped the policy formulation process in various IMF and World Bank issue areas, demonstrating that ideas with global reach do not necessarily begin from within the institutions themselves, or if they do so, may have originally been constituted very differently from the final policy product (Park and Vetterlein 2010). As scholars of the RDBs we also probe the extent to which culture may make shifts in RDB behaviour more or less difficult while identifying the key drivers of their development practices.

In demonstrating the cause of each Banks’ behaviour, the contributors thus weigh the role of the internal versus external environment in shaping the organisation’s actions. Internal influences focus on the decision-making of the Banks’ management, which are to differing degrees, independent from their member states on their Executive Boards. This compares to the external influences which may include donor and borrower member states, civil society actors, and the World Bank. In investigating the decision-making process, the contributor’s document which explanatory factors best explain each case. This volume therefore adds to the theoretical debate over the basis for IFI behaviour. Given that the RDBs are similarly structured to the World Bank, it is essential to examine whether what holds for the World Bank holds for the ‘other’ MDBs.

After identifying the cause of the change, the chapters assess whether the Banks are unique in their policy approach, follow the World Bank blindly, or find passive ways to resist emulating the World Bank. Beyond examining the extent of World Bank emulation, the volume seeks to investigate the extent to which the RDBs are extensions of the World Bank approach to global development feeding into debates over the structure of global economic governance. This is especially important given the larger membership shares and votes that rising powers such as China, Brazil, India and South Africa have in their regional banks. Alternative theoretical approaches such as world polity and Neo-Gramscianism argue that IOs pursue unequal power relations in the international political economy. The latter for
example argue that a hegemonic bloc of global elites in powerful industrialised states and IOs such as the World Bank construct dominant ideas, providing developing countries with no alternative to shape their own economic development path (Boas and McNiell 2004; Goldman 2005). Critical insights from Neo-Gramscian approaches can help direct our enquiry into the power dynamics between regional and non-regional interests in the RDBs and this approach is applied in the case of the European Bank for Reconstruction and Development – the most explicitly liberal of the RDBs (see Shields, this volume). However, the volume also focuses on the extent to which borrower and regional member states changing geo-economic weight may be altering the international political economy as discussed in the section below.

The volume produces textured research that explores multiple layers and interactions rather than relying on a single explanation of Bank behaviour (e.g., formal power relations). This book is firmly committed to theoretical pluralism and so sets the overarching conceptual framework as open to both formal (rule based material structures) and informal power (both ideational and power based) mechanisms by member states in examining policy shifts in the RDBs (Kilby 2011). Examining the actions of the RDBs includes not only looking at whether change is triggered from out or inside the Banks but also identifying the particular competing material and ideational forces that resist or promote change.

To this end, we pick up on two central concepts that are seen as driving IFI behaviour, resource dependence (Babb 2009) and legitimacy (Seabrooke 2007). To explain, the RDBs are underpinned by member state financial and political support. In terms of financing, member states subscribe to each institution through a portion of ‘paid-in’ capital and ‘callable’ capital that the Banks can draw on if so needed (this has never happened). This provides the Banks with assurances of member states’ commitment as well as the capital required for the Banks initial lending and trading activities. All of the Banks raise further capital through floating bonds and borrowing on international capital markets as well as interest and loan repayments. That sovereign member states underpin the Banks’ financial capacity assures capital markets of the safety of RDB lending. Thus financial security is both material and ideational as markets rely on signals from sovereign states as to the safety of buying Bank bonds.
The Banks are ‘resource’ dependent on the member states in two more ways: for periodic increases to their capital through General Capital Increases (GCIs). These are needed to maintain their capital to lending ratios, particularly when the Banks want to, or are tasked by their member states with, increasing loans to borrowers (particularly after financial crises for example). Thus despite their relative autonomy in generating income; especially compared with other IOs like the other specialised agencies and programmes of the United Nations; the RDBs are still dependent on periodic negotiations among their member states for injections of capital. GCI vary in frequency among the Banks (see Babb 2009: 42). CGI allow member states to place their policy preferences on the table and identify the direction they want the Banks to take as the basis for their negotiations over funding. Often, these policy preferences are driven by powerful domestic interests and have led to major changes in the operations of IOs. For some, resource dependence explains why the MDBs have taken on a whole range of new initiatives from poverty alleviation, debt relief, gender initiatives, and environment protection (Babb 2009).

Moreover, all of the RDBs bar the EBRD have soft loan windows for low income borrowers or the poorest of the poor developing states. These soft-loan financing facilities provide low or no-interest rate loans and grants for extended periods. As separate funding pots these are voluntarily replenished by member states through frequent negotiation rounds. Like the World Bank’s International Development Association (IDA), the RDB soft loan facilities replenishment rounds occur every three to four years. The IADB has its Fund for Special Operations (FSO) which was created in 1959, the ADB has its Asian Development Facility (ADF) which was established in 1973, and the AfDB has its African Development Fund (AfDF) also established in 1973. The resources available to these special funds are not insignificant; the IADB’s FSO, for instance, received almost $10 billion in 2009. Wholly dependent on donor member state contributions, these funds contribute substantially to the work of the RDBs in their financing development activities. They have also become the basis for policy demands by donors such that negotiations for replenishing the funds now determine the “direction and content of MDB operational, financial and even internal administrative policies.” This has been described as the tail wagging the MDB dog (Mistry 1995: 118).

In addition to these larger soft loan windows, there are numerous special funds that are usually funded by a single member or designed to target a particular policy area. For
example, in the 1980s Japan funded a new IADB lending facility to provide grants in the form of technical assistance, the Japan Special Fund. In 2013 the IADB announced China was creating a new special fund. In the ADB Japan has sponsored several special funds. In fact there are over 50 such funds in the ADB created by either a single member or several. In the AfDB there are several special funds targeting specific topics, such as the recently created ClimDev-Africa Programme Special Fund. While these special funds are part of the RDBs’ operations, we know very little about how independent or not the decisions made by these funds are from their – often single government – funding sources.

The resource dependence argument is a straightforward explanation for MDB behaviour: the Banks need capital and will adhere to member state demands in order to receive it. Evidence of MDB’s adhering to donor demands in exchange for injections of capital are abundant (Babb 2009; Lavelle 2011). Such an approach may also be used not only to describe the behaviour of the Banks in relation to their member states but may also be used to examine how units, departments and staff within the Banks themselves operate: units and departments compete in turf wars for power and budgetary resources within the organisation while staff vie for promotion (Bebbington et al 2006; Hall 2007). The resource dependence concept is therefore useful for examining whether RBD behaviour is driven from inside or outside the Banks.

Moreover, although the concept has not been used in relation to the dependence of the Banks on their borrowers, it could equally apply. The utility of the concept therefore works in relation to the Banks being dependent on their largest and increasingly discriminating ‘middle income’ borrowers (Birdsall 2006). In other words, while the Neo-Gramscian theoretical approach described above focused on how IFIs provided little to no room for developing states to determine their own approach (‘there is no alternative’ or TINA), resource dependence is a useful concept that can be applied to examining how changes in the geo-economic balance of power enables middle income borrowers to determine whether they accept the policy conditionalities attached to MDB loans compared with significant private sector or alternative bilateral development assistance. Moreover, as Banks’ dependent on credit-worthy borrowers, the MDBs may themselves need to reorient their lending practices to be more amenable to borrower interests, as has been witnessed in relation to the World Bank (Birdsall 2006). The concept therefore allows us scope to examine changes to the Banks as a result of shifts in the international political economy. While the resource
dependence concept fits within the broader rationalist P-A model, it does not have the same conceptual difficulties as the latter does when attempting to apply the model down the delegation chain; from donor members to the organisation to borrower member states. The P-A model runs into difficulty when attempting to force the Banks into the definition of a ‘Principal’ to sovereign borrowers who are cast as ‘Agents’ when characteristically they do not fit (see the debate between Nielson and Tierney 2005 and Gutner 2005).

The second main concept we take up in the volume is that of legitimacy. For the MDBs, “[E]nvironmental pressures and constraints are material in nature (including factors shaping the financial autonomy, competitiveness and viability of the organization), as well as social (factors shaping the legitimacy and authority of the organization)” (Weaver 2008: 26). Member states convey legitimacy on the MDBs through their provision of political support and economic investment. The MDBs and the IMF approach economic growth and development in particular ways. These are based not only on economic theory and ideology but also what is considered legitimate or accepted by the international community. While there have been shifts over time as to what economic theory should best be applied to facilitate international economic growth and development (from state-led development to harnessing the private sector to supporting institutions), what now constitutes legitimate issues for financing international economic development is far broader than was previously the case and many new issues are now on the MDBs’ agenda including education for young girls, climate change and addressing HIV/AIDS. Many of these issues emerged in response to the narrow approach to economic development taken by the IMF and the World Bank in the 1980s (Vetterlein 2007).

Legitimacy refers to “the terms by which people recognise, defend and accept political authority” (Bukovansky 2002: 2). The RDBs, as with the World Bank, can be considered authorities on international economic development lending, having the technical expertise garnered from decades of lending to their regions (Barnett and Finnemore 2004; Best 2007). Moreover legitimacy is “where power is acquired and exercised according to justifiable rules, and with the evidence of consent, we call it rightful or legitimate” (Beetham 1991). RDB legitimacy is therefore determined by member states accepting the right of the Banks to determine economic development policy approaches and to establish conditions on loans to borrower member states. Evidence of consent is with the signing of loan agreements by
borrowers. In the case of the RDBs this is compounded by the fact that many large borrowers are also significant shareholders, agreeing to establish policies they then contractually accept.

Examinations of the IMF have demonstrated how the Fund lost legitimacy with borrowers and donors during the Asian Financial Crisis when its technical authority and rules of lending were exposed as insufficient to grapple with near instantaneous capital flight, currency devaluation and political instability in South Korea, Thailand, Indonesia and Malaysia (Best 2007; Seabrooke 2007). Often the ‘out-put’ legitimacy of an institution rests on its ability to provide goods it was mandated to give; without this the organisation loses legitimacy (Scharpf 1999). In short, “if an institution exhibits a pattern of egregious disparity between its actual performance, on the one hand, and its self-proclaimed procedures or major goals, on the other, its legitimacy is seriously called into question” (Buchanan and Keohane 2006: 422; Rapkin and Braaten 2009: 125). For the World Bank questions over the legitimacy of its technical solutions to developing country economic problems were questioned from the 1980s by borrowers, civil society, scholars, economists, policy makers and other IOs (Vetterlein 2007).

For the IFIs as a whole, it has not just been whether the operations of the IMF and the MDBs are legitimate but whether the structure of the institutions themselves are (Woods 2006). This is also called ‘in-put’ legitimacy or what constitutes accepted participation in decision-making for governing (Scharpf 1999). Much of this discussion is located in the representation of member states in these institutions with weighted voting according to states economic power although changes to the structure of the IFIs have not kept track with the dramatic shifts of states’ standing in the international political economic since the end of the Second World War. In the IMF and World Bank efforts have been limited to redress the balance and uphold the representative legitimacy or participation of relevant stakeholders. The debate has focused on increasing the representation of emerging middle income member states while not diluting the representative power of weak states – or powerful ones! Moreover both of these institutions were considered closed to external input until the 1990s when civil society actors demanded greater access to information and decision-makers. How the RDBs fare in relation to both their technical operational legitimacy and representative legitimacy is discussed in each of the chapters where it pertains to the RDB’s decisions to alter operations or lending programs. First however, we must examine in more detail the representation of borrower
member states in the RBDs and how this affects the Banks’ standing in global economic governance.

**Locating the RDBs within the Shifting Global Economic Governance**

The second aim of the volume is to challenge the idea that we can overlook the RDBs based on their regional nature. The volume documents the role of the RDBs as both agents and structures in the international political economy. It investigates the RDBs as agents: analysing their power to exert pressure on borrower states through the addition of extra-economic concerns such as governance, engagement with civil society, and the Millennium Development Goals while assessing the political, economic and financial pressures they face from member states and non-state actors. The book ascertains to what degree the behaviour of the RDBs is shaped by their member states, their own staff and management, civil society, or the World Bank. The collection will also study these IOs as structures: examining their project and program lending practices to identify how they shape international and regional development practice. This is important to document whether the RDBs fit within the broader international development discourse propounded by the World Bank.

In this regard, the book seeks to tease out whether we can differentiate the practices of the RDBs from the World Bank or whether the RDBs constitute an extension of the Post Washington Consensus. We investigate whether convergence or divergence is occurring in particular policy areas such as environment, accountability, gender equality, and poverty alleviation. Plausible structural explanations for RDB convergence with the World Bank (and each other) may stem from overlapping member states and bilateral development agency pressure for aid harmonisation. Structural causes of divergence may stem from regional specific development issues and political dynamics. Alternatively, agential or organisation specific material and ideational pressures may account for difference among the RDBs, while rotating staff and management among the Banks may account for similarities. In sum, this volume will increase our understanding of RDB practices based on research that identifies and evaluates the structure and agency of the RDBs in global economic governance by investigating the interplay of member states, the bureaucracy and non-state actors.

The book challenges the idea that scholars of global economic governance do not need to examine the regional Banks. With dynamic emerging economies in all parts of the world, and
with many of these well represented on the RDB Boards, we question whether the changing geo-economic balance of power changes how we view the RDBs. The RDBs have different power structures from the World Bank and each other, making these institutions primary targets to investigate the degree to which power shifts in the international political economy are playing out within these IOs. The changing power dynamics with the rise of the Brazil, Russia, India and China (BRICs) and other emerging economies may provide more room for regionally oriented MDBs to shape regional (and global) development practices. Such influence may also in turn shape the broader international development discourse of the Post Washington Consensus. The book therefore generates crucial insights into whether the RDBs are significantly different from the World Bank and each other; including whether their practices collectively or individually reinforce or counter-balance the development practices of other international development leaders.

The book also seeks to probe the strength of the Banks’ organisational cultures and regional characters. The RDBs are informed by a basic assumption in modern economic growth theory that the lack of capital is a major obstruction to economic growth in developing economies. Therefore, RDBs are designed to facilitate the flow of capital into developing economies with particular attention on financing projects that may not be viable with only private sector funding or limited bilateral aid. The RDBs are distinct: they differ in membership, size, mandate and operational practices. Although the RDBs undertake similar activities to the World Bank their regional mandate determines how the Banks identify their role, pursuing a catalytic role in injecting capital into their regions and in furthering regional integration (Bull and Boas 2003; Strand 2014). This mandate also informs their regional character, with scholars and the Banks’ themselves stating that they have unique organisational cultures and doctrines (White 1970; Park 2014).

Moreover, the key players (states, bureaucracies, and civil society actors) vary from one RDB to another and this helps shape their development practices. For example, the AfDB faces less civil society criticism than the other Banks owing to the collaborative nature of interaction between the voluntary sector and international development lenders on the continent. Other Banks have adopted similar policies to the World Bank but have interpreted them very differently (such as the ADB and governance owing to different views in the region on the relationship between the state and society). While civil society is robust in Latin America the focus remains on how well the IADB meets its (larger) borrower member states needs.
Meanwhile the EBRD operates more like a commercial bank in predominantly lending to the private sector in transition economies. In other words, the RDBs are not miniature World Banks although they may be considered agents of globalisation in the same manner as the IMF and World Bank (Woods 2006). Yet the RDBs are less doctrinaire than the World Bank in the application of neoliberal ideas (Mingst 1990; Tussie 1995). The collection assesses the extent to which the Banks’ organisational cultures and regional character inform whether or not and how they act as a gateway for translating global development practices to their own regions and beyond.

Finally, the greater heterogeneity of international development financing raises questions over whether the RDBs will continue towards policy convergence with the World Bank or whether this will accelerate regionally diverse policies. We aim to locate the RBDs within global economic governance. For this reason, we seek to understand the dynamics between member-state and non-state actors on these IOs. One fundamental difference between the World Bank and the RDBs is that the latter provide more important roles for developing countries in decision-making and policy implementation. This is important because over the past decade the rising importance of emerging markets, such as the BRICS countries, has suggested to many observers there will be changes to extant global governance mechanisms as India, China, and others seek political influence commensurate with their economic positions in the world. There is movement on two fronts to realise this changing reality. The first is the agreement in July 2014 by Brazil, Russia, India, China and South Africa to create a “New Development Bank” or ‘BRICS’ bank. The second is China’s promotion of a new Asian Infrastructure Investment Bank (AIIB) with 20 states signing a memorandum to establish it on October 24 2014. The trend to create new multilateral development institutions raises questions when the RDBs are designed to have a regional approach to development and therefore provide regional member countries more voice over decisions. It is therefore of key concern as to how and why they advocate specific development practices that they promote within their region and extra-regionally if powerful middle income countries are choosing to establish new organizations. Moreover, there may be greater commonality among the RDBs on the ways in which they link into their regions (and extra-regionally) that may have broader significance for the literature on regionalism (Acharya and Johnston 2007; Hurrell 1995). To further unpack the role of the RDBs in global economic governance, we sketch each Bank’s characteristics before outlining the contributions to the volume.
The Regional Development Banks: Who They Are and What They Do

Despite being modelled on the World Bank the RDBs nonetheless operate differently: they have different sectoral lending foci; disburse different loan volumes to borrowers in their region compared with the World Bank; and have different ways of interacting with their member states. While the World Bank is considered to be the exemplar IO in international development, the RDBs undertake considerable project lending that may exceed the role of the World Bank in specific regions (like the ADB in the Pacific) and specific states (where for example the IADB lends more to small states in Latin America and the Caribbean than the World Bank does). It is therefore surprising that the RDBs remain understudied when they play such pivotal roles in borrower states. Little academic and policy work has been produced that systematically appraises the place of the RDBs in global economic governance. Indeed the last book that examined the RDBs in any detail was published well over a decade ago (Culpeper 1997; although Strand, forthcoming analyses four of the RDBs). Identifying the main activities and practices of these Banks, and how they differ from one another and the World Bank, is therefore of key concern.

While the RDBs have a regional flavour they are still subject to the influence of twentieth century great powers. The chapters identify whether the Banks are influenced by broader international development trends including power shifts in the geo-political economy and the dissemination of ideas of best development practice or whether policy decisions come from inside the Banks (staff and management) or other external actors such as civil society. The RDBs may provide evidence that geography matters in ways that theories of IO have not fully contemplated. The RDBs are regional and sub-regional actors where space and place are articulated as paramount to our understanding of these institutions (White 1970).

While all of the RDBs choose their presidents according to different procedures they must be from their region (an African for the AfDB, a Latino for the IADB, a Japanese national for the ADB, and a European for the EBRD). The remaining governance arrangements for the Banks are the same. As with the World Bank, the Banks all have a Board of Governors on which all member states are represented (by member states’ treasury or finance ministers). All of the Banks’ Boards of Governors meet once or twice annually to determine the overall direction of the Banks. The Governors in turn delegate decision-making power to a sitting
Board of Executive Directors. The composition of the Board of Executive Directors is determined by the amount of capital subscribed by the member states and according to a formula of basic and proportional shares. Each RDB allocates a specific amount of shares for its regional members. The president of the Bank is chair of the Board of Executive Directors as well as running the Banks daily operations and managing the Banks staff. For many this has led to the assumption that the RDBs are mini-World Banks, despite the differences outlined earlier in the chapter. Whether these differences infuse the Banks development practices in ways previously unstudied is the focus of the volume. In addition, the governance arrangements of the sub-regional development banks are examined in light of the RDB’s structural homogeneity.

Outline of the Book

The volume then investigates the activities of the RDBs both in general and in particular issue. By casting light onto the behaviour of the RDBs we get a clear and current picture of global economic governance. In section one we look at how the RDBs have taken up ideas promoted by donor member states and the World Bank as good development practice. In the areas of the environment, gender, engagement with civil society and good governance Karen Mingst’ chapter reveals how the AfDB has adopted similar practices to the World Bank at a time lag of at least five years. She outlines how and why the AfDB has adopted these non-economic policies despite regional member states demanding no such conditionalities when donor states joined the African Development Facility in 1973. For the ADB, Yasumasa Komori’s chapter demonstrates how the fight against corrupt practices in international development lending has become a major platform for the Bank again emulating the World Bank - with similar implementation problems. This is despite, or perhaps because of, the role corruption was argued to play in the Asian Financial Crisis of the late 1990s. In chapter three by Kenneth Retzl the IADB is probed in relation to its adoption of the Millennium Development Goals. Retzl makes the case that the increasing articulation of the MDGs within the IADB accord with the Bank’s prior focus on social development lending and the emphasis placed on this sector by a former president, Enrique Inglesias. In contrast, the chapter by Anders Uhlin demonstrates how the ADB has opened itself up to civil society by tracing how the latter have influenced the introduction of the Banks safeguard and accountability practices, particularly in their most recent instantiation. This is evidence of a significant change within the ADB. Chapter six by Daniel Braaten returns us to the
traditional donor and civil society led agenda of non-economic concerns to analyse the extent to which the RDBs address human rights. He identifies that the Banks now speak to but not necessarily act upon human rights, thus revealing commonalities among the Banks for resisting change.

In section two of the volume, how the RDBs fit within the international political economy is addressed. Despite their longevity, we are only just beginning to identify how these institutions shape how development is understood in their regions and beyond. Chapters in section two investigate how the RDBs are part of the structure of the international political economy, reflecting both the changing material relations of powerful states and shifting ideas about development. It therefore examines how the changing material capabilities of the member states may be affecting decision making processes within the Banks, which is analysed in the chapter by Jonathan Strand and Michael Trevathan. They examine whether the rise of material power of emerging economies is affecting their position within the RDBs especially in terms of the Banks governance structures. On the flip side, the chapter by Chris Humphrey examines the dynamics between the IADB, World Bank and the Development Bank of Latin America (formerly known as the Andean Development Corporation or CAF) and their borrowers. The rise of emerging economies now means that the MDBs are dependent on borrowers with the capacity to repay loans in order to maintain their business model while these same borrowers now have the ability to take their business elsewhere. This has lead the MDBs to attempt to modify their lending practices to be more favourable to borrower interests. Humphrey’s investigates the extent to which the Banks have shifted to be more borrower friendly in relation to the power of borrowers within the Banks governance structure. Meanwhile the chapter by Stuart Shields provides a critical approach to the EBRD’s legitimacy where he documents how the EBRD, much like the World Bank, maintains a ‘common sense’ approach to the transition to democracy and free markets in Eastern and Central Europe (ECE). Revealing when and how the Banks advance both Washington Consensus and Post-Washington Consensus practices reveals both a common defense of MDB practices as well as fissures and cracks within any consensus at the regional, and even organizational, level. The section also investigates how the Sub-Regional Development Banks (SRDBs) take on the governance structures previously established by the larger RDBs including transparency and accountability mechanisms, as per the chapter by Tina Zappile.
Conclusion

By investigating how the RDBs behave, the chapters in this volume attempt to tease out the motivations for specific practices and policy approaches. Through the lens of resource dependence and legitimacy the collection analyses how and why they adopt new practices. In doing so, each author identifies whether the RDBs are unique in their development practices. As a result, the authors shed light on whether the Banks have unique regional characteristics in their analysis of the Banks. In tracing the origin of the Banks’ behaviour, the authors demonstrate how this compares to the dominant development discourse of the World Bank. This is significant because it attempts to parse out the voice of the RDBs from other development lenders, particularly that of the most global of the multilateral development banks. Whether the RDBs are as unique as they proclaim is therefore an important empirical puzzle addressed herein. The volume’s conclusion then assesses the state of play for the RDBs in the twenty-first century. The practices of the RDBs across a range of areas compare to the current practices of the World Bank which many see as driving the neoliberal international development lending agenda. For many this is a harbinger of international development financing, dictating the current terms through which future lending will apply.
Bibliography


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1 Policy prescriptions included fiscal discipline; reordering public expenditure priorities; tax reform; liberalizing interest rates; establishing a competitive exchange rate; trade liberalization; liberalization of inward foreign direct investment; privatization; deregulation; and establishing and securing property rights (Williamson 1999).

ii The only major prerequisite to join the World Bank is membership in the IMF.

iii As the youngest of the MDBs the EBRD is the most different in terms of having a political mandate to help the development of market economies in Central and Eastern Europe and to lend primarily (60%) to the private sector.

iv IOs are defined as “an organization that has representatives from three or more states supporting a permanent secretariat to perform ongoing tasks related to a common purpose” (Barnett and Finnemore 2004: 177).
