INTERNATIONAL NEOLIBERAL DEVELOPMENT REGIME AND REGIONAL DEVELOPMENT BANKS (AFRICAN DEVELOPMENT BANK, ASIAN DEVELOPMENT BANK AND INTER-AMERICAN DEVELOPMENT BANK)

A THESIS SUBMITTED TO
THE GRADUATE SCHOOL OF SOCIAL SCIENCES
OF
MIDDLE EAST TECHNICAL UNIVERSITY

BY

MEHMET HECAN

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR
THE DEGREE OF MASTER OF SCIENCE
IN
THE DEPARTMENT OF INTERNATIONAL RELATIONS

JANUARY 2017

Approval of The Graduate School of Social Sciences

Prof. Dr. Tülin Gençöz
Director

I certify that this thesis satisfies all the requirements as a thesis for the degree of Master of Science.

Prof. Dr. Özlem Tür
Head of Department

This is to certify that we have read this thesis and that in our opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of Science.

Assoc. Prof. Dr. M. Fatih Tayfur
Supervisor

Examining Committee Members

Prof. Dr. Çınar Özen (Ankara Uni., IR)

Assoc. Prof. Dr. M. Fatih Tayfur (METU, IR)

Assist. Prof. Dr. Ş. Onur Bahçecik (METU, IR)

I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.

Name, Last name : Mehmet Hecan

Signature :

ABSTRACT

INTERNATIONAL NEOLIBERAL DEVELOPMENT REGIME AND REGIONAL DEVELOPMENT BANKS (AFRICAN DEVELOPMENT BANK, ASIAN DEVELOPMENT BANK AND INTER-AMERICAN DEVELOPMENT BANK)

Hecan, Mehmet
M.Sc., Department of International Relations
Supervisor: Assoc. Prof. Dr. M. Fatih Tayfur

January 2017, 207 pages

This thesis aims to illuminate regional development banks' (RDBs) role in global diffusion of neoliberal policies since the early 1980's. In this regard, it argues that along with the Bretton Woods Institutions (BWIs), the RDBs have also facilitated the spread of neoliberal policies, as these banks have practiced similar conditional/policy-based lending. In order to better explain the complementary roles of BWIs and RDBs within an analytical framework, the thesis employs the international relations (IR) concept of International Regimes and defines the relevant regime as international neoliberal development regime which has generated its own principles, norms, rules, and decision-making procedures over time. Accordingly, whereas the World Bank and IMF have long represented the leadership of this regime, RDBs like the African Development Bank (AfDB), Asian Development Bank (ADB), and Inter-American Development Bank (IDB) have served as regional counterparts of this same regime. Furthermore, this thesis also examines the different roles and natures of each RDB in the international neoliberal development regime.

Keywords: Bretton Woods Institutions, Regional Development Banks, Development Finance, Neoliberalism, International Regimes

ÖZ

ULUSLARARASI NEOLİBERAL KALKINMA REJİMİ VE BÖLGESEL KALKINMA BANKALARI (AFRİKA KALKINMA BANKASI, ASYA KALKINMA BANKASI VE AMERİKAN ÜLKELERİ KALKINMA BANKASI)

Hecan, Mehmet
Yüksek Lisans, Uluslararası İlişkiler Bölümü
Tez Yöneticisi: Doç. Dr. M. Fatih Tayfur

Ocak 2017, 207 sayfa

Bu tez, Bretton Woods Kurumları'na benzer bir şekilde bölgesel kalkınma bankalarının da yapısal dönüşüm kredileri vererek neoliberal politikaların küresel çapta yayılmasında rol oynadığını iddia etmektedir. Bununla birlikte 1980 sonrası, prensip, norm, kural ve karar verme süreçleri neoliberal bir kimliğe sahip bir uluslararası kalkınma rejiminin oluştuğunu da belirtmek gerekir. Bu bağlamda bu tezde *uluslararası neoliberal kalkınma rejimi* kavramsallaştırılıp açıklanmıştır. Bu rejimin içinde hem Bretton Woods Kurumları hem de bölgesel kalkınma bankaları piyasa ekonomisi reformlarının dünya genelinde yaygınlaştırılıp kurumsallaştırılmasında tamamlayıcı roller oynamıştır. Bretton Woods Kurumları bu kalkınma rejiminin merkezini teşkil ederken, bölgesel kalkınma bankaları da yine aynı rejimin bölgesel eş değer birleşenleri olmuştur. Bölgesel kalkınma bankalarının uluslararası neoliberal kalkınma rejimindeki rollerini anlatırken bu tez ayni zamanda bu bankaların kendi içinde farklılaşan yapılarını da açıklamaktadır.

Anahtar Kelimeler: Bretton Woods Kurumları, Bölgesel Kalkınma Bankaları, Kalkınma Finansı, Neoliberalizm, Uluslararası Rejimler

To all the good people. We need them…

ACKNOWLEDGMENTS

I would like to briefly thank a number of people for assistance with this thesis. First of all, I thank my supervisor Assoc. Prof. Dr. M. Fatih Tayfur for all his assistance and the patience he bestowed upon me while I was completing and finally defending my thesis. I feel privileged to have had such an intellectual and kind professor supervise my thesis. I also would like to thank both Prof. Dr. Çınar Özen and Assist. Prof. Dr. Ş. Onur Bahçecik for taking part in my thesis commitee and allocating their valuable time to my thesis. Both of them are excellent professors. I also would like to send my thanks to Osman Bahadır Dinçer, as he gave innumerous assistance to me as my coordinator, friend, and as a good person. Büşra Nur Özgüler also deserves special thanks for accompanying me while I was defending my thesis in the desolate corridors of the IR Department building at METU on January 2, 2017. I am sorry I am not able to accompany her during her own Master's thesis defense. I also would like to thank Öznur Gümüş for showing sustained support during the preparation of my thesis. I also need to thank Yağmur Erşan for reading my second chapter and giving me feedback long ago. For a similar reason, I should also thank my cheery friend Kehan Wang at Boston University. Several people regularly asked me about my thesis and motivated me to complete it in a timely manner. In this regard, Mehmet Yegin, Hasan Selim Özertem and Mehmet Tiraş deserve thanks. Here, I also would like to thank Banu Arslan. On several occasions, we met for dinner and discussion and to motivate each other while she was completing her own PhD dissertation and I was working on this thesis. She is an amiable person who emanates an intellectual and friendly air. Finally, I would like to thank my family. They are really good people. Perhaps the best way to do this is to name them one by one: Cemil Hecan (my father), Hatice Hecan (my mother), Murat Hecan (my brother) and his wife Ebru Hecan, Gul Kurnaz (my sister) and his husband Mehmet Kurnaz, Gülay Yılmaz (my sister) and his husband Nihat Yılmaz, and Besime Tuana Hecan (my sister), as well as my nephews Muhammed Kurnaz and Azem Naz Hecan. To be sure, many of us are likely to have numerous people in our support network. I regret that I cannot name everybody who has helped me here. Special thanks should go to all such people in my network (i.e. Deniz Khanim, whose personality and work ethics I admire at so much).

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

AfDB	African Development Bank
ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
BWIs	Bretton Woods Institutions
DAC	Development Assistance Committee
EBRD	European Bank for Reconstruction and Development
ERSAP	Economic Reform and Structural Adjustment Program
FDI	Foreign Direct Investment
HIPC	Heavily Indebted Poor Countries
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDB	Inter-American Development Bank
IFIs	International Financial Institutions
IMF	International Monetary Fund
LDCs	Least Developing Countries
MDGs	Millennium Development Goals
MDIs	Multilateral Development Institutions
MDBs	Multilateral Development Banks
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PBL	Policy-based Lending
PBOs	Policy-based Operations
PRSPs	Poverty Reduction Strategy Papers
RDBs	Regional Development Banks
SAL	Structural Adjustment Lending
SAP	Structural Adjustment Programme
UN	United Nations

CHAPTER I

INTRODUCTION

1.1. Argument

International institutions constructed to promote development have been at the epicenter of the global development agenda since economic development became a global program and priority for developed countries in the post-WWII period (Rapley 1997). The World Bank, one of the two Bretton Woods Institutions (BWIs), has so far been the foremost organization the central organization addressing global economic development. In particular, the advent of neoliberal policy practices during the 1980's brought the World Bank to the fore in the global development agenda. This was thanks to the World Bank's firm commitment to the neoliberal policies that have since taken hold in developing and underdeveloped countries through structural lending policies. Due to its prominent role in shaping global development dynamics and transforming developing countries, the operations of the World Bank, along with similar policies promoted by the IMF, have come under considerable scrutiny. Numerous studies have attempted to evaluate both positive and negative aspects of neoliberal policies through examining the lending policies of the World Bank and the IMF. In this regard, as essential parts of the Bretton Woods system, these two institutions have attracted significant academic attention.

Despite the abovementioned context, it should be also noted that, at the level of international organizations, the World Bank and IMF cannot alone account for the whole of the global diffusion of neoliberalism. The role of regional development banks (RDBs), which are also a part of this story, should be illuminated in order to give a fuller picture of the international neoliberal development regime. In this context, the type of a role the RDBs have played in the global diffusion of neoliberalism and *how* they have played such a role should be incorporated into academic scrutiny of the subject. These two research questions constitute the underlying motivation of this study. The main aim of the thesis is to shed light on the part of RDBs in the context of global development. In this regard, this thesis argues that, along with the World Bank and the IMF, the RDBs have also facilitated the spread of neoliberal policies, as these regional banks have practiced conditional/policy-based lending similar to that of the BWIs.

While arguing for the facilitative role of the RDBs in the dissemination of neoliberal economic practices, this thesis also employs the international relations (IR) concept of *International Regimes*. Considering that the regime of international development has generated its own *principles, norms, rules,* and *decision-making procedures* over time this is a fruitful exercise. In this way, it aims to better explain the roles of BWIs and RDBs in an analytical manner. So far, there has not been a coherent attempt to study the subject of international development through the concept of *international regimes*. In light of this gap, this thesis aims to map out the basic contours of the international development regime. In one sense, such an effort can be also regarded as a modest attempt to bridge the fields of development economics and IR.

In this study, we can argue for the existence of a specific international development regime whose *principles, norms, rules,* and *decision-making procedures* for the most part are derived from neoliberal logic. Under its neoliberal logic, the regime has primarilyaimed to facilitate the global transition to market economy, followed by the institutionalization and consolidation of this economy in different aspects around the world. Thus, this regime has been defined as the *international neoliberal development regime* in this study. As the flagship institutions, both the World Bank and the IMF have represented the leadership of this regime, whereas RDBs like the African Development Bank (AfDB), Asian Development Bank (ADB), and Inter-American

Development Bank (IDB) have served as regional counterparts of the same regime. In a Gramscian sense, the regime has rested upon both coercion and consensus. In general, while expert authority, created by an extensive corps of bureaucratic cadres specialized in divers areas of the economy at these development institutions, underpins the consensual components of the *international neoliberal development regime* (Barnett and Finnemore 2004), the conditional financial loans and terms of assistance developing countries have had to accept in the face of economic difficulty (i.e. balance of payments crisis) underpin the coercive components of the same regime.

As the regional extension of the *international neoliberal development regime,* the RDBs have generally promoted either complementary or simultaneous economic reform policies similar to those already promoted by the BWIs. The RDBs have been able to do so thanks to privileged positions in their respective regions as the premier regional development institutions. They are characterized by a considerable command over regional economic dynamics, a large staff with intimate knowledge of the region, and established positive relations with regional countries. The RDBs themselves have not launched regional economic transformation, but have certainly bandwagoned and endorsed the economic transformation led by the BWIs. Coverage and analysis of RDBs in this study also suggest that these regional banks have played roles very similar to those of the Bretton Woods Institutions in promoting neoliberal policies and assisting the institutionalization of market economies. As detailed in the following chapters, the policies promoted through the policy-based lending of the RDBs have resembled those of the BWIs both in content and style. In this respect, the RDBs could be treated as a genuine part of international neoliberal development regime led by the BWIs. More specifically, examing the three RDBs of this study, whereas the AfDB, acting as regional counterpart, has generally served to facilitate the World Bank and IMF-led reform processes, ADB and IDB have mostly acted to support economic policies similar to those promoted by the BWIs, albeit in a more autonomous fashion. Nonetheless, regardless of however these policies are promoted, all efforts by the RDBs, after all, aim at assisting regional countries through the long process of transition to a robust market economy, consolidation of already existing market economy reforms or further institutionalization of such reforms.

Based on the explanations discussed above, the main findings of this study could be summarized as follows: i) the RDBs have played a similar role to the BWIs in promoting neoliberal policies around the world and ii) while carrying out similar neoliberal functions, both the BWIs and the RDBs have operated in the same international regime of neoliberal development - the *international neoliberal development regime*. Yet, the findings of the research here are not limited to these two main arguments. The thesis also includes several sub-arguments illustrating the differences between the three RDBs and the temporal variation in their dependency on the BWIs in practicing neoliberal policies. To this end, the thesis also examines each RDB in terms of roles and positions they have committed themselves to in the international neoliberal development regime. Separate chapters devoted respectively to the AfDB, ADB and IDB serve this purpose. From the analysis conducted in these chapters, it is evident that each RDB has demonstrated differences. In this context, the following inferences could be put forward: i) In their promotion of neoliberal policies, the three RDBs were generally dependent on the BWIs and mostly bandwagoned with the leadership of the World Bank, particularly at the very beginning (i.e. the 1980s and the early 1990s). Over time they have generated a certain degree of institutional autonomy to varying degrees, but, the overall framework of their operations has been still bounded by a neoliberal logic. In other words, the generation institutional autonomy has not necessarily led to their promotion of policies different from those of the BWIs. Rather, the RDBs have used their increasing autonomy to promote the similar neoliberal policies on their own, with less assistance from the BWIs. ii) Among the three RDBs, the ADB enjoys the most institutional autonomy while the AfDB has the least. It could be argued that the IDB enjoys a level of institutional autonomy similar to that of the ADB, but does not have as much capacity for autonomy as its Asian counterpart. In terms of institutional autonomy, different factors such as financial resources, human capital and institutional cultures (i.e. the influence of the skilled Japanese bureaucratic culture at the ADB) have measurable effect. iii) Policy-promotion through policy-based lending (also known as conditionality) is still an important operational priority for both the RDBs and the BWIs. Today, these development institutions still aim to promote certain policy changes in exchange for offering loans. Yet, the leverage the RDBs and the BWIs hold over their borrowing member countries is now less visible when compared to the past. In this sense, it is possible to argue that the transformative power of the international neoliberal development regime has waned, especially when compared to the 1980's and 1990's, during which period the regime's influence was far more visible.

A number of reasons account for the weakening influence of the international neoliberal development regime. The first reason examined here is related to the expansion of private flows to the developing world. Due to the swift transformation in international capital markets since the 1980's and 1990's (Buiter and Fries 2002; Cohen 1982), development finance to the developing world has begun to take on new forms such as foreign direct investment (FDI), portfolio flows and private bank lending. Thanks to the emergence of a giant alternative private credit market in which financial needs can easily be met, the assistance of the RDBs and BWIs have come to be a less and less indispensable option for borrowing countries. This proliferation in the favor of the private capital market has considerably reduced the leverage of these development institutions over developing countries. Second, as the era of old dramatic structural adjustment reforms is now well over and most countries have undergone significant economic reform, the reform process through policy-based lending is also near saturation. As a result, there are now relatively fewer geographical spheres or countries in the developing world in which the BWIs and RDBs can practice overatly policy-based operations Finally, there has also been more and more importance attached to the issues of ownership, particularly starting in the 2000's. Thus, as opposed to the past, rather than the international development banks, the countries themselves now decide how these funds will be used. Taken in sum, the new dynamics of international development finance seem to provide the BWIs and RDBs with less leverage over the developing world.

1.2. Methodology

As this study attempts to examine the role of the RDBs in the context of international neoliberal development regime, fundamentally it looks at how the economic reform policies known as neoliberal policies have been implemented by the RDBs. In order to do this, this study focuses on policy-based lending (PBL). This area was chosen because, thanks to the conditionalities attached to PBL, the BWIs and RDBs have been able to promote the adoption of market-reforms in the loan recipient countries.

This focus on the PBL has also determined case selection. Today, there are four main RDBs. These are the African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD) and Inter-American Development Bank (IDB). However, for this study only the AfDB, ADB and IDB have been selected as these are the only institutions which have practiced PBL. As a relatively nascent RDB, EBRD does not undertake policy or adjustment lending (ADB 1996, 40; EBRD, 2016). In this respect, the study here concentrates on three major and long-established RDBs - AfDB, ADB and IDB - which have a significant history of policy-based lending.

With respect to terminology, it should be noted that, as opposed to its commonplace pejorative meaning, the conception of *neoliberal/neoliberalism* is here not associated with any normative understanding. Throughout the study, *neoliberal/neoliberalism* refers to economic reforming policies which aim to either facilitate the transition from the state-controlled economy or institutionalization/consolidation of already existing market economies. In addition, it should be also noted that there is a bevy of materials which fall under the concept of *international regimes* with respect to neoliberalism. However, a full examination of this entire field is well beyond the scope of this study. For this reason, the conceptualization of *international neoliberal development regime* in this thesis for the most part refers to the role of international organizations/institutions.

As for data, the study primarily draws on first-hand resources produced by the AfDB, ADB and IDB. In order to prepare chapters on the RDBs, the annuals and special reports released by these institutions were gathered and examined. In addition to these official documents, one knowledgeable official from each RDB was also interviewed in order to check and supplement arguments in this thesis. In total, four high-level staff were interviewed. Dr. Johannes Linn is the former vice-president of the World Bank in Washington D.C., U.S. He provided valuable insights into the World Bank and its relations with the RDBs. The second interviewee was Dr. Bakri Abdul Karim, Division Manager of African Development Institute at the AfDB in Abidjan, Côte d'Ivoire. He provided supplementary comments for the chapter related to the AfDB. The third interviewee was Çiğdem Akın, a public management economist at the ADB in Manila, Philippines. The final interviewee was Dr. Cheryl W. Gray, the Director of the Office of Evaluation and Oversight at the IDB in New York, U.S. Considering that the interviewees all hold various positions in their respective institutions' research and policy departments, their comments and contributions have helped the author cultivate considerable robustness for this study. All interviews were held either through Skype, Whatsapp or in a written form via email.

Moving on from examination of the RDBs, the third and fourth chapters map out the basic contours of the international neoliberal development regime and mostly draw on secondary sources. As there already exists a concept in IR of "*international regimes*', considerable benefit was derived from the book named after the concept itself: *International Regimes,* which was published by Cornell University Press in 1983. Furthermore, with respect to the BWIs, this study has benefitted from the vast literature on the World Bank and the IMF. In a similar vein, the second chapter, which aims to provide a brief introduction to the RDBs, also rests upon secondary resources, primarily reports and information provided on the individual RDBs' websites.

1.3. A Brief Outlook on Literature

It is possible to demonstrate the importance of such a study in multiple ways. It should first of all be noted that, despite their 50+ years of operation, the RDB are still understudied. There is definitely need to fill in the gap in the literature. If one glances at the related literature, it is immediately apparent that there are only a meager number of studies on the RDBs. Insofar, studies have mostly taken the form of various inquiries into the RDBs. Preliminary studies have generally focused on the history of the RDBs, their progress, financial operations, donor contributions, and organizational structures, as well as debates concerning their effectiveness in distributing financial assistance.[1] One aspect of this existing literature that is still lacking is engagement with paradigmatic discussions along with outdated evaluations. Another lagging part of the literature on the RDBs is comparative work. Few comparative works have been produced, and these generally fail to provide updated frameworks.

Among the existing comparative studies, it is fair to say that the North-South Institute provided the first comprehensive and sound study of the RDBs in surveying three major RDBs - AfDB, ADB, and IDB – and comparing them with the Bretton Woods institutions in the early 1990's. This project resulted in five books as well as Roy Culpeper's (then head of the institution) academic article.[2] These works aimed at

1 See: Singh 1969; Knop 1969; White 1970; Ferroni 2002; Luna-Martinez and Vicente 2012; and Nelson 2001.

2 See: Culpeper 1997; English and Mule 1996; Kappagoda 1995; Hardy, 1995; Tussie 1995; and Culpeper 1994.

illustrating several unique aspects of the RDBs as well as making policy prescriptions in order to increase the effectiveness of the RDBs in development finance. A more recent study by Sagasti and Prada (2006) presents another comparative perspective by comparing the roles played by the RDBs. The study is important in terms of undrstanding the increased importance of the RDBs as finance hubs for regional countries. While Culper's, and Sagasti and Prada's studies stand as the most comprehensive comparative studies on the RDBs, other comparative studies of note include those of Bøås and Bull and Bøa§s, which undertok dual comparisons of different RDBs in specific aspects such as governance and regionalism (Bull and Bøa§s 2003; Bøås, 1998). Even though the existing comparative studies on the RDBs are useful in the sense that they help us compare organizational structures and operational behaviors, they do not sufficiently engage in debates concerning international development. In other words, they do not offer paradigmatic discussions on international development finance.

Moreover, a brief literature survey also reveals that contents on the RDBs have been rather exhausted as an extension of discussions addressesing donor influence in the international financial institutions, which is another commonly studied are of literature.[3] These studies use quantitative methods, but poorly link the RDBs to debates on international development. Thus, they are not helpful in mapping out the roles of the RDBs in the global development agenda.

Building upon the existing literature, this study aims to generate a systematic account of the RDBs in both comparative and analytical terms. This is the first study that uses the concept of *international regimes* in studying the RDBs in a global development context. Apart from this, this study could be also regarded as a contribution to studies on global governance as it offers insights into the governance of the international development regime at international organizations/institutions level.

[3] See: Krasner 1981; Ogata 1989; Wan 1995; Dutt 1997; Neumayer 2003; Kilby 2006; and Babb 2009.

1.4. Outline of the Chapters

This thesis is compromised of eight chapters. Following upon the introduction chapter, the second chapter provides a brief account of Regional Development Banks (RDBs). Here, the main aim is to map out the origins of the RDBs within a global development context. To this end, first a brief background of development finance is provided. Then the chapter explains how the RDBs have served the realization of various development purposes in their respective regions – be it Africa or Asia or the Americas – by functioning as an alternative financing source for development finance.

The third chapter introduces the concept of *international regimes*. In this regard, the chapter shows how the concept could be used in the discipline of development economics to explain certain spheres of international cooperation. After illustrating the basic components of the concept, this chapter argues that *international regimes* could be also employed to explain international development in order to better explain the international environment in which the BWIs and the RDBs operate as interconnected development institutions in analytical terms. As seen in this chapter, both the BWIs and the RDBs are the part of the same international neoliberal development regime as they have facilitated the diffusion of neoliberal policies by promoting such policies through their policy-based lending facilities.

The fourth chapter is a continuation of the second chapter in that it provides further information on the international neoliberal development regime. This chapteroutlines the main changes that have occurred in the international neoliberal development regime since its inception in the early 1980s. The World Bank and the IMF were central in enacting these changes. These alterations in the regime is important to this study as they have had directly impact on the RDBs' own policies. The following chapters on the RDBs demonstrate that the RDBs have amended their policies and practices in line with the alterations in the international neoliberal development regime.

The fifth, sixth and seventh chapters respectively focus on the AfDB, ADB and IDB. The main objective of these chapters is to demonstrate that the policies promoted by RDBs have been fundamentally framed by neoliberal logic, similar to the policies of the BWIs. In doing this, this chapter also demonstrates how the RDBs are linked to the BWIs in institutional terms. These chapters also question the institutional autonomies of each regional development banks in pursuing neoliberal policies in several different aspects.

Finally, the eighth chapter constitutes the concluding chapter of the thesis. This chapter lays out the main findings of the research conducted for this study. However, in going beyond the scope of a conventional conclusion, this chapter also includes some explanations and supplementary information so that the findings of the research may be better conveyed. It also includes a brief discussion.

CHAPTER II

DEVELOPMENT FINANCE and REGIONAL DEVELOPMENT BANKS

2.1. Development Finance

2.1.1. Brief historical account

Why finance is a central theme to the issue of development is in part due to the solid link between the two. That is, finance plays a crucial role in economic development. Understanding of finance facilitates efficient allocation of resources, funds productive investment; and thus fosters economic growth. For this reason, since development issues became a world-wide enterprise and discipline of study following WWII (Rapley 1997), development finance has always existed under the umbrella of development economics itself.

The rise of development economics, as with the broader scope of development finance, was triggered by two fundamental developments in the post-war period. First, war-torn Europe faced the challenge of rebuilding its cities and reinvigorate its national economies after WWII. Second, the post-war period witnessed a period of decolonization during which many Asian and African countries gained independence from the former European colonial empires. Apart from achieving formal independence, these newly independent states in the Third World regarded the establishment of their own national economies as an essential component of economic independence. This is why development, which was equaled to industrialization at that time, was a national priority for these new states.[4]

Within this global quest for development, while the issue of development was a common concern both for continental Europe and the Third World, they also shared a concern over how this development should be financed due to the inevitable link between finance and economic development. Europe needed capital to finance and facilitate the reconstruction process. In particular, the US, which was then newly assuming the hegemonic leadership of the global economy,[5] provided this capital to Europe, notably through the Marshall Fund.

Even though Europe was in an urgent need of capital in the post-war period, development finance was not a long-term concern for the continent as it did not take much time for the Western economies to recover. By the late 1950's, Europe achieved reestablishment of a functioning economic system. Nonetheless, resolving the development finance gap would be a long-standing problem for the Third World to. Indeed, Third World countries faced a rather more fundamental problem of capital as they lacked the initial finance necessary to launch their economies and drive them to higher development.[6] According to the prevailing beliefs about economic

[4] For further information on the subject in this paragraph you can look at Rapley 1997.

[5] Charles Kindleberger argues that during the interwar period, Britain, the old hegemon, was no longer able to assume hegemonic leadership to lead and stabilize the global economy while the US, the emerging hegemon, was not yet willing to do this. It was only after the WWII that the US took on hegemonic responsibility for the world economy. See: Kindleberger 1973.

[6] During the early years of the post-war period, the issue of development was generally conflated with industrialization. The prevailing economic conviction in the West, which was an offshoot of modernization theory, supported the argument that underdeveloped countries can get developed by following the same stages of development that were lived by the developed countries. As an offshoot of modernization theory concerning the economy, within this economic current, the Rostow's Stages of Growth model is regarded as one of the major historical models of economic growth. The model postulates that economic growth takes place in five basic stages with different

development in the West at that time, which borrowed much from modernization theory, countries at the bottom of the development ladder could become developed by following the same stages of development that developed countries had experienced. Nonetheless, apart from setting a certain economic development model as the preferred target, provision of finance to these countries emerged as a precondition for economic development. In the face of a lack of finance for initiating development, the West emerged as the main provider of development finance for the rest of the world.

2.1.2. Growing awareness of the finance gap in the developing world

In the immediate post-war period, the problem of the finance gap in the developing world started to be recognized as a global challenge that should be handled in particular under the UN system. On November 20, 1950, the General Assembly of the UN adopted Resolution 400 entitled "Financing of Economic Development of Under-Developed Countries" (UN 1950)[7]. This document underscored the finance gap in developing world. The resolution stated "the domestic financial resources of under-developed countries", even combined with inflowing international capital investment -which was very small at that time - was not adequate to ensure a satisfactory rate of economic development in said countries, and underlined the necessity of a steadier flow of international capital, both private and public, into developing countries. In the following years developing countryies' need for finance stayed on the UN agenda. In 1952, the establishment of a capital fund, which would provide opportunities to access long-term low-interest loans and grants for developing countries, was called for by the General Assembly of the UN in its Economic and

lengths: 1-Traditional society, 2-Preconditions for take-off, 3-Take-off, 4-Drive to maturity, and 5-Age of High mass consumption. See: Rostow 1990.

[7] Instead of "Under-Developed Countries", which was previously used in the official textsof the UN at that time, I use "developing countries/developing world" throughout the chapter.

Social Council (Spratt, 2008). In 1954, noting the need of international cooperation to stimulate productive private investment targeting developing countries, a UN resolution requested the International Bank for Reconstruction and Development[8] to establish the International Finance Corporation (UN, 1954). Along with these early efforts under the UN, different actors in the international community also strove for the establishment of an understanding of international development finance. For example, in 1958, the World Council of Churches announced its proposal for contributing countries to earmark at least 1% of their national income to grants and concessional loans for developing countries (The World Council of Churches 1958). This figure was later accepted by the UN General Assembly, and the General Assembly stated that it hoped the flow of international assistance and capital would be "approximately 1 percent of the combined national incomes of the economically advanced countries" (UN 1960). Later, however, this figure was readjusted to 0.7% of the GDP in a 1970 General Assembly resolution (UN Millennium Project 2006) where it was put forth that the remaining 0.3% could be compensated by private sector flows (Spratt 2008). Initiating with the proposal of the World Council of Churches, this 0.7 percent target has become almost a near-international norm and it is still used as a base for many international declarations and agreements on development finance today. Taken together, it could be said that there were international efforts, notably under the UN system, to bring attention to the lack of development capital in developing countries and that these efforts contributed to the emergence of awareness of development finance in the international community.

[8] This was the former name of the World Bank. The World Bank now actually refers to the group of five international organizations: The International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID).

2.1.3. The proliferation of development finance

Even though official development assistance (ODA) constituted the backbone of international development finance to developing countries, the international community has never lived up to its long-standing ideal of 0.7 percent. In this sense, there has been a failure in financing development for developing countries. To glance at official development figures it could be said that the actual figure has substantially declined throughout time, in spite retention of the long-standing 0.7 target and all related efforts to increase international development assistance. While official development assistance stood at 0.51 percent as a share of donor GNI in 1960, it fell to 0.33 percent in 1970; it then rose to 0.35 percent in 1980, but again declined to 0.32 percent in 1990, after which it declined to an all-time low of 0.21 percent in 1997 (OECD 2014). Apart from the failure to live up to the long-standing target of 0.7 percent, even the target being accepted as a common development goal in many international agreements over the years could not even maintain official development aid at a satisfactory the level. Having realized the failure in efforts to hit this target, the Monterrey Consensus, reached at the Monterrey Conference of the United Nations International Conference on Financing for Development in 2002, urged developed countries to make concrete efforts to reach the target of allocating 0.7 per cent of their GNI as ODA to developing countries (UN 2003). As a part of the Millennium Development Project, the efforts have resulted in an increase in ODA, but the figure still lingers around 0.3 percent (See Figure 1).

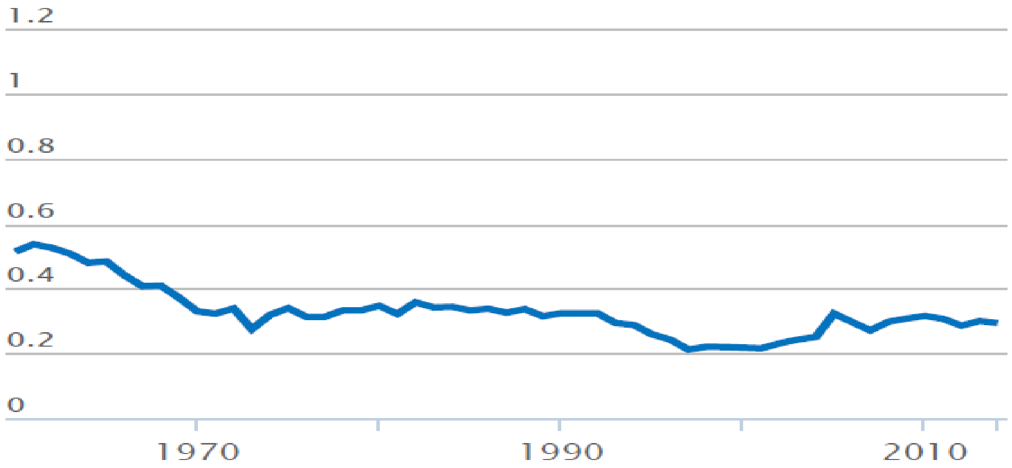

Figure 1: ODA as per cent of GNI, ODA 1964-14 trends.

Source: OECD. 2004. "Development Aid Stable in 2014 But Flows to Poorest Countries Still Falling." Accessed July 6, 2015, http://www.oecd.org/dac/stats/development-aid-stable-in-2014-but-flows-to-poorest-countries-still-falling.htm.

Even though official development assistance as a traditional source of international development finance has never occurred at the expected levels, it is also true that shares from other resources have increased significantly over the years as a result of a considerable proliferation within development finance. To a great extent, in comparison with earlier periods, this has diversified development finance away from the official development assistance. In the post-war period of the 1950's, 60's and 70's, the development industry in developing countries was in great part dependent on the loans and grants given by foreign countries. However, over time the sources of development finance proliferated. This came about particularly with the increasing preeminence of private institutions and swift transformation of international capital markets in the 1980's, and 1990's (Buiter and Fries 2002; Cohen 1982). This has been also added by the recent experiences of many developing countries in economic advancement. As a result of the abandonment of protectionist policies in trade and investment policies, and the adoption of liberalization policies in domestic market systems, developing countries have created more conducive conditions for global private investment (Buiter and Fries 2002; Cohen 1982). This has enabled these countries, in both governmental and private spheres, to gain extended access to commercial finance, which in turn has given rise to significant growth in global capital flows (Buiter and Fries 2002; Cohen 1982).

Nowadays, the financing of development around the world rests upon various financial resources destined for developing countries. These resources include foreign direct investment (FDI), private bank lending and portfolio flows. Among non-ODA sources of development finance FDI has a critical role, thanks to its increasing and stable flow to developing countries. The role of FDI in current international development finance is so central that traditional ODA flow to developing countries had paled in comparison to foreign investment flow to the same country groups. For instance, in 2013, while net official development assistance (ODA) from the Development Assistance Committee (DAC) countries reached $135.2 billion (OECD, 2014), FDI inflows to developing countries totaled $778 billion (UNCTAD, 2014a). Today, developing countries attract more FDI than developed countries: $778 billion in comparison with $566 billion (See Figure 2). Even Africa, a continent suffering from profound economic development problems, attracts more FDI than it does ODA (Runde 2014). Examining the issue from this angle, the importance of FDI in development finance to developing countries has seen definite growth in recent years.

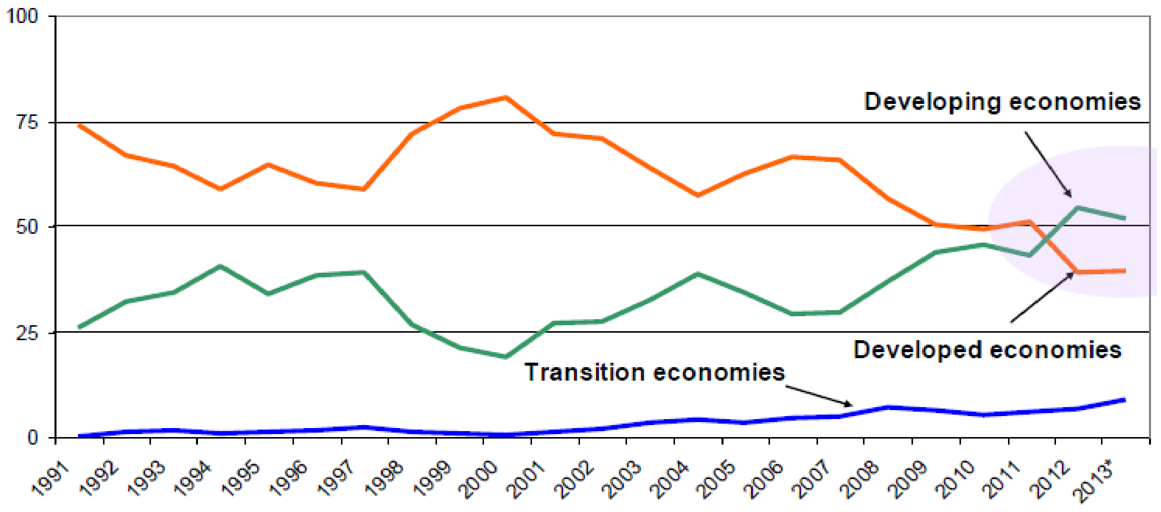

Figure 2: FDI inflow shares by major economic groupings, 1991-2013 (%)

Source: UNCTAD. 2014. "Global Investment Trends Monitor." January 28. Accessed July 6, 2015. http://unctad.org/en/PublicationsLibrary/webdiaeia2014d1_en.pdf.

In short, a drastic change has taken place, and it is now private commercial flows which represent the core of international development finance. This is especially the case since recent years have also seen the introduction of new channels of development finance, most notably in the private sector. Today, official flows are dwarfed by the private commercial flows to the developing world. However, the ODA story is still important as ODA contributions constitute a considerable part of the capital base of multilateral agencies around the world, including the RDBs. According to the OECD, one-third of total ODA goes to the UN, the World Bank and 200 other multilateral agencies; if earmarked funding allocated to these institutions is also counted, this figure reaches two-fifths (OECD 2015).

2.1.4. Institutionalization of development finance

The institutionalization of international development finance is, in fact, a process that has been in progress since the early post-war period. Apart from bilateral aid, a significant part of development finance in the form of aid is today distributed to the developing countries through multilateral mechanisms. In addition to grants, loans are also channeled to developing countries through various multilateral mechanisms. In this regard, the institutionalization of development finance that is, the increasing role of international financial institutions in generating and allocating development finance to the developing world, plays an important role. The fact that almost two fifth of international ODA is disseminated through the multilateral system shows that donors regard it as a crucial medium of co-operation in development (OECD 2015).

As stated above, there were two significant developments which prompted the expansion of development finance in its earliest days. For both Europe and the Third World, the World Bank, a Bretton Woods institution founded in 1944, played a pivotal role as it was the world's first multilateral development bank. In this sense, the Bank itself was the first building block in institutionalizing international development finance. Before the Marshall Fund startd to operate in 1947, the Bank lent to war-torn countries in order to assist in their rebuilding process after World War II. The first recipient was France, with a $250 million loan. Following the establishment of the Marshall Fund and successful recovery process in Europe and Japan in 1950's, the Bank shifted its focus to non-European countries. Until 1968, the Bank generally allocated its loans to the construction of income-generating infrastructure, such as highway systems, seaports and power plants, all of which would generate sufficient capital for recipient countries to maintain their repayments to the Bank.

Together with the World Bank, the IMF has also facilitated development. The main objective of the Fund from its onset was to provide capital to countries experiencing payment crisis. Since providing short-term liquidity was integral to the development process, the IMF also served as a complementary actor in the international financial architecture aiming to generate finance for development.

In the name of institutionalizing international development finance, one important step following the inception of the Bretton Woods institutions, was the establishment of International Finance Corporation in 1956. The organization's main purpose was to encourage the development of the private sector in developing countries. Placed under the umbrella of the World Bank, the organization's given aim was investing in profit-based sectors that could generate income and reduce poverty in developing countries, as well as provide technical and financial assistance to private enterprises in these countries.

In the 1960's a new phenomenon arose, and regional development banks (RDBs) were established so to meet the region-specific development challenges along with broader support from the World Bank. In this respect, three main regional banks, the Inter-American Development Bank (1959), African Development Bank (1963) and Asian Development Bank (1966) were founded. Similar to the World Bank, the regional development banks were established to assist development in their respective regions. They were later joined by European Bank for Reconstruction and Development (EBRD) in 1991.

Despite the fact that the BWIs and RDBs, together with other multilateral institutions, greatly contributed to the institutionalization of international development finance through multilateral mechanisms, today we can speak of a more proliferated spectrum of development finance institutions.[9] Many other institutions, including such organizations as the Multilateral Investment Guarantee Agency (World Bank Group) the European Investment Bank, and the Islamic Development Bank are also prominent actors in this era. Some thematic funds, like the ASEAN Infrastructure Fund or the Green Climate Fund, are also included in the ranks of development finance institutions. On the other hand, development finance institutions are not only comprised of multilaterally formed institutions. National institutions like the

[9] A common abbreviation for development finance institutions is DFIs.

Brazilian Development Bank, the German Development Bank, the China Development Bank and the U.S. Overseas Private Investment Corporation also hold important roles in international development finance with their overseas investments exceeding hundreds of billions of dollars.

2.2. The RDBs in International Fınancial Architecture

2.2.1. Emergence of the RDBs

It could be said that there are three main pillars constituting the architecture of international financial: the multilateral pillar is the IMF and the MDBs, including the World Bank and the RDBs; the bilateral pillar is aid agencies owned by industrial countries; and the private pillar is commercial banks and investors hailing from industrial countries (Linn, 2013). Within this architecture, various organizational actors play different and sometimes overlapping roles in their varying capacities. This structure constitutes the collective logic of international financial architecture. As part of the same structure, along with the Breton Woods institutions in the first pillar, the RDBs play important roles in international development finance as they make significant contributions to its institutionalization thanks to their policy and practices regarding formation and dissemination. While a number of institutions fall under the umbrella of RDBs, the term generally refers to four main regional institutions. These are the Inter-American Development Bank, African Development Bank, Asian Development Bank and European Bank for Reconstruction and Development.

From a functional perspective, it could be argued that the emergence of the RDBs is based on two main initiatives. First, there were region-specific development needs; thus, each region required its own institution to carry out the same function in principle; second, there were also differences in developed countries’ interests, particularly those in the political arena, toward developing countries, and these differences conditioned their commitment levels to different regions to varying degrees. In this sense, the RDBs were established to create institutions endowed with a better understanding of local needs and capabilities. However, logic in establishing the RDBs also has much to do with the power politics of the Third World. In this context, the logic behind launching the RDBs was to provide poor countries with a greater say in the management of international development finance, i.e. retain control over which projects would be selected and financed. When they were established, the Inter-American, African and Asian Development Banks originally held these intentions and met poor countries' demands on their own institutions and were then able to reflect upon their own understanding of the development process. This was essentially a challenge to the hegemony of developed countries in the world economy and, in this regard, there lay a political demand and perhaps an element of neocolonial resistance in poor countries' aspirations to have their own institutions.[10]

On the other hand, the regional development bank was a non-existing phenomenon in the Western Europe until the end of the Cold War. This was because the economies in the region were already advanced and had successfully recovered in the immediate post-war period. Here, even the fact that Europe did not originally have a regional development bank corroborates with the RDBs' emergence as a form of political resistance against the Western domination in the world economy, since the phenomenon of their emergence was particular to the peripheral states, rather than the central ones. However, the end of the Cold War and the ensuing inclusion of Eastern European countries into the continental economic system raised a significant challenge in terms of development. For this reason, the European Bank for Reconstruction and Development (EBRD) was established in 1991. The main objective of EBRD was to assist the former Eastern Bloc countries in transforming their economies and promoting private sector development.

[10] This paragraph highly draws upon White's study. See: White 1970.

Current RDBs are located in their respective regions and they differ in size.[11]

- The African Development Bank (AfDB) was founded in 1964 and its headquarters is located in Abidjan, Cote d'Ivoire. The AfDB consists of 78 members; it has 30 field offices along with research centers in 12 African countries.
- The Asian Development Bank (ADB) was founded in 1966 and its headquarters is located in Manila, Philippines. The ADB consists of 67 members; it has 29 country offices along with representative offices in Tokyo, Washington D.C, and Frankfurt.
- The Inter-Americas Development Bank (IDB) was founded in 1959 and its headquarters is located in Washington, DC. Owned by 48 members, it has 26 country offices in its regional member states together with offices in Tokyo and Paris.
- The European Bank for Reconstruction and Development (EBRD) was founded in 1991 and its headquarters is located in London, UK. EBRD consists of 61 members; it operates in 37 countries including those in the Middle East, the Caucasus and Central Asia (see Table 1).

[11] Stylistic presentation and content here draws upon Jenny Ottenhoff's brief on RDBs. See: Ottenhoff 2011.

Table 1: A brief institutional picture of the RDBs

	Year Founded	Total Members	Regional Members	Staff	Headquarters
AfDB	1964	78	51	1600	Abidjan, Côte d'Ivoire
ADB	1966	67	48	2800	Manila, Philippines
IDB	1959	48	26	2000	Washington, D.C., US
EBRD	1991	61	29	1541	London, UK

Source: Ottenhoff, Jenny. 2011. "Regional Development Banks (ABCs of the IFIs Brief)." *Center for Global Development*, September 23. Accessed July 7, 2015. http://www.cgdev.org/publication/regional-development-banks-abcs-ifis-brief.

2.2.2. Governance and power structure in the RDBs[12]

The RDBs are state-owned institutions and governed by member country governments. Members can be both regional and nonregional countries. The size of a member country's economy and its financial contribution generally determine a country's voting shares and the extent to which it is represented on RDB boards. As opposed to the governance structure in the World Bank, developing countries enjoy a voting majority in two RDBs (the AfDB and the IDB) where they also account for the majority of the executive power. However, there is an overall dominance of advanced economies in the ADB and the EBRD, a phenomenon mainly accounted for by the overwhelming presence of the US, Japan and major European economies. We can speak of a dominant presence of the US in the RDBs around the world. The US has a membership in all of the RDBs and it holds a single seat on the boards of each RDB. It is also the single top shareholder in two RDBs, the IDB and the EBRD. Together with Japan, the US also has the largest financial commitment to the ADB. It is also the second largest shareholder, following Nigeria, at the AfDB. Apart from the US, other important contributors to the RDBs are mostly comprised of leading regional

[12] Technical information introduced here heavily draws upon Jenny Ottenhoff's brief on RDBs. See: Ottenhoff 2011.

economies. For instance, China and India have large financial commitments to the ADB; Egypt and South Africa are large contributors to the AfDB; at the IDB, Argentina, Brazil, and Venezuela are large contributors; and France, Germany and Italy, together with Japan, are large contributors to the EBRD (see Table 2). Despite the inevitable presence of advanced economies due to their vital contributions to the financial base, RDBs are still important in that they give special attention to the poorest countries and their needs in their regions, thus serving as a platform for them to voice their interests and concerns. Considering that the poorest countries hold the smallest voice in the international system, RDBs contribute to the forming of a more equal representation system.

Table 2: Top shareholders of the RDBs

	AfDB		**ADB**		**IDB**		**EBRD**	
1	Nigeria	9.34	Japan	15.61	U.S.	29.13	U.S.	10.14
2	U.S.	6.63	U.S.	15.60	Argentina	10.58	France	8.64
3	Japan	5.52	China	6.44	Brazil	10.58	Germany	8.64
4	Egypt	5.40	India	6.33	Mexico	6.92	Italy	8.64
5	S. Africa	4.84	Australia	5.79	Venezuela	4.98	Japan	8.64

Source: This data draws upon Nelson's own compilation from MDB annual reports. See: Nelson, Rebecca M. 2015. "Multilateral Development Banks: Overview and Issues for Congress." *Congressional Research Service*, December 2. Accessed August 12, 2016, http://fas.org/sgp/crs/row/R41170.pdf, page 10.

The RDBs have similar governance structures to other international organizations. They have their own managements in which international civil servants are employed as staff. Similar to the BWIs, the RDBs have a president, a board of executive directors and a board of governors. The board of governors constitutes the highest decision-making mechanism in the RDBs and it consists of one governor from each member country. Governors are generally member countries' secretary of the treasury or minister of finance. Day-to-day authority over many matters such as lending, operational policies and other business issues is delegated to the board of executive directors. They work as residents at the RDBs' headquarters. Depending on the RDBs, the size of the board of executive directors may differ from the size of the board of governors. The board of executives may include directors from members ranging from 7 to 20 in number. In most cases, executive directors represent not one country but a group of countries. Presidents chair the board of governors and are in charge of overall management in the RDBs. The RDBs enjoy sovereign immunity in the countries where they conduct their operations.[13]

2.2.3. The RDBs and problematizing "abundant capital"

It could be said that the RDBs have retained their original functions up to the present. In this respect, they still serve to provide alternative and independent resources of finance to the developing world. They aim to facilitate a better access to capital in developing countries, particularly low-income ones. Even though the world has started to gain a multilateral conciseness of the gap in development finance in developing countries, it is evident that the lack of finance is still a lingering problem for the developing world. As indicated beforehand, it is true that developing countries enjoy a massive amount of FDI-driven capital inflow. Yet, it is a matter of question whether these capital inflows really serve development goals. In this respect, a number of development concerns with respect to the current state of international development finance are still pertinent. Because of this, the RDBs, together with the BWIs, continue to be important players in organizing international development finance, especially for low–income countries. This is the ruling *raison d'etre* for the current RDBs.

Despite the growing share of FDI and private banking lending in international development finance, one handicap with these dominant forms of development finance is that they may not be driven by the necessary motives for development. This is primarily because of profit-based natures of these development finance resources.

[13] This paragraph partially draws upon Ottenhoff's study. See: Ottenhoff 2011.

That is, they may avoid regions and countries laden with investment risk even though these regions and countries suffer from poor economic development. In such cases, the dominant forms of development finance, i.e. FDI, do not generally benefit geographical entities with a development gap. To illustrate this point, the statistics illustrate that FDI flows, as the main resource of development finance, are mainly locked in certain countries (Addison and Mavrotas 2008). China, as the world's factory, currently accounts for a significant part of global FDI inflows to developing countries (i.e. US$127 billion in 2012, the second-top FDI-hosting-economy after the US) (UNCTAD, 2014b). This raises concerns with respect to how much other developing countries benefit from the global FDI flows. This phenomenon is even more evident when we consider the least developing countries (LDCs). Due to investment risks driven by insecurity, political turmoil, and preceding poor debt service performance, private capital does not flow to many regions around the world with low development. Even in the case that the countries or regions within this category are successful in luring the FDI inflows, investments are generally confined to traditional sectors such as mining[14] and the petro-chemical industry. These sectors have low demonstration impacts. Also, it is a challenge that the FDI inflows to LDCs is mainly concentrated in export-oriented enclaves, which are characterized by primary production, generate limited employment opportunities and also suffer from a technology and productivity gap (UNCTAD 2011). In this sense, the existing FDI trends around the world are contestable in terms of meeting development needs at their destinations since they poorly contribute to local employment, income raising and industrial and technological advancement.

All that suggests that although there is 'abundant' capital around the world which drives high-level economic growth in emerging markets, this is actually a non-existing phenomenon for the many developing countries, in particular for the LDCs.

[14] For the comment of Addison and Mavrotas on FDI concentrating on the mining sector in Sub-Sharan Africa, see: Addison and Mavrotas 2008.

In this sense, the lack of productive private investment which could stimulate economic growth, create employment and raise living standards in many developing countries is still a problem today as just it was in 1950's when the UN first started to bring attention to the issue. If left to the capital markets, resources are unlikely to be allocated in the name of providing capital for the multiple development objectives (Rao 2003). Thus, the problem of 'abundant' but non-existing capital points out that crucial interventions must be maintained in development finance so that the least developing countries or handicapped sectors in developing countries can benefit from global economic growth as a whole. In this sense, the ongoing need for intervention or management of global development finance explains why the RDBs and other development finance institutions are still needed. Today, these institutions help alleviate the development finance gap in the developing world primarily via the provision of cheap loans and allocation of official development assistance from the donor countries. In addition, the RDBs also play crucial roles in both drafting and implementing a wide spectrum of development projects ranging from healthcare to education, sanitation and energy. Within the greater context of being a hub for development expertise, they also undertake remarkable initiatives in collaboration with the private sector in order to enhance private investment in developing countries.

2.2.4. What do the RDBs do?

Providing Affordable Capital: short- and long-term loans with low interest

Given the link between development and finance, provision of the latter is vital in order for countries to climb the economic development ladder. Yet, as stated above, it is not always easy for all developing countries to gain access to capital if the allocation of financial resources is left to the command of the capital markets (Rao 2003). Here, the RDBs play a crucial role in supplying short- and long-term loans compatible with the development needs of their member countries. They serve to facilitate the distribution of capital to the developing countries that could not obtain capital under normal market conditions. This is primarily thanks to the operations that development finance institutions undertake in the global capital market. In this regard, the RDBs carry out two types of lending: soft and hard lending windows (See Table 3). For both types, the RDBs obtain their funding in different ways. The main goal in providing these funds to developing countries is to fight poverty. They aim to promote sustainable economic and social development in the member countries.

Table 3: RDBs' lending windows

Hard Windows	Soft Windows
AfDB	African Development Fund (ADF)
ADB	Asian Development Fund
IDB	Fund for Special Operations (FSO)
EBRD	None

Source: Ottenhoff, Jenny. 2011. "Regional Development Banks (ABCs of the IFIs Brief)." *Center For Global Development*, September 23. Accessed July 7, 2015. http://www.cgdev.org/publication/regional-development-banks-abcs-ifis-brief.

First, the RDBs derive a significant part of their capital base from the international capital market. Thanks to their AAA credit rating; the RDBs can borrow money with attractively low interest rates from international capital markets and relend it to developing countries. Be it directly or indirectly, the RDBs are 100% state-owned banks. This contributes to their high credit ratings. Also, their economic, financial and operational efficiency, together with risk management (Rao 2003), economies of scale and functional specialization (Rao 2003) add to their high credit ratings. In this way, the RDBs provide developing countries with affordable funding which they would otherwise have to borrow at much higher interest rates in the international capital markets. It should be also noted that the RDBs conduct various other financial transactions in the international capital market to create revenue and capital. The funds derived from the international capital market on favorable terms are used by the RDBs in order to carry out nonconcessional lending operations, which are also called hard lending windows. These are called nonconcessional loans as they are based on profit-making rather than inducing recipients to make policy changes in return for finance. The RDBs provide hard lending windows for many actors including middle-income governments and private firms in developing countries (see Figure 3).[15]

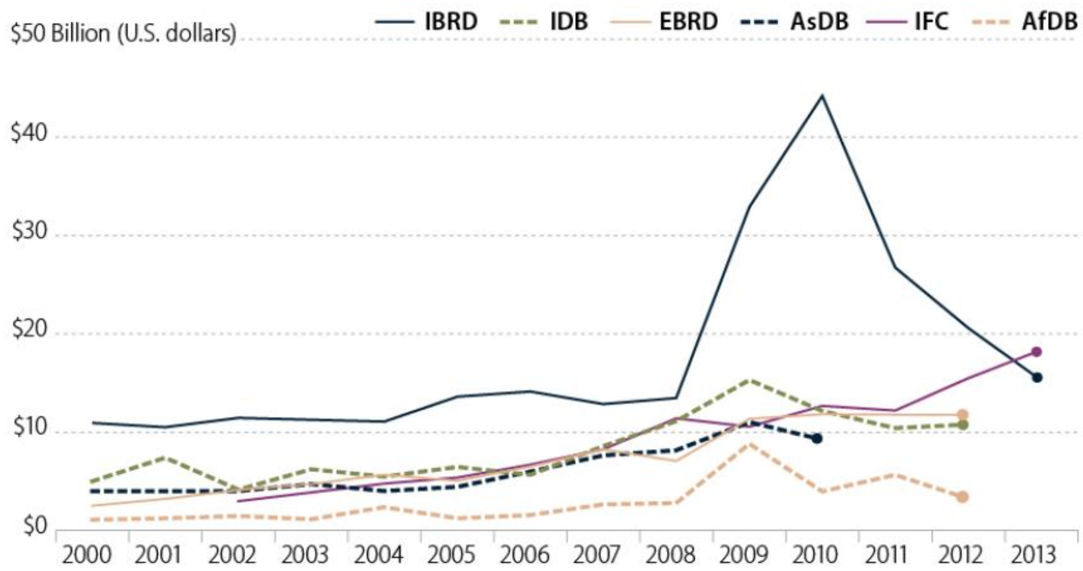

Figure 3: MDBs' non-concessional financial assistance, (2000-present)

Source: This data draws upon Nelson's own compilation from MDB annual reports. See: Nelson, Rebecca M. 2015. "Multilateral Development Banks: Overview and Issues for Congress." *Congressional Research Service*, December 2. Accessed August 12, 2016, http://fas.org/sgp/crs/row/R41170.pdf, page 5.

The second type of RDBs lending is soft lending. The soft lending windows include highly concessional loans. Concessional loans are generally provided to the poorest countries in the region. Because of their financial constraints, the poorest countries are rarely able benefit from the traditional development banking, but the RDBs have special funds for them providing loans (Alliancesud 2010). These loans are provided with low interest rates or are completely interest-free. They usually have long

[15] The technical knowledge presented in this paragraph partially draws upon Ottenhoff's study. See: Ottenhoff 2011.

repayment periods of up to 25 to 40 years. Soft lending windows are called concessional loans because they aim at indiucing policy changes in recipient countries in return for financial assistance. In other words, by providing concessional loans, the RDBs aim to push recipient countries into a reform process they otherwise would not enter. Such reforms may include economic liberalization, adopting a more prudent fiscal policy, amending macroeconomic imbalances, improving transparency, promoting good governance, fighting corruption etc. In this sense, concessional loans serve as an important policy promotion tool in the hands of RDBs, particularly in the context of LDCs. This is also the main topic of this thesis. Generally richer donor countries that finance soft lending windows. Replenishment of the special funds for concessional loans varies from three to five years. However, some of the RDBs also allocate some of their income surplus to programs based on concessional loans (see Figure 4).[16]

[16] The technical knowledge presented in this paragraph partially draws upon Ottenhoff's study. See: Ottenhoff 2011.

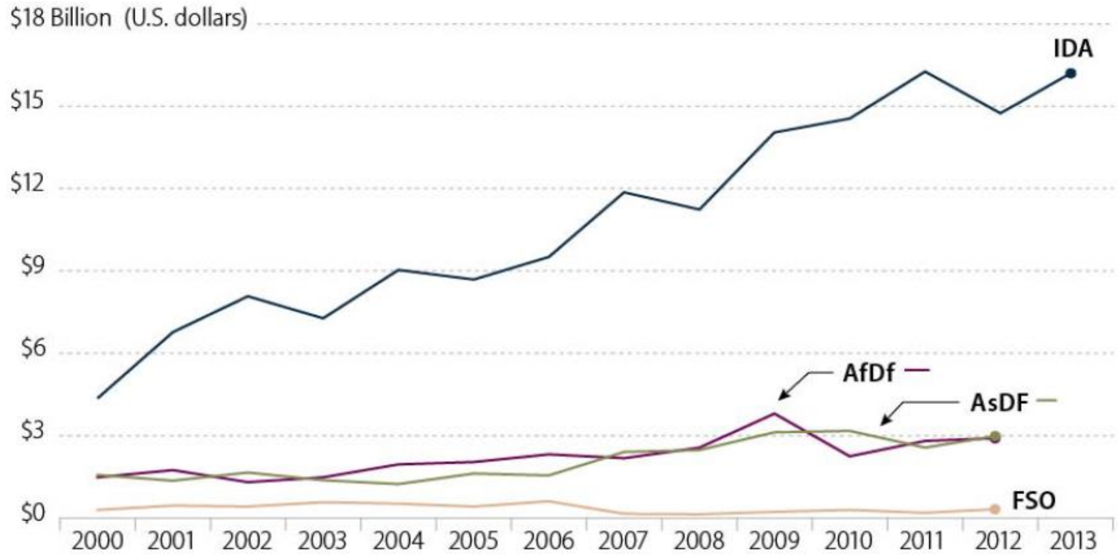

Figure 4: MDBs' non-concessional financial assistance, (2000-present)

Source: This data draws upon Nelson's own compilation from MDB annual reports. See: Nelson, Rebecca M. 2015. "Multilateral Development Banks: Overview and Issues for Congress." *Congressional Research Service,* December 2. Accessed August 12, 2016, http://fas.org/sgp/crs/row/R41170.pdf, page 6.

The soft lending windows also include grants, requiring no repayment. Such grants consist of regular donations from many high-income countries, which are then distributed both bilaterally and multilaterally. It could be said that the incentive behind aid rests upon the putative assumption that helping "the world's poorer countries is in the long-term interests of richer and poorer alike" (White 1970, 17). The preference for the multilateral mechanism rather than bilateral ones is related to the intention to free development finance from the political motivations of donor countries and distribute it in a fairer manner (White 1970, 17). Empirical data already suggests that multilateral assistance more reflects the interests of the recipient, while bilateral assistance more reflects the interest of the donor (Maizels and Nissanke 1984). Thus, in addition to being a source for channeling cheaper credit, development finance institutions like the RDBs serve as an important financial pool in which official development assistance is pooled and distributed. It is also certain that the political interests of countries which provide aid matters even in the governance of multilateral mechanisms.

Contributing to global financial stability

In terms of their role as an alternative source of finance, the financial crisis in 2008 brought attention to another function the RDBs play at certain times in the international financial architecture: complementing international financial institutions (IFIs) charged with short-term liquidity provision, such as the IMF, in the case of a financial crisis. In the aftermath of the world financial crisis in 2008, the RDBs played this role when there arose a finance gap beyond the lending capacity of the existing IFIs. Even though this gap did not have anything to do with development finance, and it was rather a short-term liquidity crisis, the RDBs went beyond their usual lending operations and lent a large amount of loans to developing countries (see Figure 5). In this way, the RDBs helped many middle- and low-income countries to manage the global crisis. During the crisis, the RDBs also assisted with the recovery process in high-income countries.[17]

[17] This paragraph draws upon Ottenhoff's study. See: Ottenhoff 2011.

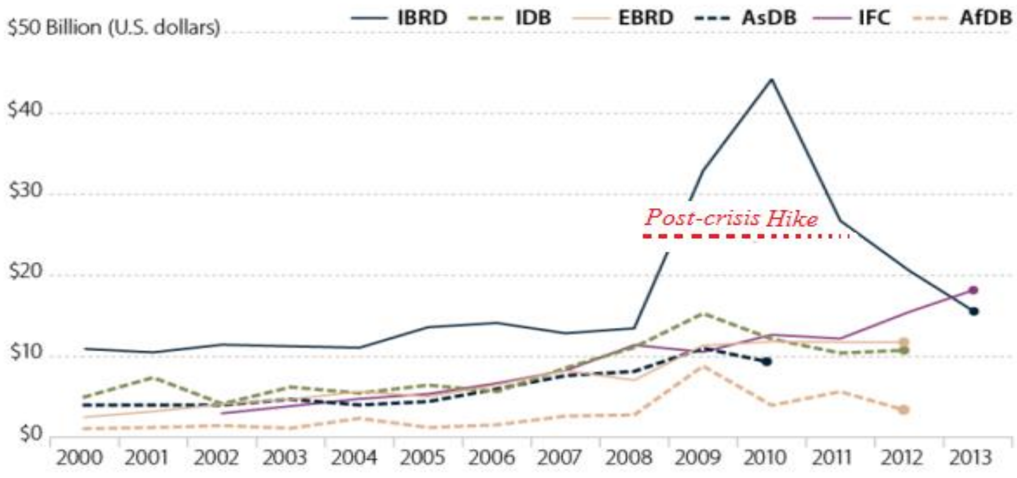

Figure 5: MDBs’ non-concessional Financial Assistance, (2000-Present)

Source: This data draws upon Nelson’s own compilation from MDB annual reports. The figure also includes my own modification. See: Nelson, Rebecca M. 2015. “Multilateral Development Banks: Overview and Issues for Congress.” *Congressional Research Service*, December 2. Accessed August 12, 2016, http://fas.org/sgp/crs/row/R41170.pdf, page 5.

Beyond just providing development finance, the abovementioned situation also emphasizes the RDBs' complementary role in achieving international financial stability. From a regional aspect, cooperation mechanisms set up by the RDBs help prevent a financial crisis from spreading across the region (Ban 2012). This financial role of the RDBs may seem a relatively new phenomenon. But, in fact, the complementary role of the RDBs during financial contagions is not a newly emerging one. When the size of the Tequila crisis (the Mexican peso crisis) and Asian crisis exceeded the lending capacity of the IMF, development banks such as IDB and ADB, as well as the World Bank, were called in to complement the Fund in terms of providing emergency liquidity (Hinds 2002). On the other hand, it should be also noted that their active role during the 2008 financial crisis also brought about several budgetary considerations for the RDBs (Ottenhoff 2011). Since the fast disbursements reduced their capital reserves, the RDBs requested additional funding from their members so that they could sustain their lending operations (Ottenhoff 2011). This also demonstrates the credit supply-inelasticity of the RBDs in terms of an emergency situation. That is, the RDB can assist in emergency situations but, due to the limitation in their capital base, the RDBs are not fully compatible with sustaining short-term liquidity flows to middle-income or high-income countries.

Multiple Functions in Development

The underlying development goals of the RDBs are closely aligned with the global development agenda as embodied in Millennium Development Goals (MDGs). Involving many aspects of global development, the MDGs include eight main goals: to eradicate extreme poverty and hunger; to achieve universal primary education; to promote gender equality; to reduce child mortality; to improve maternal health; to combat HIV/AIDS, malaria, and other diseases; to ensure environmental sustainability; and to develop a global partnership for development (UN 2016b). The RDBs generally design and implement their development projects in a way that contributes to the realization of global development goals. To give a few examples of the RDBs' shared commitments to global development agenda at a regional level, the RDBs help governments draft their health and education programs; play an active role in dealing with epidemic threats i.e. Ebola, AIDS, Malaria; and tackle issues such as conflicts; natural disasters i.e. draught and flood, trans-border problems, such as women and children trafficking, to which many people in the developing world are vulnerable. Furthermore, the RDBs are involved with green politics issues, such as environmental degradation and climate change. Moreover, development banks in general are frequently resorted to in order to fund projects requiring long-term maturity (Mazzucato 2013); for this reason, the RDBs have key importance in realizing infrastructural projects. In order to address the existing infrastructure gap in the developing world, the RDBs finance many infrastructural projects such as roads, dams, irrigation systems, energy, manufacturing plants and educational facilities. While carrying out these projects, the RDBs also provide a substantive amount of technical and managerial assistance to the recipient countries. The technical assistance of the RDBs also continues in post-screening, as follow-up results are closely observed.

In addition, the RDBs contribute to the development of productive private sectors via their funding facilities and guidance. The RDBs mainly try to promote the highest yielding sectors in terms of development and make strategic investments in this regard. While picking up projects to invest in, the RDBs generally look for certain features. Creating local employment and local industry, as well as the expansion of these two areas, are important parameters in assessment of such investments. More technically, these may include viability and long-term financing compatibility, transformation; governance by private sector principles and market-oriention.[18] In this sense, it can be said that the RDBs try to promote the business environment with pro-market infrastructural investments that facilitate economic activity. Furthermore, the RDBs attach great importance to achieving a compatible operating environment and climate for business through various policy promotions. In this regard, they try to promote different policies under certain titles such as good governance facilities, etc. In addition to progress under these titles being central to development itself, they also make a particular contribution to the creation of a business friendly environment.

Development initiatives led by the RDBs are not just limited to the strategic sectors they focus on. The RDBs also create considerable demonstration effect, in the countries and regions they operate. This term is used in describing the effect created by development finance through intervention. It is possible to categorize the demonstration impact of the RDBs around four additionalities: Demonstration additionality, financial additionality, design additionality and policy additionality. Demonstration additionality takes place when an RDB makes investment in an emerging sector or region and then triggers the coming of further private investment

[18] For the statements of AfDB President Donald Kaberuka, see: The Africa Report 2014.

and enterprise. Financial additionality means the provision of long-term loans to the projects such as infrastructure that take a long time to be achieved. Through "Design additionality" the RDBs also facilitate the use of global expertise in the targeted investment spheres. Finally, through "Policy additionality", the RDBs accelerate reform process in the recipient countries by means of conditionalities attached to the deals they finance.[19]

On the other hand, financial organizations around the world contribute to the international financial guidance and regulation at their varied capacities, and this body of regulation and guidance impact many countries, particularly developing ones (Rao 2003). The need to allocate financial resources efficiently for economic development around the world renders financial governance of development finance requisite (Rao 2003). Part of the responsibility concerning the financial governance of development finance also falls upon the RDBs and this comes along with efforts aiming at establishing a better-governed international financial structure. Thanks to their expert base, the RDBs enhance the knowledge accumulation of international financial architecture by employing their capacity to produce and communicate knowledge and best practices. Making use of their organizational structure and expert staff, the RDBs can also produce their own rules, regulations, practices and disseminate them along with those of other international financial institutions. All this contributes to the production of common norms, principles, rules and decision-making procedures in international financial regulations.

[19] The information in this paragraph heavily draws upon Runde's work. Also, considering that DFIs also include RDBs, I have used "RDBs" instead of "DFIs" as different from the original text by Runde. See: Runde 2014.

CHAPTER III

THE NEOLIBERAL INTERNATIONAL DEVELOPMENT REGIME: Its Birth and Transformation

3.1. The Concept of "International Regimes"

In a well-known fashion, international regimes are *defined as set of implicit or explicit principles, norms, rules, and decision-making procedures around which actor expectations converge in a given issue-area* (Krasner 1983a, 2). The concept first came under discussion and into circulation during the late 1970's and early 1980's. At that time, leading scholars such as Stephen D. Krasner, Robert O. Keohane, John Gerard Ruggie, Ernst B. Haas and Robert Jervis developed and employed the concept in order to better understand and explain transnational relations within certain issue areas. The outcome of this heightened interest in the concept of "International Regimes" was reflected in the form of several articles which first appeared in International Organization (IO), the flagship IR journal in the American Political Science community. Under the editorship of Stephen D. Krasner, these articles were later compiled into a book named after the concept, *International Regimes,* published by Cornell University Press in 1983. In a general sense, it could be argued that the studies found in this book determined the main framework for how the international regimes concept is understood and used in the IR discipline. The book hosts a comprehensive conceptual debate from various scholars and their articles give insightful clues about the nature of the concept as regards to its analytical purpose, scope, usage, utility etc.

To be sure, the primary outcome of conceptual debate concerning international regimes is how the concept is defined. Accordingly, as stated at the beginning, scholars who were involved in the discussion, agreed upon the definition of international regimes as *set of implicit or explicit principles, norms, rules, and decision-making procedures around which actor expectations converge in a given issue-area*. To further delve into the components of the concept, Krasner makes a distinction "between principles and norms on the one hand, and rules and procedures on the other." Accordingly, "the basic defining characteristics of a regime" are determined by "principles and norms", while the same principles and norms might be accompanied by numerous consistent supplementary "rules and decision-making procedures." In other words, while "principles and norms" constitute cornerstones of international regimes, "rules and decision-making procedures" play secondary roles that generally determine how the internal mechanisms of regimes work. In the same context, pointing to the determinative impact of principles and norms with respect to regime change, Krasner also says that *changes in principles and norms are changes of the regime itself* (Krasner 1983a, 4) whereas c*hanges in rules and decision-making procedures are changes within regimes,* on the condition that the principles and norms remain unchanged (Krasner 1983a, 3).

In the book, Krasner also defines the purpose of the international regimes as follows: "in a world of sovereign states the basic function of regimes is to coordinate state behavior to achieve desired outcomes in particular issue-areas" (Krasner 1983a, 7). Based on the arguments from other articles in the book, Krasner also presents a summarizing analysis on the causal variables that lead to the development of regimes. Among these basic variables, Krasner cites the most prominent factors as "egoistic self-interest", "political power", "norms and principles" "habit and custom" and "knowledge". Nevertheless, Krasner also puts forth the notion that, while the factors like "egoistic self-interest", "political power", and "diffuse values" do assume the primary role in the formation of regimes, factors like "usage and custom", and "knowledge" do not serve as exogenous variables which could generate a regime on their own, but rather play a supplementary role in reinforcing pressures related to "egoistic self-interest", "political power", and "diffuse values." The chapter written by Krasner also reveals that the underlying interpretation of how the international regimes are formed draws considerably upon interest-based/realist interpretations. Accordingly, be it due to particular interests or international public goods, which are generally regarded as existing in win-win setting, the emergence of international regimes is, to a great extent, a function of states' calculation of their interests, preferences, etc. In other words, states contribute to the development of regimes in line with their growing capabilities and associated interests. At this point, discussions over hegemony attract particular attention as the different parts of the aforementioned book debate development of regimes in the context of decline and rise of hegemons. Accordingly, in the development of regimes, the endorsement from hegemons is crucial. As John G. Ruggie puts it, the strength of international regimes is, no wonder, supported by "the capabilities of the hegemon" (Ruggie 1983, 197). However, it should be also noted that in contrast with realist interpretations, the book also discusses autonomy of the regimes (Krasner 1983b, 358-359). According to Krasner, "once a regime is actually in place, it may develop a dynamic of its own that can alter not only related behavior and outcomes but also basic causal variables" (Krasner 1983b, 358). This point also challenges realist interpretation of the international regimes, as the regimes in time gain greater autonomy from the power dynamics or hegemonic endorsements which once led to their births and gradually acquire the ability to sustain their existence on their own. In the same vein, Krasner also underlines that "regime-governed behavior" cannot entirely be traced back to "short-term calculations of interest" (Krasner 1983a, 3).

In the book, along with Krasner's more theoretical and abstract study which presents a general discussion and lays out the contours of the conception of international regimes, there are also case-specific articles illustrating how this concept is utilized in different contexts. In these studies, the usage of international regimes covers various IR phenomena ranging from *Balance of Power*, *Concert of Europe*, *International Trade Regime*, and *Balance-of-payments Financing*. For instance, Donald J. Puchala and Raymond F. Hopkins argue that principles related to "the rectitude of the balance of power among major actors (the normative superstructure)" created norms that regulated "major-power warfare" (a substructure), and legitimized and regulated "colonial expansion" (another substructure) during the 19th century (Puchala and Hopkins 1983, 64). Pointing to another 19th century phenomenon in the context of security regimes, Robert Jervis gives the example of *Concert of Europe* in which the great powers deviated from "power politics" by moderating "their demands and behaviors" because they took one another's interests into consideration while determining their own policies (Jervis 1983, 179). On the other hand, the international political economy phenomena in the aftermath of WWII are also frequently studied through the perspective of international regimes. To illustrate, in his insightful article, John G. Ruggie argues that, as opposed to laissez-faire (orthodox) liberalism of the 19th century, the post-war international economy posed a different regime in the sense that an "embedded liberalism" was formed and this generated a different type of multilateralism which complied with the requirements of domestic stability (Ruggie 1983, 215). In the same vein, in the book, the international regime concept is used to explain the postwar trade barriers regime of the GATT, which was underpinned by the belief shared by virtually all members that the expansion of international flows are to the benefits of all states (Finlayson and Zacher 1983, 313; Lipson 1983 Moreover, employing the concept of international regimes, another study by Benjamin J. Cohen studies the balance-of-payments financing regime whose center shifted from the IMF in earlier years to the private banking institutions by the 1980's (Cohen 1983). Apart from these areas, international regimes are also used to explain different issues such as the ocean regime in the 19th century and the continental shelves regime in 20th century, regimes which respectively saw leading roles from Britain and the US (Young 1983, 101).

In short, it is possible to say that during the early 1980's the concept of international regimes was regarded as a fruitful concept for understanding and explaining certain subjects in international politics and concentrated within various issue areas. Nevertheless, despite the utility of employing this concept, it should be also noted that there are several criticisms lodged against international regimes. For instance, in the same book, Susan Strange criticizes the concept of international regimes based on five accounts: First, the concept is a fad reflecting the US political science community's temporary reaction to real world events and thus it is incapable of making a long-term contribution to knowledge. Second, it is a vague concept whose boundaries are not well defined. Third, it is value-biased, i.e. in the favor of greater order and interdependence. Fourth, it leads to distortion by undermining the dynamic structure of world politics by emphasizing static elements. Fifth, it adopts a narrow-minded and state-centric approach (Strange 1983, 337).

Even though, in line with waxing and waning American enthusiasm for system analysis (Strange 1983, 338), the US interest in international regimes has also declined over time, the concept still remains as a crucial contribution to IR, and is used to analytically explain various international phenomena through analyzing increasingly condensing interstate and transnational relations in different issue areas. To be sure, international regimes in specific spheres of international relations have not all demonstrated the same qualities. In other words, the consensus or cluster of *norms*, *principles*, *rules* and *decision-making procedures* to which parties are argued to have agreed have showed great variance. In this respect, the concept has not demonstrated the same utility or explanatory power for different cases.

Here the question of "can the concept of regime be fruitfully applied to other issues?" is important. In fact, it should note that "international regime" is in fact a flexible concept. In the words of Arthur A. Stein, while "at one extreme, regimes are defined so broadly as to constitute either all international relations or all international interactions within a given issue-area;" "at the other extreme, regimes are defined as international institutions**"** (Stein 1983, 115-116). At this point, the critical point is to identify certain interstate and translational relations which take place in a certain volume in a given issue area. According to Puchala and Hopkins, "a regime exists in every substantive issue-area in international relations where there is discernibly patterned behavior" (1983, 63). For this reason, once such transnational relations with certain density are identified, they could be studied through the concept of international regimes. In this respect, depending on the existence of dense transnational relations in specific issue areas, students of the IR could employ the concept of international regimes to analytically understand and explain various spheres of international politics in which international actors have achieved certain cooperative actions.

3.2. Employing "International Regimes" for Global Development

In line with the above-mentioned context, one of the issue-areas in which the concept of international regimes could be fruitfully employed is economic development. Economic issues, by their nature, are the most suitable issues in terms of the applicability of concept of "international regimes" as they constitute a sphere of low politics which does not directly concern the state's survival and strict national security, and therefore here there is greater likelihood of cooperation among the states. As indicated beforehand, the underlying goal of regimes is to enhance international cooperation and coordination in specific issue areas. These areas tend to be economic as there is more likelihood for joint actions. As shown beforehand, numerous economic issues have already been studied from the perspective of international regimes. In this respect, it is fruitful to study international economic relations and development through the perspective of international regimes. However, there has not yet been a coherent attempt to study the subject of international development through the international regime concept. Being aware of this gap, this thesis aims to map out the basic contours of the international development regime.

International development is a potentially fruitful sphere to study from the perspective of international regimes given that since the early 1950's there has been an evolving issue area of development finance outbound from the developed world to the developing world. The fundamental interest in establishing cooperative mechanisms in development finance has been prmarily driven by the shared belief that, if developed countries alleviate development challenges of the developing countries and help economic growth therein, this would in return contribute to the overall world economy through increased international trade, division of labor, investment, financial flows etc., and thus lead to the greater benefit of all. In the same vein, the incentive behind granting aid rests upon the putative assumption that helping "development of the world's poorer countries is in the long-term interests of richer and poorer alike" (White, 1970, 17). Given these shared beliefs, it is possible to say that this sphere of transnational relations has become considerably dense throughout the time. In this respect, the development sphere constitutes an important specific issue area in which both developing and developed countries alike have developed certain *principles, norms, rules,* and *decision-making procedures* in a cooperative context.

Even though global development practices have been evolving since the early 1950's, the international development regime really started to take form in the the early 1980's. This has much to do with the drastic change that the global aid regime underwent during the early 1980's in the sense that the flow of the financial aid towards the developing world started to take place in a new format. That is, up until the early 1980's, aid flow to the developing world was not governed by a certain set of policies. As will be explained in detail in the following chapter, even though there was a Western aid interest in the developing world between the end of WWII and the 1970's, the aid flow was generally distributed in a way that helped to soothe US concerns over Soviet expansionism. In other words, the West, particularly the US, was enthusiastic about extending aid to developing countries as it held the belief that this would work as a "winning hearts and minds" strategy vis-a-vis expanding socialism and the associated attraction of the socialist development model at that time.

However, beginning in early 1980s, the aid flow to the developing world began to be tied to and governed by a certain set of policies known as neoliberal policies. The basic reason why the aid development regime developed along these lines w has much to do with the conditionality reforms. The well-known structural adjustment policies (technically also known as PBOs (Policy-based Operations))[20] served to create a transformative effect that then prompted the redesign of national economies along with market-economy principles taking precedence over state-led development. The international aura generated by the swift circulation of the structural adjustment policies paved the way for the establishment of an international development regime based on neoliberal credo. In terms of global development, the defining characteristics of international regimes have been determined by the neoliberal "principles" and "norms" from the early 1980's on.

As indicated above, the emergence of international regimes is highly associated with hegemonic power: The strength of regimes correlates with "the capabilities of the hegemon" (Ruggie 1983, 197). When the neoliberal development credo started to take its shape, the international development regime based on it also significantly benefitted from the hegemonic leadership of the US. To be sure, the US hegemonic endorsement of neoliberal development had a wider context, as the rise of the right in the Western world (known as "the Regan-Thatcher Axis") also played a facilitative role. This endorsement institutionally demonstrated itself in in the World Bank and the IMF, which are also known as the Bretton Woods Institutions (BWIs), and their lending policies. The organizational political economy of these instituions primarily rested upon the US support, along with that from other major Western economies.

On the other hand, it is not just the capabilities but also the particular interests of hegemon and dominant powers which set the defining characteristics of an international regime. As Young puts it, orders in the international system reflect the prevailing power structures and in this respect "regimes are never neutral with respect

[20] In this study, the PBO is used interchangeably with Policy-based lending (PBL) due to their functional equivalence.

to their impact on the interest of participating actors" (Young, 1983, 108). In the context of the neoliberal international development regime, this situation could be best associated with that era's (the 1970's and 80's) US and Western market economies' increasing interest in a more liberal global economy in which constraints before trade and financial flows started to be lifted. The launch of an international development regime based on neoliberal credo worked for the institutionalization of a liberal global economy in great part through structural adjustment policies. At a time when the appeal of socialism was waning, due to both increasing problems with state-led development and a weakening socialist camp characterized by the decline of Soviet Union and the liberalizing of Communist China, the Western camp led by the US felt they had freer rein to adopt neoliberal development practices and transform the international development regime in a way that promoted a more open international economy.

This marked transformation of the early 1980's in the international development regime constitutes the central focus of this thesis. The study of global/international development through the concept of international regimes could be handled in a variety of ways and with different sizes of scope. As a subject that has been evolving since the end of the second world war, international development is a field with vast literature and a wide range of development aspects (including social, political etc.). For these reasons, a methodological pick-up could be determinative on how the concept is utilized. Considering the vastness of the subject, this thesis will mainly evaluate the international regime from a particular perspective and within a defined scope. As illustrated above, the main reason for this is in great part because the the international development regime started to assume its defining characteristics in the early 1980's. The fundamentals of the concerned "norms" and "principles", which are necessary to identify a regime, were formed along with the drastic economic transformations in the mid-1980's when neoliberal policies started to be practiced around the globe. In this respect, we can say that the study of international development regime here is, in one sense, the study of the neoliberal international development regime.

The fact that this thesis puts neoliberal policies at the center of its analysis necessarily involves structural adjustment practices as well, as it was these practices that led to the great transformation in the international development regime through the promotion of pro-market policies. Any endeavor to map out the contours of the international development regime requires a review of the structural adjustment policies. This, of course, includes the BWIs, as they have a strong relationship with the structural adjustment policies. In this respect, the study of the international development regime requires a comprehensive review of the birth and evolution of development policy practices from these institutions as it was these institutions that first developed and practiced these policies through conditional lending and other policy-oriented operations. The BWIs played a crucial role in the worldwide institutionalization of the neoliberal international development regime since the development policies developed and practiced by these institutions spread around the world. In this respect, the scope of this thesis will cover the BWIs along with the facilitative roles of the RDBs in the same process from an international organizations/institutions perspective.

Having introduced the conception of the international regimes and how it can be employed to explain the international development regime from the early 1980's onward, the remainder of this chapter will define and demonstrate certain trends that illustrate the transformation observed in the regime over time. Even though the initial practice of the neoliberal international development regime was characterized by an imposing manner that aimed at implementation of pro-market policies in a cruder way, primarily via economic coercion, it later started to be characterized more by quest for consensus-building and efforts to contextualize and institutionalize the preceding neoliberal policies. There was a definite change in terms of the *modus operandi* of the international (neoliberal) development regime throughout the time.

However, despite the solid changes in the regime, the neoliberal character of the regime has kept intact. In this sense, over the three-plus-decades since its onset, the dynamics of change in the neoliberal international development regime have been "norm-governed as opposed to norm-transforming change" (Ruggie, 1983, 200). In other words, the changes reflect changes in the *rules* and *decision-making procedures* rather than changes in *principles* and *norms* which *are regarded changes of the regime itself* (Krasner 1983a, 4). There are not *changes of the regime itself*. Despite the successive reforms, there is still a neoliberal international development regime which has retained its defining characteristics.

3.3. A Brief Periodization of the Changing Dynamics of the Neoliberal International Development Regime

International regimes have dynamic natures: it is possible to observe numerous changes in their structures over time. This also holds true for the neoliberal international development regime. Since its inception, the original neoliberal development credo has changed and transformed as its practices have been operationalized by an increasing number of international actors in various geographies. It is possible to talk about three periods of neoliberal practices in international development regime corresponding to certain changes and trends. These are the periods of "inception", "recalibration" and "wider consensus". While the neoliberal policies were practiced in their orginal forms during earlier periods, the initial crude way of implementing neoliberal policies was later recalibrated in the 1990's following certain criticisms. Neoliberal policies then attained more of a contextual and institutional basis. In the years approaching the second millenium, neoliberal development practices also featured a quest for more consensus-building and harmonization.

From the early 1980's to the early 1990's, the development policies promoted by the BWIs were launched and practiced in their original neoliberal forms. The neoliberal development policies of that time primarily aimed at ensuring transition from the state-led development to a new development model based on the market economy through the implementation of policies such as the privatization of state-owned enterprises, fiscal austerity and disinflationary measures, trade liberalization, currency devaluation, and the general deregulation of the economy (including financial and labor-market deregulation), as well as introduction of market policies attractive to private foreign investment (Rapley 1997, 79).

Beginning in the early 1990's, structural adjustment policies started to be heavily criticized as the policies implemented in numerous African, Latin American and other countries did not produce the desired outcomes and oftentimes even led to economic deterioration. During this second period, here called the recalibration period due to adjustments undertaken, neoliberal development policies were reevaluated in line with increasing data and research. As a result, certain reforms enabling these policies to better function in developing countries were developed. In this context, while implementing neoliberal market reforms, certain priorities, such as poverty reduction, enhancing social dimensions, ownership, inclusiveness, participation, and legitimacy were added. During the second period, the original/crude neoliberal development policies were contextualized in such a way that concerns for the poor, social aspects, and particular economic conditions of the developing countries and their mostly varying developing needs were given more consideration and better accommodated into the new development policies. It should be also noted that, along with the accommodation of these new social and humanitarian contexts, the 1990's was a time when institutional concerns like good governance, stronger institutions and capable state emerged, as these were thought to be necessary for market mechanisms to function effectively. This is also why neoliberal practices also started to be interpreted and implemented in more institutional terms.

The final period, here called the period of wider consensus, is mainly characterized by a universal effort through which development partners (i.e. the BWIs, Multilateral Development Institutions, donor countries etc.) try to unify their development practices in the name of increasing aid effectiveness to the developing world. This period was most visible in the early 2000's as the launch of the global initiative known as the Millennium Development Goals (MDGs) has driven the various development partners, including multilateral development institutions and developed and developing countries alike, to coordinate their development practices to facilitate the achievement of designated aims in the context of MDGs. To this end, sharing information, pooling research data, and harmonization have been promoted. Development partners started to generate common institutional mechanisms and platforms through which they pooled their know-how, shared their experience and undertook cooperative development initiatives. Here, the OECD in particular has emerged as a key international organization ensuring "aid coordination".

To be sure, the three-pronged categorization of "inception", "recalibration" and "wider consensus" here serves an analytical purpose so that this thesis can address the establishment of the international development regime and its temporal progress in a systematic way. At this point, it should be also noted that there has always existed transitivity across the three periods. For instance, even though the final period has been designated as the wider consensus period, this period is also characterized by the development partners' emphasis on the preceding period's (the second period) priorities such as poverty reduction, and enhancing social dimensions, ownership, inclusiveness, participation, and legitimacy. In this context, reforming neoliberal practices is an ongoing and intertwined process not necessarily confined to any particular period. Reform in the international neoliberal development regime acquired a multifaceted character in the 1990s. Thus, it is better to talk about a sort of transitivity, as the dominant features of one period also appear in other periods. Here, I have briefly touched upon the temporal changes in the international neoliberal development regime. The three periods of “inception”, “recalibration” and “wider consensus” will be examined in great detail in the following chapter.

3.4. Understanding the Dynamics for Change: Regime-based Explanations

As Oran R. Young puts it, the types of order for international regimes may range from “spontaneous orders” to “negotiated orders”, to “imposed orders” (Young 1983, 100). This three-pronged categorization is thought-provoking in terms of designating the category of the international neoliberal development regime with respect to its onset. At this point it could be argued that the initial form of the international neoliberal development regime was characterized by “an imposed order.” According to Young, imposed orders are different from spontaneous orders in the sense that they are generated by dominant powers or consortia of dominant actors and they do not feature explicit consent of other actors subordinated to the regime. Young says that dominant actors establish “imposed orders” by “getting others to conform to the requirements of these orders through some combination of coercion, cooptation and the manipulation of incentives” (Young 1983, 100).

In this context, the international neoliberal development regime is an example of imposed order given the early coercive nature of the regime. The coercive feature of the early period generally stemmed from two reasons: i) the US hegemonic position and other dominant Western actors contributed to the establishment of regime by embracing the neoliberal credo, and ii) the debt crisis in the 1980’s rendered the developing countries vulnerable to the BWIs. In the face of financial crisis and without alternative financial options at hand, developing countries was left with no option but to accept the harsh neoliberal policies attached to loans and financial reliefs through conditionalities. Furthermore, without regard for the considerations of debtor countries, the BWIs practiced neoliberal economic adjustment policies in a top-down way. In this respect, the implementation of neoliberal policies was generally characterized by economic coercion at the hands of the BWI.

In the context of imposed orders, even though Young argues that the establishment of imposed orders have relevance in power politics, he also notes that many other ideational or cognitive factors, as well as the structural basis, are also effective in the emergence of such forms of dependence (Young 1983, 101). On the other hand, Young also underlines that, in line with the increasing complexity of social systems, the imposed natures of orders may decline and, along with this, the ability of dominant actors to impose an order, as the increasing complexity will serve to accentuate the role of spontaneous orders (Young 1983, 103). Young's insightful point demonstrates the probability that international regimes, though once characterized by an imposed order, may in time feature components of more negotiated and spontaneous orders. This point can be observed in the transformation of the international neoliberal development regime in that, especially during the 1990's, the regime was in search of greater consensus-building.

In the 1990s, as indicated above, there was harsh criticism against the uniformity, top-down imposition and one-size-fits-all approach by which neoliberal policies were practiced. This drove the neoliberal development community/practitioners to seek for alternative ways to implement the neoliberal economic recipe by generating more consensus between the donors and recipients rather than imposing measures (AfDB 2010, 1). Achievement of the consensus was mainly facilitated by greater considerations attached to the priorities of the recipient countries, such as national ownership, legitimacy, participation, pro-poor policies, improved emphasis on the role of state and development policies with focus on social aspects. All of these newly added components provide evidence of the neoliberal development regime's quest for more legitimacy. In addition, the increasing involvement of developing countries in the design and implementation of economic reform also suggests that, beginning in the 1990's, the international neoliberal development regime started to incorporate more “negotiated order” components, whereas components containing “imposed orders” like uniformity, along with top-down imposition and one-size-fits-all approach, had weakened. This endeavor for consensus building also reflected itself in endorsements outside of the neoliberal community circles because the consensus of the new era also started to include the support of development’s fiscal and security-oriented conservatives, governance technocrats and communitarian social developers, along with market neoliberals, thanks to reformation in development practices (Craig and Porter 2006, 2).

3.5. Sustained Neoliberal Characteristics

Despite the fact that the 1990s triggered a major transformation in the neoliberal international development regime, it is crucial to identify the type of this transformation in terms of the conception of the international regime. At this point, as illustrated beforehand, the distinction between the norms and principles on the one hand, and rules and decision-making procedures on the other, is important. Whereas *changes in principles and norms are changes of the regime itself* (Krasner 1983a, 4), c*hanges in rules and decision-making procedures are changes within regimes* (Krasner 1983a, 3). The point with the transformation of international neoliberal development regime in the 1990s is that it was “norm-governed as opposed to norm-transforming change” (Ruggie 1983, 200). In other words, what changed was the *rules* and *decision-making procedures* of the development practices, not the *norms* and *principles* underpinned by the neoliberal credo.

The reason why the change in the international neoliberal development regime is “norm-governed” is related to the fact that despite the criticisms against the neoliberal development policies and the resultant reforms, the regime has still sustained its *raison d’etre,* that is ensuring the reign of market forces as the determinative power driving the economy. That is to say, this change is related to the *modus operandi* rather than its defining logic. As Ruggie puts it, as long as the objective remains constant, "there is no reason to suppose that the *normative framework* of regimes must change as well" (" (Ruggie 1983, 200). For this reason, it is possible to say that despite the reforms and changes in the 1990s, the international development regime retained its defining neoliberal characteristics underpinned by the promotion of market-led growth.

The sustained neoliberal characteristics in the regime could be illustrated in multiple ways. For instance, despite the heightened emphasis on the poverty reduction, the main method of dealing with this global challenge was still sought in market-based solutions. Even if there were certain readjustment in the regime's practices, the intent was still "market-led growth" and integration of poor countries into global capitalism (Craig and Porter 2006, 1). To illustrate, emphasizing trade as the 'critical engine of growth', it is advised that poor countries are in need of better "market access" and "financial investment" in order to improve their chances of reaping the benefits of increased trade (World Bank, 2016c). This time, instead of using the heedless and unrefined neoliberal practices observed in the 1980's, the concerns of the poor, societal expectations and the priorities of recipient countries were given greater consideration, but practices still retained their neoliberal features. In this regard, the criticisms lodged against the neoliberal economic policies only added to the manner by which their practices are handled. This was also observed in the conception of "capable state." Even though the swift withdrawal of the state from economic management was criticized, and reforms placed an emphasis on the role of the state, particularly in developing countries, what was meant by 'state' was completely different than what was meant by 'state-led development' as the concept of "capable state" was defined through neoliberal market terms. Here, the centrality of the state to development was not as "as a direct provider of growth but as a partner, catalyst, and facilitator" (World Bank, 1997). That is, the state was subordinate to, rather than driving, market forces.

At this point, it can be contended that the later phases of structural adjustment policies/policy-based loans are less rigid and imposing, and thus perhaps less neoliberal when compared to their predecessors. However, it should still be kept in mind that these policies have been practiced for more than 30 years, and thus it is normal to see the later phases as less rigid and harsh, as the process has already been long at work in many parts of the world, and thus there is no longer need for drastic transformation in the favor of market, considering that there are few remaining areas not connected to the global economy and not marketized. In this sense, as neoliberalism has deepened its global impact, focus has shifted more to stabilization rather than structural adjustment. It thus follows that the subsequent reform promotion is not naturally not like that of the early phases in terms of harshness and rigidity.

Finally, it should be also noted that, even during the 1990's, neoliberal development policies were reformed and contextualized in a more social and humanitarian way. This period was also characterized by considerable emphasis on stronger institutions, capable state and good governance, all of which enabled institutionalization of the neoliberal international development regime. Due to the reforms, it may seem that the neoliberal forms of development policies softened. In fact, neoliberal development policies were consolidated within the framework of institutional economics. Accordingly, as much as they served pro-poor, social and humanitarian issues, the reforms also helped the market function better and more efficiently through cultivation of stronger institutions, capable state and good governance principles. Even though the reforms' emphasis on the societal and humanitarian aspects of development may seem a concession from the neoliberal principles promoting marketization, it should be noted that these actually allowed the neoliberal development regime to acquire greater legitimacy. Acquiring more legitimacy in turn provided the regime with better means to effectively incorporate resistant enclaves into the global marketization process in exchange for society- and poverty-oriented reforms, a process which seem to be successful in buying out more consent on the part of the developing world. As Young puts it, the natures of orders are not static and "the most successful imposed orders have not been characterized by continuous exercises in overt coercion" (Young 1983). In this respect, even though a regime might have come into existence in a more imposed manner, in order to sustain its life or expand its effectiveness, it has to gain legitimacy and acceptance from the relevant actors. This holds true for the transformation in the neoliberal development regime which, beginning in the 1990's, undertook more consensus-building endeavours in order to ensure greater legitimacy and acceptance.

To demonstrate the difference between the neoliberalism of the 1980's and 1990's, Craig and Porter employ an insightful distinction and designate the two different periods as "conservative neoliberalism" and "'inclusive'(neo)liberalism" (Craig and Porter 2006, 93). Accordingly, rather than being entirely deregulated, "markets need to be embedded in institutions and community by 'smart' re-regulation. At this point, as indicated beforehand, issues like good governance, capable state and social inclusiveness are of great importance. The concept of embeddedness is illuminating in showing the emphasis on inclusivity in the new era. However, even though "embeddedness" might be a fruitful term to explain and illustrate the transformation in international development here, it should be noted that John G. Ruggie uses this concept in order to point to the difference between the 19th century laissez-faire (orthodox) liberalism and the post-war (WWII international economy) and argues that the latter posed a different regime in the sense that an "embedded liberalism" which generated "a form of multilateralism that is compatible with the requirements of domestic stability" was formed in that era (Ruggie 1983, 215). In the context used by Ruggie, "embeddedness" refers to a regime change. Nonetheless, considering that the changes in the neoliberal international development regime seen in 1990's were at the level of *rules* and *decision-making procedures*, and not *norms* and *principles*, the usage of "embeddedness" is functional here as long as it is to refer to normed-governed changes in the neoliberal international development regime.

So far this chapter has illustrated the concept of "international regimes" and how this term can be employed in the context of an international development regime. Focusing on the drastic transformation of global development practices starting in the early 1990s', this section has argued for the emergence of an international development regime founded on neoliberal credo, and its ensuent transformation through the 1990's. Trends and changes within the international neoliberal development regime are here examined through regime-based explanations. While certain dynamics of the regime are illustrated in this chapter, a more detailed and contextual presentation of them will be provided in the next. This chapter has served to introduce the international neoliberal development regime by contextualizing it in *international regimes* literature, and the following will elve into the international neoliberal development regime itself in a more detailed and illustrated way. The next chapter does not offer a significantly different argument in terms of the overall logic of this thesis, but it does provide important eloborations. Furthermore, it substantiates this thesis by providing the necessary tenets and benchmarks of the *principles, norms, rules* and *decision-making procedures* within the neoliberal international development regime. These in turn are central to analyzing and explaining the role of RDBs in the development and maintenance of the international neoliberal development regime.

CHAPTER IV

INTERNATIONAL NEOLIBERAL DEVELOPMENT REGIME: Principles, Norms, Rules and Decision-Making Procedures

4.1. Background of Global Development Practices

During the 1950's the finance gap in the developing world started to be recognized as a global challenge that merited attention and should be addressed, in particular under the UN system. Thia growing attention on the finance gap in the developing world also pushed the BWIs to increase their operations in that arena. Within the BWIs system, it was actually the World Bank (formerly known as International Bank for Reconstruction and Development (IBRD))[21] which was tasked with addressing long-term developing challenges in member countries, whereas the IMF was tasked with handling the member countries' short-term balance-of-payment crisis. In terms of global development, the World Bank was given a more central role.

Even though, in geographical sense, the initial function of the BWIs was originally to assist recovery in war-torn Europe following the end of WWII, after the establishment of the Marshall Fund and successful recovery process in Europe and Japan of the 1950's, the World Bank shifted its focus to non-European countries. This, in turn, facilitated the role of the BWIs in developing countries. During this time, the main approach the World Bank used to facilitate economic development was specific

[21] This was the former name of the World Bank. The World Bank now actually refers to the group of five international organizations: The International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID).

development projects. The Bank generally allocated loans to the construction of income-generating infrastructure, such as highway systems, seaports, dams and power plants, as these would produce sufficient revenue for borrower countries to maintain their repayments to the Bank.

Throughout the 1960's and 1970's, project lending remained the World Bank's main lending instrument. At this time, the Bank's growing interest in the developing world was affected by Cold War dynamics. Robert McNamara, World Bank president at the time, illustrated this in the following statement in which he associated development with security in the broader context:

> ...the irreducible fact remains that our security is irreducibly related to the security of the newly developing world, and our role must be precisely this, to help provide security to those developing nations which genuinely need and request our help and which demonstrably are willing and able to help themselves. The rub is that we do not always grasp the meaning of security in this context. In a modernizing society security means development…. Security is development, and without development there can be no security (McNamara, 1968).

In short, during the early phase, the development practices of the BWIs, particularly the World Bank, had two main goals. The first was to facilitate the economic recovery, particularly in Europe, in the aftermath of WWII. Even though the growing development finance gap in the developing world was a recognized problem under the UN system at that time, the orientation of the BWIs to the developing world only began when the role the BWIs played Europe's recovery was replaced by the Marshall Fund. Second, even though the BWIs, particularly the World Bank, increasingly started to undertake development practices driven by the cold-war dynamics in developing countries, the interest the BWIs displayed in the developing world was considerably affected by the US's desire to balance the socialist expansion therein by channeling more Western aid.

4.2. Rise of Neoliberal International Development Regime

Cold-war dynamics were certainly influential in the BWIs' engagement with the developing world and project-based lending played a critical role at this time. However, even though project lending facilitated the BWIs' entrance into the developing world, it was in fact the introduction of structural adjustment lending (SAL) by the World Bank in 1980 that ensured the BWIs' actual transformative power in these countries. Thus, structural adjustment lending or policy-based lending holds a special place in terms of the repercussions it had on the international development regime. The implementation and dissemination of structural adjustment was facilitated by the rise of a new development regime known as neoliberalism. The creation and maintenance of the neoliberal development regime rested upon a certain level of consensus, as well as coercion in the Gramscian sense. Despite its consensus-based dimension, the neo-liberal development regime also featured an imposing nature and the scope of consensus generally reflected the Western core of the global economy.

Multiple dynamics, ranging from the political rise of the right to the eruption of the debt crisis in developing countries to the ruling neoliberal credo, accounted for the emergence of the neoliberal development regime around the BWIs during the early 1980's. The emergence of a new development regime around neoliberal credos emerged as the ruling development understanding and a branch of mainstream economics that affected the policy strategies of numerous multilateral financial institutions as well as national development planning around the world. Within the context of neoliberal development understanding, a comprehension of structural adjustment policies is critical as they provide clues as to the practical implications of the international development regime. These policies were soon adopted by other multilateral development banks, particularly the RDBs. This facilitated their diffusion and helped them gain wider international recognition. To illustrate, during the 1980's, regional development banks, like AfDB and IDB, also adopted similar lending strategies prescribing structural adjustment. In technical terms, structural adjustments policies are known as policy-based lending (PBL). For this reason, the following section will mainly illustrate how PBL has emerged and developed, particularly within the World Bank. Due to their functional equivalence, from this point on, structural adjustment and PBL will be used interchangeably.

4.3. The Emergence of Policy-based Lending (PBL)

The use of PBL operations first emerged in the late 1970's and early 1980's. The birth of PBL operations goes back to the formulation of the RDBs in discussions held among World Bank officials in 1978. These operations were publicly announced by McNamara in 1979 and approved by the Bank's Board of Executive Directors in 1980 (Sharma 2013, 674). The emergence of PBL was of course facilitated by the rise of the political right in the Western world (known as "the Regan-Thatcher Axis"), with Margaret Thatcher's Conservative Party coming to power in England and Ronald Reagan's, from the Republican Party, winning the Presidential elections in the US. Their sweeps to power provided the international aura necessary to drive policy-based lending around the world. The first form of PBL was structural adjustment loans (SALs), as they were originally called by the World Bank (Sharma 2013, 668). The World Bank's first loans using structural adjustment were to Kenya and Turkey in early 1980. Within the following two decades, the Bank operationalized 537 adjustment loans in 109 countries, with the total amount of these loans reaching $100 billion (World Bank 2001).

The underlying logic of PBL was to enable fast disbursement of financial lending in the face of a challenge that could not be met by traditional project-based lending. They were used in particular for the urgent financial needs of the developing countries during the unravelling of the debt crisis in the early 1980's. Up to that time, project-based lending was the dominant financial instrument of the World Bank. However, as the design and implementation of project-based lending took time, this option became less feasibile, though it still continued to be practiced. The need to develop instant solutions for developing countries' financial problems pushed the World Bank to work on alternative disbursement methods. In this regard, SALs were developed to provide quick financial relief for those countries suffering from balance of payments crisis driven by macroeconomic instabilities, such as foreign exchange crisis and inefficient public expenditure. In order to respond to the financial needs of developing countries in the face of the global debt crisis, the World Bank provided large general budget supports rather than project-based loans (Stern 1983; Fischer 1995). The global context of the international political economy characterized by the developing countries, particularly the Latin American countries, experiencing debt crisis in 1980's certainly facilitated the diffusion of PBL, as this type of financial crisis made developing countries more open/vulnerable to PBL.

Facilitating the disbursement of financial lending was not, however, the only objective behind launching PBL. Another central aim was also to address structural problems leading to macroeconomic instabilities in the developing world. At this point, the ruling concensus in the marketplace for ideas was that economic development mattered, as specific policy reforms to be introduced in recipient countries were greatly guided by the rise of neoliberal principles beginning in 1970's, as part of a resurgence of 19^{th} century ideas associated with laissez-faire economic liberalism. In this context, the PBL targeting developing countries generally featured conditionalities with neoliberal prescriptions. The financial assistance obtained of PBL was conditioned by a commitment on the part of recipient countries that they would undertake the prescribed macroeconomic reforms. These reforms generally focused on the liberalization of controls on trade and price. In this regard, PBL offered a certain measure of budgetary support to countries in exchange for the fulfillment of stated neoliberal reforms.

It should also be noted that, while it was the World Bank which initiated structural adjustment with its SALs, the same fashion was also adopted by the IMF, where similar practices were employed under its concessional funding provided through the Structural Adjustment Facility (SAF) starting in March 1986, and then through the Enhanced Structural Adjustment Facility (ESAF) starting in December 1987 (IMF 2004).

The structural adjustment policies embedded in PBL allowed the BWIs to gain great leverage in promoting neoliberal policies around the world. This endowed the BWIs with an increasing transformative power over the developing world. The ruling ideas by the important people within the World Bank at that time are revealing of their desire for the Bank to play a more transformative role over the developing world using such leverage. For instance, Ernest Stern, who replaced J. Burke Knapp as the Bank's head of operations in July 1978, supported using program lending as an instrument to promote policy change in borrower countries even when he was an official at the US Agency for International Development (USAID) in the late of 1960's (Kapur, Lewis, and Webb 1997, 506). While Stern held a belief in greater economic liberalization policies for accelerating growth rates in developing countries, he also stood by the argument that the traditional way of attempting to influence the behaviors of borrower countries via informal 'country dialogues' had proved to be ineffective (Kapur, Lewis, and Webb 1997, 506). Instead, he prefered more binding measures.

In its broader sense, the neoliberal development regime, which was practiced and disseminated through the World Bank's and the IMF's structural adjustment loans, helped remove the old state-led understanding of development, (i.e. in the context of developing countries, the strategy known as the import-substitution industrialization (ISI)[22]). On the other hand, while sidelining the old regime, the new also paved way for the establishment of a new development paradigm referred to as the Washington

[22] ISI advocated for government market interventions to promote large-scale modern industries

Consensus. This model designated the market as “a universally efficient mechanism to allocate scarce resources and promote economic growth” (Hayami, 2003, 40).

4.4. The Era of “Washington Consensus”

So what kind of policies did the international neoliberal development regime as embodied in the development agenda later termed the “Washington Consensus” bring about in the developing world through its transformative power? Broadly speaking, through the PBL the Washington Consensus aimed to achieve transition into market-led development resting upon neoclassical principles while discrediting the state-led development model which had retained its influence until th mid 1970’s. By deregulating the economy, the new development paradigm promoted by tstructural adjustment assigned the central role of development to the market while it relegated the state to a secondary position. Aiming to lift structural obstacles that could prevent the market from operating efficiently, structural adjustments were implemented through a set of policies which included the privatization of state-owned enterprises, fiscal austerity and disinflationary policies, trade liberalization, currency devaluation, and the general deregulation of the economy, (including financial and labor-market deregulation) as well as the introduction of market policies attractive to private foreign investment (Rapley 1997, 79). In this way, the structural adjustment policies sought to provide entrepreneurs and investors with more powers and freedoms; enhance “pecuniary incentives” and competition; decrease waste and costs; ensure macroeconomic stability; and downsize the state and its role in the economy (Rapley 1997, 79).

In a more specific sense, the Washington Consensus encompassed ten policy instruments. Reviewing the neoliberal policies promoted with structural adjustment lending, the famous economist John Williamson listed ten policy changes intended by the “Washington Consensus”. These are as follows: 1) fiscal discipline, 2) reorientation of public expenditures, 3) Tax reform, 4) Financial liberalization, 5)

Unified and competitive exchange rates, 6) Trade liberalization, 7) Openness to DFI [Direct foreign investment], 8) Privatization, 9) Deregulation and 10) Secure Property Rights.[23]

4.5. Criticisms and the Era of Reforming Neoliberal Reforms

However, the implementation of neoliberal policies did not go unchecked and unbridled. After just one decade, a serious number of criticisms had been directed against the structural adjustment loans**.** While it is almost impossible to either confirm or reject the benefits of structural adjustment, one secure conclusion was that the outcomes of structural adjustment demonstrated variance (Rapley 1997, 87). After nearly three decades of assessment, one general evaluation reached was that structural adjustment programs had their performance in Latin America, and their worst performance in Africa (Rapley 1997, 87). However, even several observations on Latin American countries argued that the economies there were unsuccessful in sustaining economic growth even if they recovered from the debt crisis (Hayami 2003, 42).

Within this context, one more specific critique was that the imposed conditionalities that came along with structural adjustment loans did not, in fact, lead to economic improvement in those countries where they were implemented. In this regard, shrinking the role of the state in the countries where market forces had not yet sufficiently developed, and thus state interventions were deeply needed, was highly criticized.[24] Another criticism lodged against the neoliberal recipes was that structural adjustment worsened the conditions of the poor and added to the rise of inequality in third-world countries (Rapley, 1997, 87).

[23] Dani Rodrik lists ten tenets of the original Washington Consensus. See: Rodrik 2006, 978.

[24] See relevant chapter on neoliberalism in Rapley 1997.

4.6. The Emergence of the "Post-Washington Consensus"

As a result of the above-cited criticisms, just after one decade, the prescriptions which emanated from Washington had already experienced a considerable transformation (Babb 2009, ix). The predominate thinking of policy economists and multilateral agencies underwent a revision and this resulted in a greater research agenda known as "the second generation reforms" (Marangos, 2009, 205) (see Table 4). According to Marangos, a myriad of different factors led to the second generations of reforms (Marangos, 2009, 205). Accordingly, i) without rejuvenating institutions, "market-oriented reforms" were not successful; ii) if not accompanied by a prudential supervision and a proper macroeconomic framework, financial liberalization would cause crises; iii) "a trickle-down approach" did not seem to lend a direct hand in reducing poverty (Marangos, 2009, 205). As a result of this thinking, different priorities pertaining the new development paradigm have emerged. These new priorities included a wide spectrum of issues: institutions, governance, poverty and enhancing social dimension, as well as inclusiveness and legitimacy. In line with this, a number of catchphrases such as "capable state", "stronger institutions", "poverty reduction", "social services/dimension", "human development", "national ownership", and "participation" also emerged. These terms clearly capture the new development priorities underpinning the new consensus. Pointing out the contrasting contexts of the neoliberal policies of the 1980's and 1990's, different conceptualizations other than "Second Generation Reforms," (Marangos, 2009, 205) like "the Augmented Washington Consensus"[25] or "Post-Washington Consensus"[26] were also put into use (see Tables 4 and 5).[27] In this context, particularly the "Post-

[25] See: Rodrik, 2006, 978.

[26] See: Öniş and Şenses 2005; Stiglitz 1998.

[27] Even though all were to serve to indicate the transformation in the Washington Consensus/neoliberal policies, I will use "Post-Washington Consensus" in order to express the new/reformed form of neoliberal development regime which emerged during 1990's.

Washington Consensus" is illustrating in terms of demonstrating the changing dynamics of the neoliberal international development regime when contrasted with its earlier form, the "Washington-Consensus.", despite a shared foundation in neoliberal credo.

[*The following two tables display the contrasting contexts of neoliberal policies of the 1980's and 1990's*]

Table 4: First- and second-generation reforms

	First generation	**Second generation**
Main objectives	Crisis management: reducing inflation and restoring growth	Improving social conditions and competitiveness, maintaining macroeconomic stability
Instruments	Drastic budget cuts, tax reform, price liberalization, trade and foreign investment liberalization, deregulation, social funds, autonomous contracting agencies, some privatization	Civil service reform, labor reform, restructuring of social ministers, judicial reform, modernizing of the legislature, upgrading of regulatory capacity, improved tax collection, large-scale privatization, restructuring of central-local government relations
Actors	Presidency, economic cabinet, central bank, multilateral financial institutions, private financial groups, foreign portfolio investors	Presidency and cabinet, legislature, civil service, judiciary, unions, political parties, media, state and local governments, private sector, multilateral financial institutions
Main challenge	Macroeconomic management by an insulated technocratic elite	Institutional development highly dependent on middle management in the public sector

Source: Naim, Moises. 1995. *Latin America's Journey to the Market: From Macroeconomic Shocks to Institutional Therapy*, International Center for Economic Growth Occasional Paper No. 62. San Francisco, California: Institute for Contemporary Studies Press. *As cited in* World Bank. 1997. "World Development Report 1997: The State in a Changing World." *Oxford University Press,* Accessed August 10, 2016. https://openknowledge.worldbank.org/handle/10986/5980, page 152.

Table 5: The Augmented Washington Consensus

	Original Washington Consensus		"Augmented" Washington Consensus (added 10 extra items)
1.	Fiscal discipline	**1.**	Corporate governance
2.	Reorientation of public expenditures	**2.**	Anti-corruption
3.	Tax reform	**3.**	Flexible labor markets
4.	Financial liberalization	**4.**	WTO agreements
5.	Unified and competitive exchange rates	**5.**	Financial codes and standards
6.	Trade liberalization	**6.**	"Prudent" capital-account opening
7.	Openness to DFI	**7.**	Non-intermediate exchange rate regimes
8.	Privatization	**8.**	Independent central banks/inflation targeting
9.	Deregulation	**9.**	Social safety nets
10.	Secure Property Rights	**10.**	Targeted poverty reduction

Source: Rodrik, Dani. 2006. "Goodbye Washington Consensus, Hello Washington Confusion? A Review of the World Bank's Economic Growth in the 1990s: Learning from a Decade of Reform," *Journal of Economic Literature* 44, no. 4: 973-987, page 978.

4.7. Achieving Greater Consensus

It could be argued that the emerging new development agenda embodied in the "Post-Washington Consensus" achieved a broader consensus as opposed to its initial form in 1980's. The new consensus was much broader and its quality was much higher as well as more representative as it had emerged out of criticisms from various groups. Thus the new consensus also enjoyed greater support from its erstwhile detractors. However, in terms of its core characteristics, this consensus was still neoliberal. In one sense, the new era was successful in creating a broader consensus on "market-led growth" and integrating poor countries into global capitalism (Craig and Porter 2006, 1). Concerning how broadly the consensus is shared by a variety of actors, Craig and Porter observe that:

> Washington's financial institutions can partner with Sub-Saharan NGOs, with global accounting and audit franchises, Pakistani provincial governments, and Vietnamese commune authorities. Development's fiscal and security-oriented conservatives, market neoliberals, communitarian social developers, and governance technocrats all have roles in deepening this consensus [Poverty Reduction and Good Governance] and rolling out its practice across global and local institutions (Craig and Porter 2006, 2).

As stated above, the new development agenda came along with the new priorities of "Post-Washington Consensus": These new priorities included a wide spectrum of issues: stronger institutions and good governance, poverty reduction and enhancing social dimension, and ownership, inclusiveness, participation, legitimacy. At this point, it might be useful to elaborate on these concepts and their contexts in order to better capture the change and transformation in the neoliberal international development regime seen in the 1990's.

State, Stronger Institutions and Good Governance

By the 1997-1998 Asian financial crisis, global development was well on its way to rebuilding a new consensus (Craig and Porter 2006, 4), particularly in terms of how it viewed the state. The new consensus embodied by leading development institutions emphasized the "capable state," rather than disregarding the state as had its predecessor (Craig and Porter 2006, 4). Critique directed against the first phase of the PBL had brought about a need to review and revise the way structural adjustment lending should be implemented. The review of structural adjustment produced alternative policy debates on the role of the state in the economy. Even though the neoclassical tenets embedded in structural adjustment aimed to lessen the role of the state, within the Post-Washington Consensus the review of structural adjustment suggested that:

> (i) "the state must be brought back into development"; (ii) "the less developed a country is, the greater appears to be its need for state intervention"; (iii) "Rather than set the state against the market, as the development debate has traditionally done, the two need to be made to complement one another"; and (iv) "statist policies, properly implemented, can help a country in the early stages of its development, after which a gradual opening to the market, enhanced by selective state interventions, should follow" (Rapley 1997, 118).

This time, the ruling perception was that the state could not be dispensed with in development, as a strong and capable state was in fact necessary for the implementation of the neoliberal reform agenda. It is possible to observe this shift in paradigm in the flagship report of the World Bank (the 1997 World Bank Development Report (WDR) entitled *The State in a Changing World)* as it drew greater attention to the role of state in managing the economy. The report emphasizes the effectiveness of the state as the determining factor in different stories of development (World Bank 1997). According to the report, "an effective state" is needed in order to provide "the goods and services and the rules and institutions that allow markets to flourish and people to lead healthier, happier lives." However, underlining the difference between what was meant by the term ‘state’ fifty years before, the report also says that the centrality of state to development is not as “as a direct provider of growth but as a partner, catalyst, and facilitator” (World Bank 1997).

In parallet to debates over the effective state, emphasis on capable state institutions also occupied a central place in the new development paradigm. In one sense, the new development approach of good governance and institutions recoded development in new neoliberal terms. Reviewing the past record of structural adjustment, some studies pointed out that the success or failure of reform programs was conditioned by whether or not the recipient countries possessed good institutions and domestic governance (Barro 1996; Barro and Sala-i-Martin 1997). In this sense, the Post-Washington Consensus, which included the so-called “second-generation” reforms, was heavily institutional in nature (Rodrik 2006, 978). According to the new predominate way of thinking, developing countries needed to endorse open markets with strong institutions like banking regulations and protections for the poor (Babb, 2009, ix). The policy practitioners of Washington Consensus in time came to hold the mindset that, if the preceding institutional conditions were unfavorable, the effects of the standard policy reforms would not endure (Rodrik 2006, 978). As a result, the original form of Washington Consensus was augmented in a way that placed great emphasis on institutional characteristics (Rodrik 2006, 978). Embedded in society by nature, institutions in this context also included areas such as protection of property rights protection, rule of law and governance (Rodrik 2006, 979).

In pointing out the contrasting characteristics of neoliberal policies of 1980’s and 1990’s in terms of the institutions, the New Institutional Economy (NIE) is a crucial concept. In an attempt to build on, modify, and extend neoclassical theory, NIE “incorporates a theory of institutions into economics” (North, 2016). At that time, NIE was premised on an understanding of governance that redefined functions of state in ‘market-like transactions’ and their close contexts (Craig and Porter 2006, 101). In the context of NIE, 'institutions' do not originally refer traditional institutions such as state ministries, bureaucracies, and departments, but to the plural components of 'governing' transactions at the micro-levels such as rules, laws and conventions of exchange (i.e. markets) which are both formal and informal in nature; and the social phenomena which inform these exchanges (i.e. information and so-called 'social capital) (Craig and Porter 2006, 101). According to NIE, the three ingredients 'Inform, Enforce, Compete' are crucial to ensuring efficient transactions (Craig and Porter 2006, 102). Accordingly, information will help ensure for 'better informed' choices in the market; enforcement will be provided by laws and contracts; and there will be market competition between many different players (Craig and Porter 2006, 102). In NIE, accountability and transparency are also important in the name of building institutions for markets (Craig and Porter 2006, 102). All of these institutional components are marked by the objective of enabling the market to be more effective and functional.

The new development paradigm characterized by its emphasis on institutions also provided a basis by which the concept of good governance has been defined and contextualized. As an concept coeval with human history, governance simply refers to "the process of decision-making and the process by which decisions are implemented (or not implemented)."[28] On the other hand, the contentious issue of "good governance", albeit having different definitions and connotations in different contexts, refers to the general sense of mechanisms thought to be vital in promoting governance. In many places good governance is associated with "democracy and good civil rights, with transparency, with the rule of law, and with efficient public services" (World Bank, 2016a). In the 1990's, governance reforms, within the greater context of institutions, meant protecting and ensuring confidence in the market and providing security for capital. In this regard, privatization and anti-corruption measures lifted obstacles to market forces and help establish a safe environment

[28] See: United Nations Economic and Social Commission for Asia and the Pacific 2016.

governed by rule of law (Craig and Porter 2006, 6). For instance, in the context of the IMF, the 1990's was a period when the Fund was tasked with the role of global 'crisis manager' and faced growing pressure to ensure the security of largely mobile investment capital (Craig and Porter 2006, 72). In its *Declaration on Partnership for Sustainable Global Growth,* the IMF underlined the significance of promotion of good governance in its all aspects, including "ensuring the rule of law, improving the efficiency and accountability of the public sector, and tackling corruption" so that economies can provide properity within a sound institutional framework (IMF 2002a).

It should be also noted that the broader context of governance also included a tendency towards decentralization and devolving power from the central state to local administrations. In fact, this interest in decentralization was underpinned by the neoliberal logic evolving from the 1980's and aimed at marketizing new geographies by taking them from the control of state and putting them in use for international capital. In this respect, another interpretation of structural adjustment policies in the 1980's was that they promoted *de*-territorialization. Accordingly, national governments had to open their terrains to the logic of "a globally networked system of production and international market competitiveness" as they needed to attract flowing capital (Reich 1992).

Poverty Reduction, Social Dimensions, and Participation

Along with the emphasis on good governance and strong institutions, the new development agenda of the 1990's also focuse on new priorities such as the social dimension, poverty reduction and participation. While the era of structural adjustment retained its rule until the late 1990's, the ensuing period was an era of 'inclusive' poverty reduction and good governance (Craig and Porter 2006, 1). As argued by Marangos, the so-called "trickle-down" - the assumption that economic growth and wealth creation benefit not only corporations, investors and entrepreneurs, but everyone in the overall economy - proved to be inadequate in reducing poverty. This necessitated social policies and anti-poverty programs empowering the poor (Marangos 2009, 205). To this end, the new form of "Washington Consensus" also emphasized poverty reduction, underlining the government and civil society's crucial role in providing the poor with such social services as health care and education (Hayami 2003, 40).

During the late 1990's, it could be argued that poverty reduction became a central theme in the international development with all new understanding of ownership, social inclusiveness. In the words of Craig and Porter, a comprehensive consensus of poverty reduction resting upon the three legs of "*Opportunity, Security and Empowerment*" emerged. This new consensus enjoyed the support of "Liberal, Conservative and Social Democrat alike" (Craig and Porter 2006, 64). In the context of poverty reduction development's three-legged agenda of *opportunity, security* and *empowerment*, economic *opportunity* was to be achieved through global market integration and social and economic *security* and *empowerment* were to be promoted through innovative arrangements of governance in locally delivered education, health and other poverty-reduction services (Craig and Porter 2006, 4). None of these alone could reduce poverty, rather, each component was crucial for (Craig and Porter 2006, 4). The focus on these aspects of poverty reduction was also related to the recognition that neoliberal economic growth alone would not take the poor out of poverty. Instead, there was a need to "Making Services Work for Poor People" (Craig and Porter 2006, 116). This recognition prompted interest in long-term poverty reduction through "investing in human well-being through social services" (Craig and Porter 2006, 116). In 2004 World Development Report, this was defined as "services that contribute directly to improving health and education outcomes" (World Bank 2004b, 19). The goal was to enable the poor "to participate in Market Opportunity" (Craig and Porter 2006, 116).

The launch of the UN's Human Development Index in the 1990's was also crucial as it institutionalized the expanded understanding of development (Babb 2009, 4) in a more human context underpinned by the provision of social services such as education, health, and infrastructure, i.e. safety nets empowering individuals. In the context of good governance, in addition to macroeconomic aspects, governance also includeda humanitarian aspect and it saw investing human capital, education, health and other social services as a requirement in creating able citizens who could avail themselves of new market opportunities (Craig and Porter 2006, 6).

On the other hand, the agenda of the new development consensus also had to align itself with more *inclusiveness*, more *responsiveness*, more *legitimacy* and a more *participatory* approach (Craig and Porter 2006, 4). In addition to the need for a greater role for the state, the criticisms lodged against the structural adjustment policies produced new policy implications related to inclusiveness, ownership and participation, as the early neo-liberal practices had been lacking in these aspects. In the context of structural adjustment, conditionalities attached by donors to financial lending had developed a bad reputation. It was argued that too many conditions attached to the loans and the reform programmes were not prepared in line with the priorities and particularities of the recipient countries (AfDB 2010, 12). In other words, there was a lack of country ownership. Different studies came up with findings that the conditionality itself does not result in success (Gilbert, Powell, and Vines 1999). Others argued that aid was not able to buy reform.[29] Some other studies also pointed out the need for country ownership if reform programs were to be successful As a resultant of this, it was decided that new development policies would be designed and practiced in way that would allow recipient countries to make contributions observing and reflecting their priorities and interests. Rather than top-down policy changes promoted through conditionality, greater importance was attached to

[29] See: Devarajan, Dollar, and Holmgren 2001. Also see: Easterly 2005; Paul, Harrigan, and Toye 1995, and Browne, 2006.

government plans and priorities prepared and led by recipient countries (AfDB 2010, 1). In this regard, the new approach focused on the provision of PBL only after they had become jointly agreed-upon policies, involving both donors and recipients (AfDB 2010, 14).

4.8. Development Agenda on a Wider Global Scale: Harmonizing practices in poverty reduction and good governance

The change in understanding during the 1990's also effected specific practices in the international development regime. A liberal understanding of good governance and emphasis on stronger institutions influenced the global development agenda and shaped poverty reduction programmes (Craig and Porter 2006, 7) as well as promoted the embrace of good governance principles by international development partners, including donor countries and Multilateral Development Institutions (MDIs). Starting from the second half of the 1990's, this change in the understanding of global development also started to be accompanied by considerable efforts among development partners to harmonize their actions. It is possible to observe this particularly in the cooperation mechanisms have institutionalized among these actors in the name of harmonizing international development initiatives. Harmonization of development activities among the partners is an important indication for the institutionalization of the international development regime with the new priorities of the 1990's, as mentioned above. This desire for harmonization was clearly demonstrated in an emphasis on increasing aid effectiveness, conditionality, poverty reduction and promotion of good governance.

In the context of increasing aid effectiveness, rather than simply allocating aid based on the varied needs or levels of poverty of different countries, and by engaging in new levels of strategic and operational coordination among each other, international financial institutions (IFIs) and donor countries aimed to encourage poor countries to adopt poverty reduction through incentives (Craig and Porter 2006). To this end, such coordinative frameworks as the Comprehensive Development Framework (CDF) in the case of the World Bank, and the UN Development Assistance Framework were established (Craig and Porter 2006, 113). To give another example, through "joint budget support groups", the World Bank also tried to harmonize its development processes and operations with those of other Multilateral Development Banks (MDBs) (AfDB 2010, 20).

The importance attached to "joint donor operations instead of stand alone operations" by development partners (i.e. BWIs, MDB and donor countries) pushed them to unify their operations concerning the PBL. *Harmonization*, which can be defined as establishing common monitoring and assessment frameworks for donors, was regarded as a part of Good Practice Principles on conditionality (AfDB 2010, 49). A vast spread of actors, including international development institutions and individual donor states, have now started to observe these principles.

In the same context, in the name of increasing in terms of aid effectiveness, the ruling concessional lending policies (or, providing soft loans or debt relief in exchange for commitment to economic reform by recipient countries) underwent transformation. As indicated above, various studies suggested that aid distribution was ineffective when accompanied by too many conditionalities and lacking ownership by recipient countries in terms of their priorities and particularities. Within this context, a consensus on best practices with respect to designing and implementing the PBL emerged as a result of experiences over the preceding decade (AfDB 2010, 30). While there were efforts in harmonizing the development practices among development partners on one hand, there were also efforts made in incorporating the reforms into harmonized development practices around good practice principles. This generally emphasized national ownership issues.

The recognition that both project approaches and structural adjustment included flaws particularly in the context of Africa and low-income economies (AfDB 2010, 6), coupled with increasing research on aid effectiveness, pushed the donor community to agree on certain principles and international agreements that would increase aid effectiveness and guide aid flow into the developing world by advocating ownership of reforms by loan recipient countries. For instance, within the framework of the Heavily Indebted Poor Countries (HIPC) Initiative, Poverty Reduction Strategy Papers (PRSPs) were put into practice by the IMF and World Bank. These were adopted in order to promote the debt relief inrecipient countries' commitments to address poverty (AfDB 2010, 7) and guide the countries' poverty reduction in such a way as to preserve national ownership and reflect different countries' individual circumstances (IMF, 2016). In the context of the HIPC initiative, which was launched in 1996 by the IMF and the World Bank (IMF 2015), the objective was to ensure that the no poor country would face a debt burden which it could not deal with. Along with BWIs, other development banks such as African Development Fund (AfDF)[30] and the Inter-American Development Bank (IDB) also later became a part of the initiative.

Beginning in 1999, in order to ensure that consensus on international poverty reduction was governed by empirical research on 'what works and why?' the multilateral development banks (or institutions) started to tie the distribution of their discretionary finance to the evaluations of the recipient countries in terms of policy and institutional performance (AfDB 2010, 6). Particularly in pursuit of poverty reduction and promotion of institution building objectives, harmonized and shared technical instruments emerged (Craig and Porter 2006, 1). Within this sphere, development partners tried to combine and reconcile "the free flow of capitals", "poor people's participation" and "competitively provided health and other services" through the multifaceted frame of the Poverty Reduction Papers (Craig and Porter

[30] A main branch of the AfDB.

2006, 1). The drive and logic behind harmonizing around the consensus of poverty reduction and good governance, applying its governing instruments, and facilitating greater investments of funds was predicated upon the development credo that such policies would result in higher dividends for the poor (Craig and Porter 2006). Overall, the emergence of such guiding principles was an important development in terms of converging the structure of international development regime.
The priorities of the new international development regime were also further institutionalized via global platforms, thus being endowed with a wider recognition on a global scale beginning in the early 2000's. At this point, the impact of the well-known Millennium Development Goals (MDGs) on the international development regime was remarkable. The new consensus on poverty reduction demonstrated itself in the Millennium Development Goals (MDGs); after they were incipiated in the United Nations Development Programme (UNDP), 189 nations soon adopted them in the Millennium Declaration in September 2000 (Craig and Porter 2006, 4). The MDGs came to function as a framework for global development within which both donor and recipient countries synchronized their commitments to reaching these goals. The already initiated Poverty Reduction Strategies Papers (PRSPs) served as an important instrument in guiding the commitments to the MDGs, and the donor community generally aligned their aid around the strategies put forward in the PRSPs (AfDB, 2010 7).

In pursuit of the MDGs, various partnership mechanisms in international development community were promoted. In the context of the MDGs, aid effectiveness was particularly important. The need to know whether or not international development partners did indeed effect positive development results drove them to focus on measuring results throughout the development process (World Bank, 2016b). In this direction, the Monterey Conference further shaped consensus on aid effectiveness.[31]

[31] Development financing needs were examined in the light of the MDGs.

Participants at the Monterrey Consensus and in the Johannesburg Plan of Implementation in 2002 reaffirmed the MDGs (Craig and Porter, 2006, 4).

The outcome of the Monterey Conference was a turning point in global development consensus as developed and developing countries agreed on their mutual responsibilities in a number of key areas, such as aid effectiveness, trade, debt relief and institution building.[32] Furthermore, the Monterey Consensus recognized "the need for developing countries to take responsibility for their own poverty reduction and the necessity for rich nations to support this endeavour with more open trade and increased financial aid" (World Bank, 2016c). The Conference, distinguished by its wide spectrum of participation including "more than 50 Heads of State and Government and over 200 ministers of foreign affairs, trade, development and finance" also provided a platform to enable the "exchange of views between governments, civil society, the business community, and the institutional stakeholders on global economic issues" (UN 2016a). In facilitating a high level of cooperation between the United Nations, and the International Monetary Fund the World Bank and the World Trade Organization, the Conference contributed to the promotion of "greater coherence and consistency among the international monetary, trade and financial systems and institutions" (UN 2016a). In this way, it provided "a landmark framework for global development partnership in which developed and developing countries agreed to take joint actions for poverty reduction" (UN Millennium Project, 2005, 3).

Building on the legacy for aid effectiveness, in the same year, the World Bank launched the "Managing for Development Results" (MfDR) initiative and as the first part of this initiative, the "International Roundtable on Measuring, Monitoring, and

[32] See: UN 2016a. For further information on five distinctive elements of the consensus: See also: World Bank 2016c.

Managing for Results" was convened.[33] The World Bank later sustained the initiative through additional conferences held in Marrakech, Morocco (2004) (the second roundtable), in Hanoi, Vietnam (2007) (the third roundtable) and in Accra, Ghana (2008) (the fourth roundtable). At these conferences, as suggested by the name of the initiative, the central aim was to increase effectiveness in terms of monitoring development practices and their outcomes; and to revise and develop the ongoing practices and efforts based on the evaluations. With these goals in mind, development partners tried to define common principles and standards by which they could shape and coordinate their development activities. The consecutive conferences placed emphasis on the necessity for development agencies to extend "coordinated support for capacity-building" and to ensure harmonization of "approaches to results-measurement, monitoring and reporting;" (MFDR 2002) to strengthen "country and agency commitments to harmonize monitoring and evaluation around national strategies and systems" (MFDR 2004) to better coordinate efforts "to strengthen the planning, statistical systems, and monitoring and evaluation capacity that countries need to manage their development process (MFDR 2004) as well as to endorse " common principles on managing for development results" (MFDR 2004). These conferences were sponsored and endorsed by the World Bank and other multilateral development banks, such as the African Development Bank, Asian Development Bank, Inter-American Development Bank and European Bank for Reconstruction and Development, as well as the Development Assistance Committee of the OECD. These conferences also hosted numerous representatives from borrowing and donor partner countries alike as well as representatives from international institutions such as the IMF, the EC, UN agencies, and representatives from other international agencies, and civil society.[34]

[33] For further information, see: World Bank 2016b.

[34]For further information, see: MFDR 2016.

The Growing Presence of the OECD in Leadership

In the 2000s, together with the BWIs, the OECD also played a leading role in the harmonization efforts. Via a series of "High Level Forums" (held in Rome in 2003; in Paris in 2005; in Accra in 2008; and in Busan in 2011) the Development Assistance Committee (DAC) of the OECD built a consensus, which was also promoted by the UN's 2005 Millennium Report, to embrace the agenda in the name of harmonizing, sharing knowledge and promoting common 'threshold conditions' with the aim of 'fast track' aid to countries possessing good track records.[35]

In February of 2003, various leading multilateral development banks, international organizations and bilateral institutions as well as representatives from both donor and recipient countries, convened in Rome for the first High Level Forum to develop effectiveness and management of aid (DOCHAS, 2016). The Rome declaration here was critical in the sense of being "the first occasion at which the principles for aid effectiveness were outlined in a concrete declaration" (OECD, 2016a). The initiative of Rome achieved commitments on a number of key issues. These included promoting partner country priorities and recipient country leadership and ownership of development results; facilitating harmonization; application of 'good practice' principles in the provision of budget, sector or balance of payments support including "alignment with national budget cycles and poverty reduction strategy reviews"; harmonization of approaches in global and regional programmes; and streamlining "donor procedures and practices including demand-driven technical co-operation" (OECD 2016b).

This was later followed by the Second High Level Forum, which convened in Paris in March, 2005. The forum was endorsed by developed and developing countries as well as international organizations such as the Asian Development Bank, African

[35] Various UN and OECD resources.

Development Bank, Inter-American Development Bank, European Bank for Reconstruction and Development, Development Assistance Committee of the OECD, World Bank and United Nations (OECD 2005). The Paris Declaration was important in that it provided both donor and recipient countries with five well-known principles (ownership, harmonization, alignment, mutual accountability, and managing for results) to guide and coordinate global aid distribution effective (see Table 6 and Figure 6). The declaration also led to the establishment of an agreed international process for reporting progress towards the set of objectives defined in aid effectiveness (AfDB 2010, 7). When compared to the forum in Rome, the number of participation from countries doubled and civil society representatives and parliamentarians demonstrated an increase in active involvement (OECD 2005).

Table 6: Five fundamental principles on aid effectiveness and coordination

1. Ownership: Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption.
2. Alignment: Donor countries align behind these objectives and use local systems.
3. Harmonization: Donor countries coordinate, simplify procedures and share information to avoid duplication.
4. Results: Developing countries and donors shift focus to development results and results get measured.
5. Mutual accountability: Donors and partners are accountable for development results.

Source: OECD. 2016. "The High Level Fora on Aid Effectiveness: A History."
Accessed August 11, 2016.
http://www.oecd.org/dac/effectiveness/thehighlevelforaonaideffectivenessahistory.htm.

Figure 6: OECD on vertical and horizontal relations among the components of aid effectiveness

Source: DOCHAS. 2016. "Aid Effectiveness at A Glance." Accessed August 11, 2016. http://www.dochas.ie/Shared/Files/2/AID_EFFECTIVENESS_AT_A_GLANCE.pdf.

Later, the OECD's high-level forums were also sustained in Accra (2008) and Busan (2011). In terms of content, Accra saw the verification and further development of the commitments agreed upon in Rome. As a result of the forum in Busan, however, development partners signed the "Busan Partnership for Effective Development Co-operation." The agreement was important in the sense that it established the first "agreed framework for development co-operation that embraces traditional donors, South-South co-operators, the BRICS, civil society organizations and private funders (OECD 2016a).

Promoting Good Governance

In the context of harmonization, along with poverty reduction, the new consensus around development agenda also had an influence on good governance. Starting from the mid-1990's, a visible technical 'tautology' of good governance came into existence as multilateral institutions, like the African Development Bank or the Asian Development Bank, as well as bilateral agencies, copied each other's definitions of good governance and tuned an understanding of governance which put emphasis on aconservative sense of predictability and transparency, accountability to law, and participation featuring 'positive' liberalism (Craig and Porter 2006, 73-74). Technical harmonization served to further the globalization of liberal governance norms (Craig and Porter 2006, 73-74). The harmonization of terminology and evaluation instruments "good governance" went in hand in hand with the development agenda and influenced development practices, including poverty reduction.

This was added to by greater 'donor harmonization' efforts by the multilateral development institutions starting around the 2000's. Here, it might be useful to look at assessment mechanisms, particularly those generated by the World Bank, as these were used as guiding frameworks by other development institutions. To illustrate, Craig and Porter state that the World Bank's criteria in its *Country Policy and Institutional Assessment* (CPIA) include certain policy matrix, similar to those known from *New Institutional Economy* (NIE), such as structural policies (i.e. competitive environment for private sector, product and factor markets, foreign exchange policy); economic management (i.e. debt management, fiscal policy); social inclusion and equity policies (i.e. safety nets, investment in human resources, ensuring equality of economic opportunity); institutions and management of public sector (i.e. rule-based governance, property rights, proper budgeting, efficient use of revenues and prudent expenditure, and accountability, transparency and fighting corruption in the public sector) (Craig and Porter 2006, 114). Rule of law, participation, accountability and transparency are regarded as measures of governance, and all IDA (International Development Association)[36] countries are scored in this regard (Craig and Porter, 2006, 114). Countries suffering from high unsatisfactory performance and ratings in

[36] One of the three main branches of the World Bank Group, which is tasked with offering concessional loans and grants generally to the poorest developing countries in the world.

“three or more out of the seven governance indicators” may be regarded as experiencing serious problems of governance, which in turn may lead to a downward adjustment in their overall rates [37] as well as a drop in allocations provided to them (Craig and Porter 2006, 114). For instance, governance indicators for the financial year of 1998-2008, which were to determine the allocations of IDA resources, included “the country’s performance on procurement practices” and *Country Policy and Institutional Assessment* (CPIA) consisting of 6 criteria:

> (i) management and sustainability of structural reforms; (ii) property rights and rule-based governance; (iii) quality of budget and equity of revenue mobilization; (v) efficiency and equity of public expenditures; and (vi) accountability of the public service.[38]

The governance indicators employed by the World Bank in determining allocation of IDA resources have been updated over time. Currently, governance indicators are still of high importance and IDA resources are allocated based on performance of a country in implementation of policies which foster economic growth and promote poverty reduction. This in turn is determined by the Country Policy and Institutional Assessment (CPIA). In the Assessment, countries are rated based on a group of 16 criteria clustered under four titles: “(a) economic management; (b) structural policies; (c) policies for social inclusion and equity; and (d) public sector management and institutions” (IDA 2016). The brief illustration of governance indicators by the World Bank here is quite illustrative of how the concept of “good governance” has conditioned development practices.

It should be noted that the issue of good governance is also endorsed by the IMF mechanisms in a complementary way. The IMF’s ‘Press Information Notices’ (PIN), for example, are publicly disclosed following consultations under the Fund’s Article

---

[37] See: World Bank 2000, 6.

[38] Source: IEG (Independent Evaluation Group), based on IDA documents, see: Tang 2010, 11.

IV (Craig and Porter 2006, 114). According to Soederberg, countries' failure in complying with principles of 'good governance' endorsed by the IMF, was to serve as a highly credible threat that could precipitate in investment strikes and capital flight (Soederberg 2001, 859). In 1999, the Fund adopted Reports on the Observance of Standards and Codes (ROSC), the purpose of which was to document and report the extent to which countries abided by internationally recognized standards in the areas directly related to the operational concerns of the Fund (Craig and Porter 2006, 114). Similarly, in 1999, the Fund put into action a set of analyses on the financial sector to assist countries in assessing their "vulnerabilities in the financial sector and identify the needs for corrective action" (IMF 2002b). Also, additional instruments like Financial Sector Assessments (FSA), Public Expenditure Reviews (PERs), Country Procurement Assessment Reviews (CPAR) and Country Financial Accountability Reviews (CFAR), were launched by the IMF to enable the Poverty Reduction Strategy Papers (PRSPs) to facilitate the reforms in the commitments related to country 'ownership' (Craig and Porter 2006).

4.9. Changing Neoliberal International Development Regime: How much?

A review of the international neoliberal development regime since the early 1980's suggests that the regime has undergone serious changes. The emergence of the new development consensus, beginning in the 1990's, had an impact, at least at the level of discourse. For instance, the IMF replaced the Enhanced Structural Adjustment Facility (ESAF), which followed the Structural Adjustment Facility in 1987, with the Poverty Reduction and Growth Facility (PRGF) in 1999 (Craig and Porter 2006). Furthermore, as an extension of promoting national ownership in development strategies, development partnership emphasized the Poverty Reduction Strategy Papers (PRSP) (Craig and Porter 2006, 4). In other words, there was a clear shift away from original unrefined components of neoliberal creed like "structural adjustment".

However, despite these seemingly thorough transformations in development practices of the neoliberal development regime beginning in the 1990's, how much change really took place in the neoliberal regime is still a valid question. For instance, referring to the increasing focus on good governance by international development institutions, it was argued that a new phase of conditionality, which embodied itself as 'structural conditionality' in the context of the IMF[39] and 'governance conditionality' in the contexts of the World Bank[40] had emerged. In the same vein, there are also arguments to the effect that the change only reflects "relabelling" without necessarily meaning deep transformation or change. Some question whether the new policies presented as "pro-poor" and "inclusive" are just reformulations of the old neoliberal tenets of the Washington Consensus (Hellinger, Hansen-Kuhn, and Fehling 2001). In addition, despite the emphasis on rejecting "one size fits all" and promotion of national ownership, the practical implications of the three-legged PRSP formula of "Opportunity, Empowerment and Security" demonstrated not much variance across countries, which suggests that country-based particularities are still not considered in depth.[41]

It is also questionable how much change has taken place in term of the leverage the developed world has in promoting reform in developing countries. The conditionality attached to international assistance lost its appeal around 2000 as the vast research on this subject showed that top-down imposition of policy reforms did not lead to aid effectiveness**.** However, despite this negative stance against the conditionalities attached to loans and grants, neither BWIs nor other multilateral development institutions totally gave up on conditionalities, as they believed these endowed them

[39] See: Collier and Gunning 1999. Also see: Goldstein 2001.

[40] See: Kapur and Webb 2000.

[41] See: Craig and Porter 2006.

with a leverage over the developing world. According to some, the change was mostly in name. That is, structural adjustment loans just became policy-based loans/lending (PBL). Even today, instead of PBL, "budget support" is the preferred term among development partners, including the World Bank.

To be sure, the above-mentioned criticisms shedding doubts on the transformation of the neoliberal development practices are not negligible. However, these criticisms should never undermine the fact that the current neoliberal development practices are not the same as those of the 1980's, when they first appeared on the global development agenda. Nevertheless, the practical utility of these criticism is that they prevent exaggeration of the change in neoliberal development practices. Considering this, it is probably safer to say that through the reforms of the 1990's neoliberal development practices have undergone a transformation, *but* this transformation has never encroached upon the overall neoliberal framework of the dominant development practices. As argued in the preceding chapter, within the context of international regimes, the dynamics of change in the international neoliberal international development regime have so far been "norm-governed as opposed to norm-transforming change" (Ruggie 1983, 200), in other words, a change which is governed by neoliberal norms. Through the reforms, while neoliberal practices have acquired a more pro-poor and humanitarian aspect with the social dimension, they have also become more institutionalized and consolidated through the additional emphasis on the conceptions of good governance, stronger institutions and capable state.

Following two chapters outlining the basic contours and the content of the international neoliberal development regime, the next chapters will examine the RDBs as separate cases. In this regard, the ensuing chapter will focus on the African Development Bank. This chapter will illustrate how the neoliberal PBL has also been implemented by the AfDB, much like it was with the BWIs. In addition, the chapter will also show the dependent structure of the AfDB on the BWI in its application of structural adjustment policies. Certain particularities concerning the Bank will be also laid out. The chapter on the AfDB will be followed by chapters on the ADB and IDB repectively.

CHAPTER V

THE AFRICAN DEVELOPMENT BANK

5.1. Overview

The African Development Bank (AfDB) is “the premier development finance institution on the continent” (AfDB, 2016a). It is a regional multilateral development finance institution and was founded in 1964 in order to help the economic development and to further social progress of the member countries in Africa. The Bank effectively started its operations in 1966. Originally, the AfDB did not have an entirely African character at its start-up, as it did not include any non-regional member countries. Despite the fact that the AfDB was modelled on the World Bank, the underlying aim in establishing such a regional development bank was highly motivated by a neocolonial logic following the independencies of numerous African countries. Accordingly, the founding countries had demands for their own institutions in which they could reflect their own understanding of the development process. Such a bank was expected to be under African control and to specialize in problems particular to Africa (ODI 1992). The founder members, most of which were newly independent, were primarily interested in establishing an institution which could help address the economic predicaments stemming from the small sizes of many African economies (ODI 1992). According to John White, such a initiative was a challenge to the hegemony of developed countries in the world economy and, in this regard, there lay a political demand and perhaps a neocolonial resistance in poor countries’ aspiration for their own institutions.[42] In this sense, the focus on regional development

[42] This paragraph highly draws upon White’s study. See: White 1970, 29-30.

particularities and quest for a type of South-South cooperation among the newly independent African countries were two main motivating factors in the establishment of the AfDB.

The operations of the AfDB remained modest due to the weak financial resources of the regional countries, with the exception of oil rich Nigeria which provided extensive resoueces to the AfDB through the Nigeria Trust Fund. However, in 1982 the Bank undertook a radical change in terms of its ownership structure and started to admit non-regional members. In particular, the increasing capital gap which developing countries faced in the early 1980's drove the AfDB to admit non-regional members to fund its developmental operations. Due to these new admissions, the Bank's resources jumped from US $2.9 billion in 1982 and to US $6.3 billion in 1983. Thanks to the admission of non-borrowing non-regional countries, a number of developed countries like the US, Japan, Germany and UK gained voice in the Bank's board. Since its onset the AfDB has greatly expanded in terms of membership. While it was founded by 23 member states in 1963, the AfDB is now comprised of 54 African countries and 26 non-African countries.[43] The AfDB is currently a multibody organization consisting of three entities: the African Development Bank (ADB), the African Development Fund (ADF) and the Nigeria Trust Fund (NTF).[44]

---

[43] Information up to here in this paragraph heavily draws on an AfDB resource: See: AfDB, 2016b.

[44] Information in this paragraph heavily draws on an AfDB resource: See: AfDB, 2016a.

Table 7: Top shareholders in the AfDB

Country	Share (%)	Membership Category
Nigeria	9.3	Regional
US	6.6	**Non-regional**
Japan	5.5	**Non-regional**
Egypt	5.4	Regional
South Africa	4.9	Regional
Algeria	4.2	Regional
Germany	4.1	**Non-regional**
Canada	3.8	**Non-regional**
France	3.8	**Non-regional**
Côte d'Ivoire	3.7	Regional

Source: AfDB. 2015. "AfDB Financial Overview." June. Accessed August 8, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Financial-Information/AfDB_Financial_Overview_June_2015.pdf.

The AfDB took the World Bank as its model from the very beginning. This is why, like the World Bank, before the 1980's the AfDB mainly focused on conventional development bank instruments such as project loans, including lines of credit, and technical assistance. Later in the 1980's, the Bank launched policy-based lending. In one sense, the introduction of structural reforms inside the BWIs also led to a change in the lending policies of the AfDB as the Bank turned to policy-based loans as an alternative and faster mechanism to distribute loans. Over time, the transformation in the lending operations of the AfDB has followed a similar trend to that of the BWIs. In the words of one Bank official, the AfDB has adopted "the same development paradigm as the World Bank."[45] For this reason, the World Bank's shift to structural adjustment policies in the 1980's also triggered the AfDB's orientation toward structural adjustment policies.

The embrace of policy-based loans, like those favored by the BWIs, is also seen in the AfDB. The Bank's own information on its lending operations shows that the introduction of policy-based loans followed a trend similar to that of the BWIs. In this regard, the Bank designed *structural adjustment programs* to promote transformation at the macro-economic level and *sectoral adjustment programs* to achieve sectoral transformations. The lending instruments of these types were "Structural Adjustment Loans (SALs)" and "Sectoral Adjustment Loans (SECALs)" respectively (AfDB, 2016c).

Even though the design and formulation of policy-based lending programs has been led by the BWIs since the beginning, the AfDB itself makes clear that the Bank has gradually started to play a complementary role in the same process and has become an active participant of these programs. On its website in 2016, the AfDB says that it is among the Bank's future organizational goals to ensure more involvement in design, formulation, development and implementation of these programmes. The official Bank statement concerning this point is as following.

> Over the years, Bretton Woods Institutions (BWIs) have played leading role in the design and formulation of these programmes. However, the Bank Group has, however, gradually become an active partner in the process, in a complementary context. In order to strengthen its future participation in policy-based lending (PBL) operations, the Bank is playing a more active role in background studies and policy dialogue to ensure it adds value to the content and design of policy framework papers (AfDB, 2016c).

Seeing that the financial needs of member countries are different, the AfDB aims to maintain a diverse portfolio of lending instruments. In this regard, not all of its lending instruments necessarily focus on policy-based lending for the time being, but the Bank

[45] Interview with Bakri Abdul Karem. May 10, 2016.

is still interested in development of prospective adjustments programs (AfDB 2016d). It could be argued that the Bank's interest in policy-based lending has transformed and been shaped by the changing perception towards the policy-based loans among the development community and BWIs.

After their introduction, the share of policy-based loans in the AfDB's lending portfolio has expanded over time. Even though policy-based lending sustained its importance, the AfDB has less and less resorted to policy-based lending over the course of time. Throughout the years, the share of policy-based loans in the bank's lending portfolio first increased, then flatted, and later decreased slightly. However, today, the AfDB still employs policy-based lending instruments to achieve policy changes in recipient countries. It seems one recent strategy by the AfDB that the Bank continues to employ them under different names and discourses in order to escape the criticism or pejorative perception of policy-based lending associated with the neoliberal policies of the Bretton Woods institutions. As put by one Bank official:

> There are no PBO [policy-based operations] operations at the moment. They are now called budget support…. PBO is a thing of the past since mid-1980s. Nobody talked about it for a while. In late 1999's, the term has changed to "budget support" and that is what the AfDB is now engaged in.[46]

5.2. The Introduction and Evolution of the PBL in the AfDB

The AfDB openly calls 1988-99, the period during which it pursued and strengthened a series of structural reforms, "the decade of structural adjustment" (AfDB 2003b, vii). Over time, the way the AfDB has practiced policy-based lending changed significantly. In order to analyze time-based changes in the AfDB's policy-based lending and how AfDB lending has been conditioned by the BWIs, particularly the World Bank, the thesis here has examined "Programme Performance Evaluation

[46] Interview with Bakri Abdul Karem. May 10, 2016.

Reports (PPERs)" prepared by the AfDB, which gives important clues about the Bank's lending policy. Based on the review and analysis here, it could be argued that the evolution of the PBL in the Bank has followed a trend similar to that of the BWIs. It is possible to observe that the time-based changes in the BWIs lending policy (see chapter IV) have also reflected upon and effected the way the AfDB has promoted certain economic policies through its lending instruments in African countries.

This thesis' review of reports based on PPERs, prepared for the loans given for African countries, suggests that, during the late 1980's and 1990's, the AfDB was considerably involved in structural and sectoral reform programs that aimed to ensure African countries' transition from a centrally planned economy to market economy. In this regard, it is possible to infer that the AfDB's lending policies have followed a very similar neoliberal trend and that the Bank has, for all practical purposes, functioned as a regional counterpart of the international neoliberal development regime led by the BWIs. From time to time, the AfDB itself has underlined its comparative advantage and stated that, as an institution with significant regional capital (i.e. country offices or having employed people from regional countries), the AfDB has also served as a facilitator in the World Bank's operations in Africa in several co-financed projects.[47]

As explained in detail in Chapter IV, the early neoliberal reforms aimed at transition from a state-controlled/socialist economy to a market economy. To this end, the BWIs promoted certain structural adjustment policies. In a similar trend, the early policy-based lending of the AfDB also carried the same objectives. The economic background notes in the AfDB's policy-based operations (PBO) reports openly cites the problems associated with the state-controlled economies in African countries and the need to ensure African countries' transition from a centrally planned economy to market economy. As clearly seen in the "objectives" section of AfDB's PBO reports,

[47] An observation based on my review of the AfDB's PPERs.

which review various "Structural Adjustment Loans (SALs)"[48] and "Sectoral Adjustment Loans (SECALs)", with the loans distributed to African countries by the

[48] My review covers more than 30 Programme Performance Evaluation Reports (PPER) which were prepared by the AfDB on the countries which undertook structural adjustment and economic reform through the Bank's policy-based lending. All the reports are open to access at the AfDB's website. The reports specifically include: "Algeria: Review of the Bank's Experience in Supporting Structural Adjustment", September 26, 2003; "Benin Structural Adjustment Programmes I, II, III Programme Performance Evaluation Report (PPER)" November 19, 2003; "Cameroon Structural Adjustment Programme II (Sap II) Project Performance Evaluation Report (PPER)" November 14, 2002; "Chad Public Sector Financial And Economic Restructuring Programme Project Performance Evaluation Report (PPER)" February 1, 1995; "Congo Structural Adjustment Programme Project Performance Evaluation Report (PPER)" December 8, 1992; "Cote d'ivoire Energy Sector Adjustment Programme Project Performance Evaluation Report (PPER)" September 11, 1991; "Cote d'ivoire Financial Sector Adjustment Programme Project Performance Evaluation Report (PPER)" December 4, 1997; "Egypt Economic Reform And Structural Adjustment Programme Project Performance Evaluation Report (PPER)" May 15, 2000; "Federal Democratic Republic of Ethiopia - Structural Adjustment Programme Project Completion Report" October 1997; "Ethiopia Structural Adjustment Programme Project Performance Evaluation Report (PPER)" May 26, 2000; "Gambia Multi-Sector Rehabilitation Programme - Project Performance Evaluation Report (PPER)" December 10, 1992; "The Gambia Structural Adjustment Loan (SAL II) Programme Completion Report" October 1994; "Gambia Second Structural Adjustment Programme Project Performance Evaluation Report (PPER)" December 20, 1995; "Ghana – Agricultural Sector Rehabilitation Programme Program Performance Evaluation Report (PPER)" November 6, 2002; "Guinea: Second Structural Adjustment Programme (SAP II) Project Performance Evaluation Report (PPER)" April 22, 2002; "Guinea-Bissau Structural Adjustment Programme Project Performance Evaluation Report (PPER)" June 21, 1995; "Kenya Industrial Sector Adjustment Programme Project Performance Evaluation Report (PPER)" September 30, 1993; "Kenya Agricultural Sector Adjustment OPERATION II Project Performance Evaluation Report (PPER)" July 2, 2001; "Malawi Programme Performance Evaluation Report For The Following Programmes: Industry and Trade Policy Adjustment Programme - Entrepreneurship And Capital Market Adjustment Programme" April 27, 1999; "Malawi Agricultural Sector Adjustment Programme II Project Performance Evaluation Report (PPER)" February 20, 2001; "Mali Structural Adjustment Programme Project Performance Evaluation Report (PPER)" November 3, 1994; "Mali Structural Adjustement Programme And Enhanced Structural Adjustment Programme Project Performance Evaluation Report (PPER)" August 24, 1998; "Mali Public Enterprises Sector Restructuring Programme Project Performance Evaluation Report (PPER)" February 3, 1998; "Mauritania Public Enterprise Sector Adkustment Programme (PESAP) Project Performance Evaluation Report (PPER)" October 14, 1997; "Mauritania Institutional Strengthening Project Concerning The Social Dimensions of Adjustment II Project Performance Evaluation Report (PPER)" June 8, 2001; "Morocco Structural Adjustment Loan Project Performance Evaluation Report (PPER)" November12, 1991; "Morocco Consolidation of The 1992-94 Structural Adjustment Programme Project Performance Evaluation Report (PPER)" March 12, 1999; "Mozambique Economic Rehabilitation Programmes I and II Project Performance Evaluation Report (PPER)" October 8,

AfDB during the late 1980's and 1990's, the Bank attempted to undertake certain neoliberal economic reforms to i) liberalize the state-controlled economy, ii) bring about fiscal discipline and iii) establish a conducive environment for a market economy. In terms of liberalization, in the name of addressing foreign exchange scarcity and associated balance of payments crisis, the Bank promoted policies such as exchange rate liberalization, devaluation, removing high tariff protection and enhancing export-oriented sectors and external competitiveness. In terms of fiscal discipline and financial stabilization, the Bank promoted policies like reducing inflation, decreasing budget deficit, tax reform, rationalization of public expenditures, improving public finance and decreasing its burden, reduction in the wage bill and subsidies to state-owned enterprises, state divestitures and privatization, and restructuring the remaining state enterprises. In terms of ensuring a compatible market environment, the Bank also promoted policies aimed at ensuring a dynamic and competitive private sector, improvement of the investment and business climate, restoration of financial credibility, enhancement of productivity, introduction of competition in in the economic sectors and incentives to remove barriers to trade.

The policies cited abovehand under three sub categories (liberalization, fiscal dicipline, and promotion of private market) have been clustered from officially written documents concerning the SAPs and SECALS under the policy-based lending/loans of the AfDB. Based on the objectives promoted in lending, it is possible to say that the AfDB has adopted a type of bandwagoning strategy in terms of the

1999; "Senegal Evaluation of The Structural Adjustment Programme II Project Performance Evaluation Report (PPER)" November 12, 2001; "Tanzania: Sector Rehabilitation Programme Project Performance Evaluation Report (PPER)" August 29, 2001; "Togo Structural Adjustment Programmes II and III Project Performance Evaluation Report (PPER)" March 22, 2000; "Tunisia Agricultural Sector Adjustment Programme Project Performance Evaluation Report (PPER)" August 27, 2001; "Uganda Economic Recovery Loan Project Performance Evaluation Report (PPER)" September 14, 1994; "Zambia Economic Recovery Programme Project Performance Evaluation Report (PPER)" September 24, 1997; and "Zimbabwe Economic Structural Adjustment Programme Project Performance Evaluation Report (PPER)" December 9, 1997.

pursuit of neoliberal policies promoted by the BWIs. In this respect, it played a supportive role in facilitating the neoliberal objective of ensuring the *transition from a centrally planned economy to market economy*.

On the other hand, this review also suggests that the originally simple and raw promotion of neoliberal policies became more sophisticated over time. For instance, while the promotion of the aforementioned policies was still sustained in programs throughout the 1990's, the review of programmes at that time also suggests that such components aseconomic management capacity[49], "institutional strengthening"[50] and institutional capacity building[51] were also incorporated into policy-based programmes in line with the emphasis on institutionalism within the international neolibral development regime at that time (see chapter IV).

Yet, perhaps the most obvious change that can be observed in the AfDB's policy based loans during the 1990's is the inclusion of the social dimension as a result of rising criticism against the negative spillovers of structural adjustment in the social sphere. In parallel to the changes in the BWIs' lending policies, beginning in the early 1990's the AfDB policies also started to feature new priorities, such as the social dimension of adjustment and poverty reduction, as well as enhancing human capital, following the crude and less contextualized implementation of pro-market reforms after the mids-1980s. To illustrate, a project called "Institutional Strengthening Project Concerning the Social Dimensions of Adjustment II" was undertaken in Mauritania in 1991 as part of an initiative called as "the regional Social Dimensions of Adjustment (SDA) programme" launched by UNDP, the World Bank and ADB" (AfDB 2001b, vii). Through this program, the AfDB and other institutions aimed to enable African governments to incorporate social dimensions into their development

[49] AfDB, 2002a, iii.

[50] AfDB, 2001b, vii.

[51] AfDB, 2002b, vii.

plans and structural adjustment programmes (AfDB 2001b, vii). In the same vein, the project also had the aim of formulating macroeconomic and sector policies considering social dimensions like ‘poverty reduction policy’, ‘collection of socio-economic data’, and ‘support to underprivileged communities’.[52]

It is also possible to see that similar types of social policies were included and promoted in different policy-based loans. During my review of programmes, certain common phrases used by the Bank indicate the Bank’s growing attention to the social aspects of the economic adjustment. In this regard, The Bank’s programmes focusing on social dimensions, poverty reduction and enhancing human capital aimed to promote such policies to ensure “greater social justice by formulating a social development strategy” (i.e. SAP in Morocco in 1992-1994)[53]; to develop “safety net measures; and sustainable development measures (human resource development, population policy, gender concern, environmental protection, and capacity building)” (SAL I in Ethiopia in 1993)[54]; to reduce social disparities” (i.e. SAP II (1992-1994) and SAP III (1996-1998) in Togo);[55] to develop “all the country's human resources”; and to strengthen “the measures for the protection of the most vulnerable sections of the population” (Macroeconomic and Structural Adjustment Programme ((MESAP) (1994-1996) in Cote Divore)[56]; to generate “social policies geared towards poverty alleviation, human resource development and improvement in the provision of health services”[57] (i.e. SAP II (1997-2000) in Cameroon)): to consolidate “growth, promoting sustainable development and reducing poverty.” (i.e. SAP II (1997-2000

---

52 AfDB 2001b, vii.

53 AfDB, 1999, 1.

54 AfDB, 1997c, viii.

55 AfDB, 2000a, 1.

56 AfDB, 1997b, 11.

57 AfDB, 2002b, vi.

in Cameroon)[58]; and to assist national governments "to redirect public expenditure toward the social sectors, in such a way as to guarantee a minimum level of social services for the most disadvantaged section of the population" (i.e. SAP II (1997-2000 in Cameroon) [59]; to fight "poverty by improving per capita income and access of the needy populations to health and education services (Guinea 1997-99 SAP II) [60]; to realize "poverty reduction by improving per capita income and the poor populations access to health and education services" (Guinea 1997-99 SAP II)[61]; to support "conditions for accelerated and equitable economic growth with a view to reducing poverty"[62] (SAP III Benin in 1994-1999)[63]; to reduce "unemployment", to improve "population's standard of living", to protect "vulnerable groups" and to employ "social safety nets and job promotion programmes" while promoting the private sector-led economic growth at transition time aiming at "an orderly and rapid passage from a planned economy to a market economy" (SAP in Algeria (1990-1998)).[64]

As indicated in chapter IV, the incorporation of new priorities to structural adjustment programmes did not carry any intention to undo neoliberal reforms. The aim was more to contextualize and thus further consolidate neoliberal reforms. Such an endeavour is also seen in the AfDB's loans considering that the later forms of structural adjustment programmes (i.e SAP II's when compared to SAP I's) aimed at both

[58] *Ibid.*, 4.

[59] *Ibid.*, 4.

[60]AfDB, 2002a, iii.

[61] *Ibid.*

[62] AfDB, 2003b.

[63] *Ibid.*

[64] AfDB, 2003a, 2.

consolidating the achievements of the preceding programmes and remedying their weaknesses (i.e. SAP II (1992-1994) following SAP I (1989-1991) in Benin).[65]

During the 2000's, the BWIs-led focus on capacity building and economic management also seem to have become more nuanced in the AfDB's lending policies. Throughout the 2000's, the top priorities of the global development regime also became more visible in the AfDB's lending operations. In this regard, the priorities of the Bank's lending policies also gained greater sophistication focus on capacity building endeavours. The Bank's interventions, together with other development partners, mostly led efforts to penetrate into the institutions of recipient countries to make them more functional in terms of facilitating a market economy. Good governance in this context is highly related to the establishment of new institutions or rehabilitation of the existing ones. If there is one common theme covering the Bank's priorities in lending during the 2000's, it is capacity building and economic management. In project appraisal reports, the Bank points to specific policy areas, including fiscal discipline and economic management[66], increasing the capacity of economic policy making[67], good governance[68], private sector promotion[69], human

[65]See: AfDB, 2003b, vi.

[66] More specific areas include: transparency and accountability in the management of public finance, rationalization of public resources management like the civil service wage bill; increasing revenue collection and monitoring; reducing the budget deficit and the debt burden; maintaining stability of the macro-economic environment; maintaining low inflation and promoting sound and flexible financial system. Based on the review of PPERs.

[67] More specific areas include macroeconomic forecasting, public investment planning, macro-fiscal policy analysis and formulation, enhancement of monitoring activities, preparation, implementation and monitoring of poverty reduction policies; improved macroeconomic policy analysis and debt management. Based on the review of PPERs.

[68] More specific areas includethe rule of law, supporting the legal system, decentralization, reform of the civil service and corruption control, public financial management in the areas of procurement, and auditing, administrative accountability in State services. Based on the review of PPERs.

[69] More specific areas include developing a market based, efficient, competitive and sound financial system; rivate sector promotion by rehabilitating the financial sector and the reform of public enterprises; increased private sector participation in the provision of financial services; promoting privatization and Public-Private-Partnership (PPP) initiatives; improvement of competitiveness

development[70] and capacity building for state institutions[71]. Through these policy priorities, the AfDB, along with other development partners, generally tried to promote an accountable, transparent, corruption-free, decentralized economic management underpinned by prudent fiscal policies. In the same regard, the private sector was also promoted by removing administrative obstacles, creating a business friendly environment and investment climate, private-public partnerships, rehabilitation of public institutions and generating a sound financial system. In some parts, the Banks led specific interventions to bolster and reform recipient countries' institutions to be more compatible with the market economy. Parallel importance is also attached to human resources development, social equity and growth promoting a pro-poor development. In other aspects, the Bank also refers to a number of high-politics issues, such as promoting "democratizing the economy through participation", "democratic standards", and "a more democratic state that respects human rights and the rule of law."

and trade; enhancing business environment by simplifying business licenses and shortening time for trade across borders; strengthening the capacity of private sector promotion structures; promoting capacity building for Small and Medium Enterprises and private sector support institutions; Supporting entrepreneurship and investment promotion; promote private sector development through business enabling reform, improving the investment climate. Based on the review of PPERs.

[70] More specific areas include training; facilitating employment creation, promoting social equity, improving efficiency in human resources management; Enhancing public financial management to improve social services delivery; mainstreaming employment and gender. Based on the review of PPERs.

[71] More specific areas include identification services (national identity card, passport, emigration services), tax and social security services, notary services, registration certificates (birth, marriage, property) and business licensing, Based on the review of PPERs.

5.3. Dynamics of Convergence

The previous section aimed to illustrate the neoliberal policies which were promoted and practiced by the AfDB. Based on this empirical analysis, it is possible to conclude that the AfDB has played a facilitative role in the diffusion of the neoliberal policies. As indicated beforehand, this facilitative role of the AfDB is highly derived from the convergence of its lending policies with the those of the BWIs. So what are the dynamics of the convergence between the AfDB and the other development partners particularly the BWIs in the international neoliberal development regime? These reasons are driven by a number of factors including i) the Bank's lack of institutional autonomy underpinned by a) financial dependency; and b) insufficient human and intellectual resources; and ii) institutional linkages with the BWIs.

5.3.1. The lack of institutional autonomy

a) Financial dependency

The number one reason behind the AfDB's lack of institutional autonomy is the Bank's financial dependency on external resources outside the continent. Originally, the AfDB did have a relatively more financial autonomy, as the Bank derived most of its financial capital from its regional members in Africa. However, as it was suffering from a lack of capital, in 1982 the Bank allowed the admission of non-regional member countries which then provided the Bank with additional means to increase its capital stock, as the most of the non-regional members were developed countries and contributed to the financial base of the Bank (AfDB, 2016a). From that time on, the AfDB has experienced financial dependency.

At this point, the Bank's donor structure should be noted. Since a significant number of non-African countries account for the budget of the Bank, these countries have the ability to exert an influence over the Bank's policies. Bakri Abdul Karim, Division Manager at African Development Institute of the AfDB explains the situation stemming from financial dependency as following:

> The biggest pot of money (the African Development Fund - ADF) is financed by the non-regional countries. That is the concessionary window of the African Development Bank and in the case of the World Bank, the IDA... So, not only they finance projects and programs but they also decide how the money can be used. That is called conditional financing… These regional institutions are partly owned by the non-regional member countries (non-Africans in the case of the African Development Bank) and the development strategies and policies are driven by these European, Asian (Japan) and North American countries. Representatives of these countries sit in the Boards of these Regional Banks to ensure these policies and strategies are implemented at the project level from the beginning to the end.[72]

Pointing out the promotion of similar policies stemming from the different countries' (particularly developed ones) multiple membership to the BWIs and RDBs, Abdul Karim also notes that "[As representatives of the European, Asian (Japan) and North American countries sit in the boards of development banks] the same policies and strategies are therefore encouraged across the board including the WB and the Regional Banks."[73] Indeed, as seen in the table below, the top shareholder positions of the major MDBs have generally been occupied by the same set of advanced economies (see Table 8). For instance, the multiple membership of giant economies like US, Japan and Germany is glaringly apparent. Moreover, as is seen in table 8 below, non-regional member countries hold a considerable share of the AfDB's financial structure. This situation – multiple organizational memberships of major

[72] Interview with Bakri Abdul Karim, Division Manager at African Development Institute of the AfDB. May 10, 2016.

[73] Interview with Bakri Abdul Karim, Division Manager at African Development Institute of the AfDB. May 10, 2016.

donors - considerably contributes to the promotion of similar policies across development institutions including the AfDB.

Table 8: Top shareholders of the MDBs

World Bank*		IMF**		AfDB		ADB		IDB		EBRD	
US	17.6	US	17.5	Nigeria	9.34	Japan	15.61	US	29.13	US	10.14
Japan	7.59	Japan	6.50	US	6.63	US	15.60	Argentina	10.58	France	8.64
China	4.89	China	6.43	Japan	5.52	China	6.44	Brazil	10.58	Germany	8.64
Germany	4.43	Germany	5.62	Egypt	5.4	India	6.33	Mexico	6.92	Italy	8.64
UK	4.15	UK	4.25	S. Africa	4.84	Australia	5.79	Venezuela	4.98	Japan	8.64

*World Bank. 2016. "World Bank Group Finances." Accessed August 8, 2016. https://finances.worldbank.org/Shareholder-Equity/Top-8-countries-voting-power/udm3-vzz9.

** IMF. 2016. "IMF Members' Quotas and Voting Power, and IMF Board of Governors." Accessed August 8, 2016. http://www.imf.org/external/np/sec/memdir/members.aspx.

Source: Nelson, Rebecca M. 2015. "Multilateral Development Banks: Overview and Issues for Congress." *Congressional Research Service*, December 2. Accessed August 12, 2016, http://fas.org/sgp/crs/row/R41170.pdf, page 10.

Tablo 9: Top shareholders in the AfDB

Country	**Share (%)**	**Membership Category**
Nigeria	9.3	Regional
US	6.6	**Non-regional**
Japan	5.5	**Non-regional**
Egypt	5.4	Regional
South Africa	4.9	Regional
Algeria	4.2	Regional
Germany	4.1	**Non-regional**
Canada	3.8	**Non-regional**
France	3.8	**Non-regional**
Côte d'Ivoire	3.7	Regional

Source: AfDB. 2015. "AfDB Financial Overview." June. Accessed August 8, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Financial-Information/AfDB_Financial_Overview_June_2015.pdf.

In addition to the developed countries' contribution to the general budget of the AfDB, the insufficient institutional autonomy also stems from the financing plans for the policy-based lending that the AfDB has so far undertaken. The Bank provides financing for most of its programmes through co-financing with the BWIs and other western development institutions and donor countries. Most of these donors include individual countries such as France, Switzerland, Norway, Federal Republic of Germany and Japan. Belgium, and the United States as well as European Union (see Table 10).

Table 10: An example for financing plan of a co-financed programme of the AfDB

Donors	**Amount (UA millions)***
IMF	330.47
AfDB	125.0
World Bank	118.91
USAID	60.95
UK	33.45
EEC	24.45
The Netherlands	18.89
SIDA	14.97
Japan	13.34
KFW	11.72
Denmark	8.19
NORAD	3.59
CIDA	1.63

* UA is the official currency for the AfDB projects like the SDR (Special Drawing Rights) of the IMF. Currently 1 UA=1 SDR, which in turn equals to US$1.397260 as of August 5, 2016 (Based on the IMF sources).

Source: AfDB. 1997. "Zambia Economic Recovery Programme Project Performance Evaluation Report (PPER)." September 24. Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/05302218-EN-ZAMBIA-ECONOMIC-RECOVERY-PROGR.PDF, page iv.

Moreover, along with individual donor countries, the BWIs also constitute a significant part of the AfDB financial resources. This is particularly true in numerous co-financed projects that the AfDB has under undertaken in African countries with the World Bank and the IMF. To illustrate this, Egypt's economic reform and structural adjustment program (ERSAP), which was implemented during 1991-1994, was a multi-donor programs that the AfDB undertook along with the World Bank and the IMF (AfDB 2000b, ii). The economic reform process was greatly facilitated by joint loans coming from the IMF facilities and the World Bank along with the AfDB (AfDB, 1994b, 2). A number of illustrations below demonstrate the interdependent structure of the AfDB with the BWIs and other donors in terms of promoting the economic reform process in Africa.

Tablo 11: An example for financing plan of a co-financed programme of the AfDB

Donors	**Currencies**	**Amount (millions)**
AfDB	UA	100
World Bank	US$	200
OECF (Japan)	US$	100

* UA is the official currency for the AfDB projects like the SDR (Special Drawing Rights) of the IMF. Currently 1 UA=1 SDR, which in turn equals to US$1.397260 as of August 5, 2016 (Based on the IMF sources).

Source: AfDB. 1991. "Morocco Structural Adjustment Loan Project Performance Evaluation Report (PPER)." November 12. Accessed August 12, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/05740243-EN-MOROCCO-STRUCTURAL-ADJUSTMENT-PROG.PDF, iii.

Table 12: An example for financing plan of a co-financed programme of the AfDB

Donors	Amount (UA millions)*
AfDB	100
World Bank	193.73
European Union	68.75

* UA is the official currency for the AfDB projects like the SDR (Special Drawing Rights) of the IMF. Currently 1 UA=1 SDR, which in turn equals to US$1.397260 as of August 5, 2016 (Based on the IMF sources).

Source: AfDB. 1999. "Morocco Consolidation of The 1992-94 Structural Adjustment Programme Project Performance Evaluation Report (PPER)," March 12. Acccessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/05228256-EN-MOROCCO-CONSOLIDATION-OF-THE-1992-94-SAP.PDF, page vii.

Table 13: An example for financing plan of a co-financed programme of the AfDB

Donors	Amount (UA millions)*
ADF	11.5
IDA	38.1
EU	15.1
France	13.1
USAID	4.1

* UA is the official currency for the AfDB projects like the SDR (Special Drawing Rights) of the IMF. Currently 1 UA=1 SDR, which in turn equals to US$1.397260 as of August 5, 2016 (Based on the IMF sources).

Source: AfDB. 2000. "Togo Structural Adjustment Programmes II and III Project Performance Evaluation Report (PPER)." March 22. Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/00724648-EN-TOGO-SAP-II-AND-III.PDF, page v.

b) Insufficient human and intellectual resources

As illustrated above hand, the financial roots of the AfDB's institutional linkages with the BWIs is pronounced. Apart from the financial dependency on external resources, insufficient human and intellectual resources also account for the AfDB's meager institutional autonomy. In this context, the knowledge structure based on neoliberal creed in global development regime I particular should not be underestimated. At the onset, the triumph of neoliberalism in the 1980's in the BWIs' celebration of the gains of market economy and emphasis on the increasingly dysfunctional and finally collapsing state-controlled economy certainly effected the economic philosophy of the AfDB. In an age of neoliberalism, there many reports and studies showing the economic and financial problems generated by the state and socialist economies in Africa were produced. In line with this dominant reading in the global development regime, the AfDB also adopted an accomodating approach underlining the need for a transition to market economy. Based on the review of PPERs, it could be easily said that the economic background information in the AfDB's PBL reports openly cited problems associated with the state-controlled economies in African countries and underlined the need to ensure African countries' transition from a centrally planned economy to market economy.[74] In this regard, it is possible to conclude that the AfDB adopted the dominant development understanding. It is for sure that the triumph of neoliberalism at that time[75] encouraged the Bank to adopt policy-based lending similar to those of the BWIs and contributed to its neoliberal stance.

However, at this point, even though the AfDB decided to practice policy-based lending, another structural reason in terms of knowledge structure arose: In the absence of sufficient knowledge accumulation, experience and skilled staff, the AfDB

[74] Based on the review of PPERs.

[75] See: Rapley 1997.

resorted to the assistance of the World Bank and the IMF in order to implement the numerous structural and sectoral adjustment programmes. The project appraisal reports (PPERs) of the AfDB are quite informative in demonstrating the lack of institutional autonomy in terms of policy-based lending as the most of the design and preparation of these loans were undertaken by the World Bank and the IMF. In some parts, the AfDB openly states that "the Bank did not participate in the identification and design of the ERSAP [the name of a policy-based loan],... it collaborated satisfactorily with the World Bank in undertaking the appraisal mission"[76] whereas elsewhere the Bank states that "the African Development Bank (ADB) was not involved at the design stage but it was later to play a prominent role."[77]

In documents concerning some loans, even if the AfDB claims that it participated actively in the preparation of a programme, again its dependency on the BWIs draws one's attention. To illustrate, the AfDB says that the Bank used the "documents prepared by the World Bank and the IMF" and maintained "regular dialogue with these institutions" (i.e. SAP II in Senegal 1989-1992).[78] In one report (Agricultural Sector Adjustment Programme in Malawi in 1993-1999) the Bank also points to the leading role played by the BWIs and says that the Bank's programme sought to promote economic growth and ensure poverty reduction in Malawi by maintaining "the macroeconomic stabilization and structural adjustment programmes that had already been initiated by the IMF and the agricultural policy reforms of the World Bank under [ASAC Agriculture Sector Adjustment Credit]."[79] Another explanation in an AfDB report is also quite telling in terms of showing the division of labor that the Bank established with the BWIs. The report (Economic Recovery Programme (SAP) in Zambia 1991-93) says that "the World Bank led the effort to restore

[76] See: AfDB, 2000b, 1.

[77] *Ibid*., 4.

[78] AfDB, 2001d, 6.

[79] AfDB, 2001a, xi.

Zambia's credit worthiness and raise external financial support for the subsequent reform programme" whereas the ADF [the branch of the AfDB] loan aimed to endorse Zambia government's efforts in implementing "the additional measures outlined in the revised PFP [Policy Framework Paper]."[80] Another report also shows that similar operating terms were jointly used by the AfDB and the BWIs. In this same report it is found that "the similarity of the basic conditions" used by the Bank and the World Bank in their subsequent programs played a facilitative role in the launch of the AfDB's "loans and programme start up."[81] Furthermore, the AfDB openly suggests that it coordinated with the BWIs in designing the SAPs (i.e. SAP I Congo, 1987-1988[82], and SAP II, Cameroon in 1997-2000)[83] as well as with other donors like ODA, USAID, UNDP, FAO, and IMF ((i.e. Gambia 1986-87(SAL I)).[84]

Furthermore, the 1991 annual report of the AfDB also demonstrates how limited the Bank was in producing and managing structural adjustment programmes (SAP) in terms of resources like human resources. The report says that "in view of the complexity of certain projects and the composite nature of the SAP" the AfDB had to obtain required consultancy and other professional services from outside (AfDB 1992a, 10). In the same vein, the 1993 Annual Report shows that the AfDB sought funding and external assistance from institutions such as the Canadian International Development Agency (CIDA) to make review and synthesis of its SAPs and ESAPs (AfDB 1994a, 7).

The review of the Bank's annuals in the 2000's also suggests that the AfDB is still dependent on external resources as the Bank's R&D, evaluation departments,

---

[80] AfDB, 1997a, 6.

[81] AfDB, 2003a, 4.

[82] AfDB, 1992b, 5.

[83] AfDB, 2002b, 4.

[84] AfDB. 1992c.

operations, policies and visions have continued to be funded by outside aid and funding. The 2005 Annual Report, for instance, shows that the AfDB has sustained its dependency on external resources, as it had resorted to external consultancy in order to aquire more diversified skills and independent views with technical excellence (AfDB 2006b, 9-10). For instance, in 2005, as with preceding years, the operational evaluation facilities of the AfDB were augmented and bolstered by bilateral aid from external institutions like the Canadian Trust Fund, Danish Trust Fund, Norwegian Trust Fund, and Swedish Technical Cooperation (AfDB 2006b, 13). There is still a significant amount of assistance from the World Bank at the expert level (AfDB 2006b, 13).

5.3.2. Institutional linkages with the BWIs

It is not only the lack of institutional autonomy that underpins the convergence of the AfDB's practices with the BWIs in international neoliberal development regime, but also the institutional linkages that the Bank has established with the BWIs. As indicated beforehand, a great part of these interinstitutional linkages also stem from the co-financed initiatives through which the AfDB has tried to gain both financial and knowledge resources.

Beyond such situations derived from necessity, the AfDB itself also attaches great importance to developing its relations and coordination with the BWIs and other development institutions. A record dating back to 1991, for instance, says that the Bank held meetings with the heads of evaluation offices of the other development institutions including the World Bank, the Asian Development Bank, Inter-American Development Bank, USAID, CIDA and OECD in order to exchange ideas and opinions (AfDB 1992a, 14). In a similar vein, past records also shows that, in order to strengthen aid coordination, the OECD Development Aid Committee served as an important interinstitutional body in which development partners including the AfDB participated and were contacted to other institutions such as IBRD, Asian

Development Bank, CIDA, USAID and the Inter-American Development Bank (AfDB 1993, 13). In the same context, an annual report of the Bank says that, under the auspices of the OECD, the AfDB agreed to lead “parallel project post-evaluations” (AfDB 1993, 13). Another report also indicates that, through the engagement facilitated by OECD’s Development Assistance Committee (DAC), the AfDB tried to carry out joint missions and exchange evaluation of experts as well as sought out strengthening of the evaluation capacities of the African countries (AfDB 1994a, 11). To give another example, the AfDB’s annual report in 2000shows that the Bank revised its guidelines based on recommendations given in meetings with other multilateral development banks (AfDB 2001c, 6).

It should be noted that certain initiatives in the international development regime have contributed to interinstitutional linkages between the AfDB and other development institutions as they served as anchoring themes in terms of converging norms and practices. Of particular note are the MDGs and development effectiveness initiatives (see chapter IV). It could be argued that the AfDB also became an active participant in development effectiveness activities (policies, methods and procedures) in the early 2000’s in order to enhance harmonization and coordination of rules and practices among the different Multilateral Development Banks (MDB). By engaging in harmonization efforts with the other development banks with respect to “performance indicators and evaluation criteria,” the AfDB aimed to enhance “the comparability and transparency of evaluation results” and “the dissemination of best practices” without failing to consider each institution’s different circumstances (AfDB 2001c, 6). For instance, an annual report also shows that the AfDB adopted a Strategic Partnership with the World Bank to execute “joint evaluation development or capacity building activities in Africa” (AfDB 2001c, 13). In the same regard, the Bank was invited by the World Bank to take part in the overall evaluation of the World Bank’s initiative for the integrated development framework (AfDB 2001c, 13). There were also efforts on the side of the AfDB to keep its own ‘approach to measuring development effectiveness consistent with that of the World Bank’ in terms of rating projects and programs (AfDB, 2006a, 11). In this respect, the World Bank seems to have functioned as an anchor institution in determining the trends in global development.

CHAPTER VI

THE ASIAN DEVELOPMENT BANK

6.1. Overview

The ADB was founded in 1966 in order to generate economic growth and cooperation among Asian countries (ADB, 2016b). Like other RDBs, it was expected to have a regional character, that is, carrying an Asian understanding of development (ADB, 2016b). However, as opposed to the AfDB and IDB, the ADB at its very inception was an initiative of developed countries. As opposed to the case of the IDB, in which the impetus arose from developing countries, the ADB came into existence as the brainchild of two developed countries: Japan and the US (Krasner 1981, 317). This was mostly thanks to a proposal by the Economic Commission for Asia and the Far East (ECAFE), in which both Japan and US were members in the 1960's. Even though it was a non-regional country, the US was particularly interested in establishing sthis type of regional institution in order to garner support for its war in Vietnam (Krasner 1981, 317). At that time, US President Lyndon Johnson tapped retired World Bank President Eugene R. Black, Sr. to help the establish the ADB as a means to improve the US image in the region during the Vietnam War by promoting development projects such as electric power, modern medicine and schools in Southeast Asia countries troubled with terror and despair (Levy 1992). In addition, with the establishment of the ADB the US also hoped to multilateralize its aid to Asian countries (Levy 1992). Examined from this perspective, it is possible to say that a number of developed countries' motivations were considered in the foundation of the ADB, and it did not grow out of neocolonial resistance characterized by newly independent developing countries' aspiration for their own institutions.[85] Since its establishment, the ADB has preserved the original power structure in the organization (see Table 14). Today, both Japan and the US are still the main stakeholders in the Bank. In total, the ADB has 67 shareholding members, 48 of which are from the Asia and Pacific region (ADB 2016).

Table 14: Top shareholders of the ADB

Country	Share (%)
Japan	15.60%
United States	15.50%
China	6.50%
India	6.30%
Australia	5.80%
Indonesia	5.50%
Canada	5.20%
S. Korea	5.00%
Germany	4.30%
Malaysia	2.70%

Source: ADB. 2015. "Shareholders." December 31. Accessed August 8, 2016. http://www.adb.org/site/investors/credit-fundamentals/shareholders.

In the the ADB, policy-based lending is known as "program loans". The ADB first started to use its policy-based program loans as a lending instrument in 1978. At that time, the aim was to provide financing to countries that could not import essential production inputs due to foreign reserve shortage,[86] and thus the Bank's loans were to help "fuller capacity utilization in priority sectors of the economy in a climate of foreign exchange constraint."[87] Given the year of the Bank's introduction of the

[85] This paragraph highly draws upon White's study. See: White 1970, 29-30.

[86] ADB, 1978.

[87] ADB, 1996, 2,

program lending instrument, it could be argued that the ADB began to make use of policy-based lending before the World Bank, as the latter only started to put it into practice in 1979. However, unlike the World Bank, the ADB's first wave of program lending did not aim to change policy. In this regard, although the program loans were put into practice earlier, the application of program loans by the ADB did not originally lie on a foundation of neoliberal logic with an aim to reform the recipient country's economies. In the words of one ADB report, "program lending initially focused on balance of payments support, with little policy content" (ADB 1996, 4). However, over time the ADB's program lending also converged with the lending practices conducted by the BWIs and started to target certain policy changes with respect to restructuring/transforming the economy in line with neoliberal terms.

In 1983, the ADB made its first revisions to its program lending policy by widening the scope of this policy (ADB 1983b). The Bank's program lending was recast in such a way as to support policy reforms (ADB 2016, i). For instance, the change in the program lending brought about "the development policy letter" with a "policy matrix" which had not existed beforehand (ADB 1983a). However, even though the ADB started to have some policy concerns in its program lending beginning in 1983, reform was not seen as "an essential prerequisite for program lending" until 1987 (ADB 1996, 2). The changes introduced in 1987 are what actually caused the Bank to shift its focus from "the financing of inputs" to "sector policy reforms" (ADB 1987, 1). In 1987, the need for a better designed tool to systematically deal with fundamental sectoral constraints resulted in a drastic revision the ADB's program lending policies (ADB 1996, 2). The ADB tried to promote "policy reform, institutional strengthening, and investment plans, in a focused and integrated manner" (ADB 1996, 3).

In the ADB's board discussions in 1987, the Bank's report says that many donor countries argued for the linking of "[the] Bank assistance with the adoption of efficiency enhancing, market-oriented policy reforms in the DMCs [(developing member countries)]" (ADB 1996, 3). This official information is crucial in understanding the dynamics that led the Bank's to push their policy-based lending policies closer to the practices of the BWIs. The statement does not give specific information, but the pressure from the donor countries was likely to have come from the industrial countries such as Japan and the US, both of which were known to be advocates of neoliberal policies positions and had immense influence over Bank decisions, with Japan and US each holding around 15% share at the ADB's administration (see table 15). Given their top-shareholder positions combined with support from other industrialized member countries, it was likely that both Japan and US were successful in generating pressure in favor of bandwagoning with the BWIs policies inside the ADB. Information in another ADB report supports this argument in showing that the change in the Bank's lending policies in 1987 was affected by the "emerging practices in other international financial institutions toward structural adjustment" (ADB 2007, 2). The other international financial institutions" mentioned here were likely the BWIs. In addition to incorporation of concrete policy-reform objectives, in 1987 w the ADB also first adopted policy change with "conditionality" (ADB 2007, 2). This is also reminiscent of the BWIs practices.

Table 15: Top shareholders of the ADB

Country	Share (%)
Japan	15.60%
United States	15.50%
China	6.50%
India	6.30%
Australia	5.80%
Indonesia	5.50%
Canada	5.20%
S. Korea	5.00%
Germany	4.30%
Malaysia	2.70%

Source: ADB. 2015. "Shareholders." December 31. Accessed August 8, 2016. http://www.adb.org/site/investors/credit-fundamentals/shareholders.

Neoliberalism promoted

The 1987 change put an emphasis on “a medium-term contribution to sector development” which involved policy change aiming to eliminate “policy and institutional constraints affecting a country’s economic performance” (see table 16).[88] The objective of policy change incorporated into the ADB lending in this period demonstrated dependence on neoliberal logic. A 1996 report by the ADB illustrates this situation as the reform agendas of the Bank are cited as following: “[They] generally seek to shift a sector or subsector from a statist, inward-looking development model to a more market-friendly and outward-oriented one” (ADB 1996, 8). In this context, the Bank points to two principal areas: *the Incentive Structure for Private Sector Growth* and *Government Finances and Administration*: While the former includes adjustments in relative prices and sectoral deregulation (i.e. the liberalization of regulatory framework), the latter includes reduction of the public sector deficit via tax reform, restructuring and/or privatizing public enterprises and rationalizing subsidies (ADB 1996, 8). Even though the sectoral reforms are of a central importance in the ADB’s policy-based lending framework, the Bank also notes that it tries to pursue macroeconomic reforms in its broader framework of policy lending.

[88] ADB 2007, 2.

Table 16: Evolution of the Asian Development Bank's program lending policy

Features	Year of Review					
	1978	1983	1987	1996	1999	2011
Objectives	To finance importation of essential production inputs to relieve constraints on utilization of existing capacity due to a shortage of foreign exchange	Scope of input financing enlarged to include modernization or rationalization of existing capacities	Medium-term broad-based sector development Strengthening sector policy framework	Integrated approach to sector development	Support for short-, medium-, and long-term reform Exceptional large-scale crisis response as part of an international rescue package	Mainstreaming medium-term programmatic budget support Enhancing short-term crisis response
Focus	Industry and sector activities that augment the productivity of the agriculture sector	No substantive change from 1978 focus	Expanding focus from agriculture to other sectors including manufacturing, power, transport, social infrastructure, and finance	Introduction of a modified program lending instrument combining investment and policy components: the sector development program (SDP). The investment component is particularly applicable to physical and social infrastructure.	Introduction of the program cluster approach (PCA) to enhance flexibility and extend the time frame. Introduction of the special program loan (SPL) for crisis response	Programmatic budget support in the name of policy-based lending Mainstreamed countercyclical support facility (CSF) for fiscal stimulus

Source: ADB. 2011. "Review of ADB's Policy-Based Lending." June. Accessed August 12, 2016. http://www.adb.org/sites/default/files/institutional-document/32632/files/review-policy-based-lending.pdf, page 14.

Complementing the BWIs

The statements in the ADB reports clearly show that the Bank has embraced a neoliberal understanding similar to that of the BWIs. In a 1996 report, the ADB accepts the presence of a neoliberal consensus by saying that "a remarkable degree of consensus (though not unanimity)" cuurently exists around the world concerning "the relevant market-based, outward-looking development model" (ADB 1996, 9). With these words, the Bank implicitly indicates that it too belongs too the same consensus. Its embrace of this mindset is reflected in its practices, as the ADB says that "by and large, [design of its program loans] are based on the application of market principles for achieving greater efficiency in resource allocation and use" (ADB 1996, 9). On the other hand, from information in the Bank documents, it is clear that the ADB celebrates the triumph of neoliberalism in that the Bank associates regional success stories with the implementation of market-oriented economic policies. The following statements from a 1996 ADB report is illuminating in this regard:

> The successful economic performance of many DMCs [developing member countries] in the region can to a large extent be attributed to the adoption of market-oriented economic policies, together with a sound macroeconomic framework, high savings rates, investment in human development, and efforts to achieve an equitable distribution of the benefits of growth (ADB 1996, 9).

Simirlarly, in a 1996 report on program-lending policies, the ADB openly states that "policy-based program and adjustment lending" has been influential in ensuring "economic reform in many developing countries over the last 10-15 years" (ADB 1996, 1). However, even thoughthe general policy environment for the majority of the ADB's developing member countries (DMCs) remarkably improved thanks to reform process, the Bank still notes that "the need for policy reform in many DMCs and sectors remains strong, especially in economies shifting from a centrally planned or heavily interventionist to a more market-oriented development model" (ADB 1996, 1). The ADB points to their sustained rationale for policy-based programs and indicates that the Bank (1996) would continue to play a transformative role in terms of facilitating the transition "from a centrally planned or heavily interventionist to a more market-oriented development model." Referring to the ongoing adjustment programs in many DMCs, the Bank also implies that this is a part of the worldwide economic restructuring undertakings led by the BWIs (ADB 1996, 1). In the words of the ADB, its conventional policy-based lending (program loans) have been supporting structural reforms in its DMCs since 1983 (ADB 2016, i). The Bank also indicates that the objective of its loans was to enable regional governments to embrace structural reform process in an orderly and sustainable manner (ADB 1996, 12).

In the meantime, there are particular geopolitical dimensions to the regional development banks' supporting for the neoliberal structuring process around the world. In the case of the ADB, it was the transitional economies of Central Asia (ADB 1996, 12), as the Bank tried to facilitate the transition of these once centrally planned economies to market economies via structural adjustment and policy-based lending. Accoridng to the Bank, the central challenge with the Central Asian republics was that their transitional economies required large-scale institutional reform, such as the establishment and development of markets, the institutionionlization and enforcement of property rights, and other legal reforms involving privatization and restructuring (ADB 1999, 9). During the 1990's, the ADB tried to expand its responsibilities to the Central Asian transition countries with special needs with respect to reformation of their policy environment and strengthening of their institutions (ADB 1999, 32).

While embracing the same neoliberal development approach as the BWIs, the ADB ha also established a relatively clear division of labor with other multilateral development banks (MDBs), particularly the BWIs, in terms of promoting different policy changes in member countries underlined by the same pro-market logic. Above all, when the Bank made remarkable changes to its program loan lending in 1987, it also ensured its program loans were compatible with "policy reform measures" adopted by the IMF and the World Bank" (ADB 2016a, 2). According to the ADB, the Bank's role of supporting structural reforms in its developing member countries has been mostly complementary to the roles assumed by the BWIs in the same economic reform process (ADB 2001b, 1).

In fact, rather than macroeconomis issues, the sphere of sectoral reform constitutes the focal point of the ADB's division of labor with the BWIs. Considering the central role of the IMF and the World Bank in policy-based lending at macroeconomic level, the ADB thought that the Bank itself should concentrate on program lending at sectoral level (ADB 2016a, 2). In 1987, the ADB decided that it would not get involved in soley macroeconomic issues, and would instead mostly concentrate on sectoral policy reforms (ADB 1996, 3). While the ADB's program loans, particularly sectoral reform programs, have so far served to complement structural adjustment loans concurrently or beforehand undertaken by the IMF and the World Bank (ADB 2001b, 1), the macroeconomic conditionalities put forward under ADB programs have deliberately been drawn in line with those of the BWIs (ADB 2001b, 31). In terms of its division of labor with the BWIs, by leaving the macroeconomic issues to the World Bank and the IMF, the ADB has defined its position in practicing certain policy changes with the same neoliberal logic at the sectoral level in more specific terms across Asia. The Bank says that the ADB's program loans intended to promote "the adoption of essential market-oriented reforms in key sectors of the economy" (ADB 1996, 12). In the same vein, while indicating the ADB's focus on sectoral reforms, in the mid-1980's the World Bank started to direct its attention to sectoral adjustment plans, following its announcement of support for "economywide stabilization and adjustment programs" (ADB 1996, 2). Thus, the ADB's focus on sectoral reforms is not independent of the similar practices initiated by the BWIs.

In different published resources, the ADB also acknowledges its division of labor with the BWIs in different ways. For instance, the ADB says that "Bank program loans often implicitly formed part of overall adjustment programs supported by the IMF and World Bank" (ADB 1996, 15). More specifically, the ADB expresses the same division of labor as following: "The Bank's program loans typically focused on sectors or subsectors" which complemented "the overall IMF/World Bank-supported adjustment program" (ADB 1996, 12). In some cases, the ADB also says that it serves as "the lead external agency and plays a key role in macroeconomic management" - a sphere generally led by the BWIs - but it also notes that its focus on the Sector Development Program (SDP) serves to clarify the division of labor among development banks" (ADB 1996, 21). Wihin such a framework, whereas the ADB focuses on solely sector-related assistanc, the IMF and World Bank administer macroeconomic policies and developments (ADB 1996, 21).

In addition to the division of labor among the MDBs, the ADB itself also justifies its focus on sectoral development policies in a different way. According to the Bank, as of 1996, many developing member countries were "at a more advanced stage in the adjustment process" and for this reason it was preferable that the Bank concentrate on purely sector-related assistance "leaving the responsibility for macroeconomic adjustment operations to IMF and World Bank" (ADB 1996, 21). An example given by the ADB shows the complementary role of the Bank and the BWIs in the international neoliberal development regime. The Bank sats that "in the places where sector adjustment loans have been conducted by the World Bank, the ADB may usefully play complementary roles in parallel with or following up investment loans/sector development programs in the same sector (ADB, 1996, 29). The ADB also underlines the need to ensure the consistency of its program loans with the ongoing adjustment programs of the IMF and World Bank (ADB, 1996, 29).

In spite of the particular division of labor with the BWIs, there are some particular moments, such as financial crises in which the RDBs, including the ADB, function like the BWIs in focusing more macroeconomic management. Both the 1997 Asian financial crisis and 2008 global financial crises are as examples for this. As the crisis accentuated the need for policy reforms in terms of “crisis prevention” and “crisis management”, the ADB’s program loans increased at those times. In the words of the ADB, “ADB's capacity to respond to these changing needs has been enhanced by its transformation into a broad-based development institution” (ADB 1999, 1). The crisis necessitated the ADB to fundamentally expand its policy analysis in important areas and to becme more actively engaged in developing member countries in terms of policy dialogue and reform (ADB 1999, 1). In fact, it is a general tendency for the MDBs, including the RDBs, to see a hike in their policy-based lending during economic crisis times. Crisis times are unique moments in which the BWIs in particular demonstrate substantive mobilization in responding to the crisis. Following such mobilizations by the BWIs, the RDBs, including the ADB, generally play a complementary role. At these times the RDBs also move beyond their conventional lending modalities.

For example, during the 1997 Asian Financial crisis, the IMF initiated many loan packages targeting Asian countries, including Thailand, Indonesia and Korea (IMF 1998). In this respect, the ADB’s loans served as a complement to the marcoeconomic reform policies promoted by the IMF. To give another example, in order to address the exigent financial needs of the countries affected by the Asian financial crisis (particularly Indonesia, the Republic of Korea, Philippines, and Thailand), the ADB allotted $6.8 billion to seven programs (ADB 1999, 6). The program loans distributed during this period mostly served to support structural reforms which helped the restoration of investor confidence in the countries influenced by the crisis and/or mitigated the negative social impact of the financial crisis (ADB 1999, 7).

ADB’s focus on macroeconomic issues during global financial crisiswas also seen in the period after 2008. Like the 1997 Asian financial crisis, this period saw an increase in the ADB’s policy-based lending due to the emergency situation and exigencies in the ADB’s DMCs. For instance, in the face of 2008 global financial crisis, the ADB established the Countercyclical Support Facility (CSF) in the amount of $3 billion “to support DMCs' fiscal stimulus at the macroeconomic level" (ADB, 2011, 5), as there was a need for macroeconomic resolutions, such as responding to a decline in the aggregate demand,[89] rather than structural reforms at the microeconomic level as the latter could have been counterproductive at that time (Feldstein 1998).

6.2. Neoliberal Reforms Promoted through ADB's Program Loans

At the beginning, the ADB tried to keep "the financing of specific projects" as its "principal mode of operations' and limit its program lending to "a relatively small proportion of ADB's annual lending" (ADB, 1999, 3). However, as a lending instrument, over time the share occupied by policy-based loans in the Bank's portfolio increased. At the beginning, there was a general ceiling for program lending of 5%, but this was later expanded to 7.5%, and then to 15% in 1987 in order to meet the increasing needs of the Bank's DMCs. While program lending accounted for 5.5% of total Bank lending during the period from 1983 until late 1987 (ADB. 1996, 1), it accounted for 21.6% of the Bank's total approved lending during the period from 1987 to 2000 (ADB 2001b, 5). During the 2000's, loans retained their importance in the Bank's overall portfolio (see figure 7). In 2006, the percentage of program lending reached a record high of 46% of the ADB's annual lending (ADB 2007, 1).

[89] For relevant discussions see: Stiglitz 2002; and Rogoff 2003. As Rogoff argues, preserving sufficient fiscal space during non-crisis time should be regarded as a prerequisite for expansionary crisis response. For this reason, the CSF sets a sound fiscal position and broader macroeconomic management as eligibility criteria."

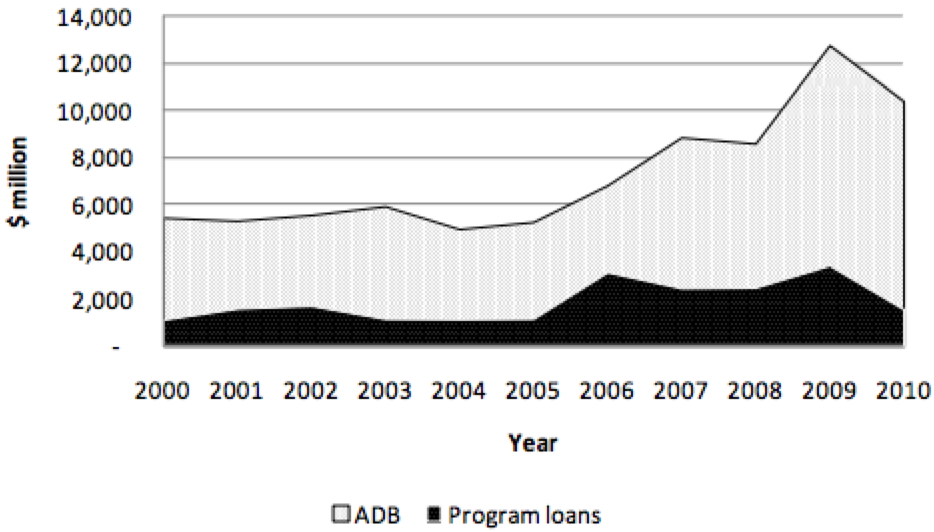

Figure 7: Program lending in the ADB operations, 2000-2010

Source: ADB. 2011. "Review of ADB's Policy-Based Lending." June. Accessed August 12, 2016. http://www.adb.org/sites/default/files/institutional-document/32632/files/review-policy-based-lending.pdf, page 26.

The 2016 report on the Bank's program lending explains the sustained rationale and relevance for policy-based program loans as follows: "Although project lending continues to be the primary lending mode of the [ADB], policy-based lending (PBL) has been increasingly used to support important policy and sector reforms in ADB concessional assistance countries" (ADB, 2016, 8). The increasing utilization of program loans also indicates an organizational change in the ADB. The Bank says that there has been a gradual shift from project financing institution supporting specific capital investments to a dynamic institution model with a broader development portfolio aimed at ensuring a comprehensive policy and institutional environment for economic growth (ADB 1996, 17).

Since their introduction, policy-based lending's role and design at the ADB and other international financial institutions has undergone changes in a way that reflects the alternating context and understanding of international development (ADB 2011, 1).

Via program loans, the ADB has contributed to the promotion of various policies across Asia with respect to international neoliberal development regime. When we look at the policy content promoted through reforms, it can be said that, in promoting certain policy changes, the ADB has followed trends similar to those of other international financial institutions, especially the BWIs (see chapter IV).

With the ADB, the distribution of program loans works well as an indicator for tracking the Bank's polictal priorities. The distribution of the loans delivered from 1978 to 2006 at the sectoral level is as follows: "finance (43%); law, economic management, and public policy (19%); and agriculture and natural resources (12%)" (ADB 2007, 4). Economic, management, capacity building and governance began to take precedence starting in the 1990's, in a trend similar to that observed in the other MDBs. Throughout the 1990's, the Bank generally shifted the focus of its program lending away from traditional sectors. To illustrate, throughout the 1990's, the ADB reoriented the emphasis in its program lending from agriculture to finance, the latter of which constituted 60% of its total program lending (ADB 2011, 31). Also, in attaching greater attention to the governance issues, the ADB's Board approved the policy paper on governance in October 1995 and the Bank tried to enhance its endeavours promoting governance (ADB, 1999a). Efforts in this regard generally included "key themes and priorities for governance and capacity-building" (ADB, 1999a). Particularly during the eruption of the Asian financial crisis in 1997/1998, financial sector reforms rose as "a significant area of interventions" (ADB 2016, 8). The graph below illustrates the importance the ADB placed on economic restructuring issues such as "public sector management", "governance" and "capacity building" as well as "finance." It is not difficult to draw similarities between the policy priorities of the Bank and those promoted by the BWIs.

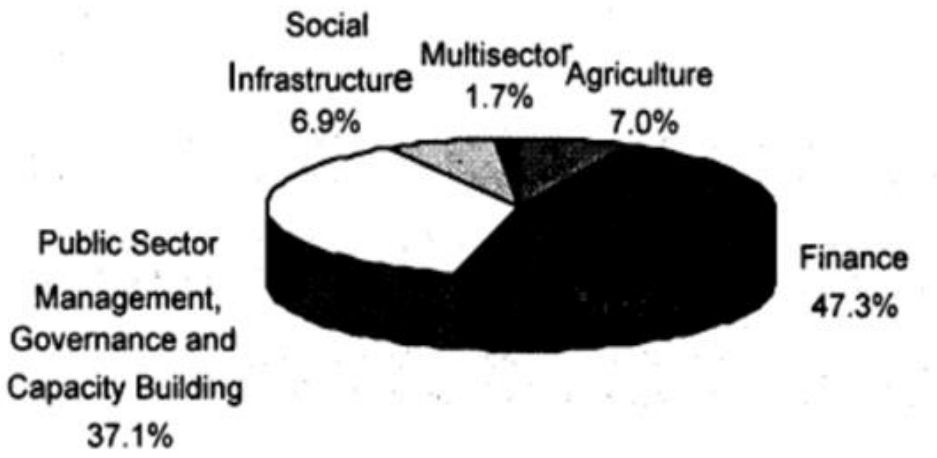

Figure 8: Sectoral distribution of program loans to countries not directly affected by the Crisis, 1996-1998

Source: ADB. 1999. "Review of ADB's Program Lending Policies." November. Accessed August 12, 2016. http://www.adb.org/sites/default/files/institutional-document/32079/program-lending.pdf, 8.

Also starting in 2001, the Bank's program lending has increasingly addressed issues in the finance sector, especially those concerning public resource management and governance (ADB 2007, 4). Since there was an increasing recognition of the role of governance and capable institutions in facilitating development in the 2000s, a growing share of policy-based lending was utilized in the sphere of public sector management (ADB 2016, 8). Public management and policy operations have generally dealt with public resource management, decentralization, intergovernmental fiscal matters, civil service reforms, and other relevant sector structural reforms (ADB 2007, 4). For example, during the period from 2000 to 2010, public sector management's share of program lending rose dramatically to 46% from 8% in the previous decade (ADB 2011, 31). Public management is still an area of intervention that is of notable importance in the Bank's lending operations. Indeed, since 2011, more than half of policy-based loans have been distributed with the expectation of prospective reforms in public sector management of developing member countries (ADB 2016, 8).

In the meantime, the BWIs' increasing consideration of social aspects has seen parallel tendencies in the ADB. In fact, as early as 1987 the Bank paid attention to the social aspects, most notably the costs of the economic reform process for various groups. To illustrate, a 1987 policy change on program lending proposes that "reforms should be paced and transitional costs reduced through the provision of retraining and other adjustment assistance, especially for the poor" (ADB 2016, 2). Social policies were among the prior reform agendas of the Bank during 1990's as well (ADB, 1999, 13). We see that the ADB's perception of program loans has transformed in line with criticisms lodged against IMF and World Bank-supported adjustment programs. For instance, driven by ruling concerns of adjustment programs on the poor, a 1996 report by the ADB says that the Bank prepared "a special study on the impact of program loans on the poor"[90] and incorporated the relevant findings as recommendations into its policy guidelines.[91] Furthermore, the ADB tried to play a complementary role to the World Bank in terms of mitigating the social costs of the economic reforming process. For example, in line with the World Bank's increasing attention to social aspects, and generating "mitigative measures for the poor and other affected groups" in countries undergoing structural adjustment programs, the ADB says that it could also "play a useful role in supplementing and extending [schemes led by the World Bank]" (ADB 1996, 30).

6.3. The BWIs' Practices as a Benchmark

In official reports by the Bank, the ADB has taken the practices of the BWIs as an example for its own. In many cases, the ADB reports compare the performance of the Bank with that of the World Bank and refer to the BWI practices. This clearly

[90] ADB 1992, 4.

[91] ADB 1996, 4.

indicates the centrality of the BWIs in global development practices and their role as a benchmark for other MDBs, including the ADB. Here, a statement from one ADB official is quite illuminating: She says that the lending operations of the ADB do not take place independent of the World Bank, that the World Bank is a benchmark, and that they generally look at what the World Bank is doing in its practices.[92] To give a more specific example, the ADB itself says that "the frequency of program implementation delays parallels the World Bank's experience in adjustment lending" (World Bank, 1992). In comparing its own practices to those of the World Bank, the ADB says that, in spite of some operational differences (i.e. not linking program loans to balance of payment considerations), the program lending policies which the Bank itself adopted in 1987 corresponds nearly to identically to the sectoral adjustment loan (SECAL) instrument of the World Bank.[93] In assessment reports, it is also common to see references to BWI practices or studies in relevant places and change or policy updates the ADB has made accordingly (such as decreasing number of conditionality, adopting a flexible approach, and embracing a gradual approach as the BWIs did).[94] In some cases, the ADB acknowledges that its review of program loans draws on all available evidence, including "the extensive review and evaluation of adjustment lending carried out by the World Bank" (ADB 1996, 14). In other cases, the ADB is also seen to have defined certain practices based on the preceding practices by the World Bank, such as establishing a sub-ceiling (22.5%) for its program loans in 1991 based on the prevailing cap of 30% implemented by IDA [International Development Association - a sub branch of the World Bank Group].[95]

[92] Interview with Çiğdem Akın, a public management economist at ADB. July 30, 2016.

[93] The ADB also notes that "There are, however, some operational differences between the two types of instruments. For example, unlike SECALs, the Bank's program loans are not linked to BOP considerations." See: ADB 1996, 2.

[94] Based on a general review of the ADB's reports on "Program-Lending Policies" cited here

[95] ADB 2016, 6.

In a similar vein, since 2001 the ADB has utilized country performance assessments similar in nature to country policy and institutional assessments by the World Bank (ADB, 2001a). Furthermore, the ADB revised its performance-based allocation policy in 2004 in order to make the country performance assessment process more transparent and harmonized (ADB, 2007, 28). Certain proposals by the Bank also demonstrate that it tried to align its lending operations more with those of other multilateral development banks. For instance, in a Bank report it is adviced that "ADB mainstream programmatic budget support, modeled on the World Bank's reforms in 2004" (ADB 2011, 10). In another place, it is also proposed that the Bank's special policy lending for balance of payments support (BOP) should be realigned more closely with that of the World Bank's special Development Policy Loan (DPL) and the IMF's balance of payments support (ADB 2011, 12). In another report the ADB draws attention to the leading role of the World Bank and the OECD in the direction of policy-based lending, stating, "A review of changes in policy, practice, and evaluations at other international development organizations, in particular the World Bank and OECD development partners, provides insights into future practices in policy-based lending in the Asia and Pacific region" (ADB 2007, 28).

In terms of leading its research on development, the BWIs, particularly the World Bank, play a significant role in producing information. The World Bank is known for its publication and research on various development issuesincluding "poverty assessments, public expenditure reviews, fiduciary assessments, country financial accountability assessments, and country policy and institutional assessments" (World Bank 2004a). Such a bundle of information and research is consumed not only by the BWIs but also by other MDBs, including the ADB. In multiple cases, the ADB refers to the World Bank's flagship publications and research initiatives (i.e. the World Bank's Doing Business rate with respect to private sector development[96]; the World

[96] ADB 2016, 4.

Bank's worldwide governance indicators[97]). The Bank already says that adoption of country performance assessments and partnership between the World Bank and the ADB in producing analyses, such fiduciary and risk assessments, and public expenditure reviews provides a shared ground for the assessment process and for monitoring and evaluating program loans (ADB 2007, 30). This t has facilitated the interinstitutional harmonization of objectives in the ADB and the BWIs (ADB 2007, 30).

During the 2000's, in increasing coordination among multilateral development banks, special significance was placed on the Paris Declaration on Aid Effectiveness. This is because efforts related to aid effectiveness have led international financial institutions (IFIs) and bilateral aid agencies to reconsider the mode of aid and develop more coordinated action by promoting enhanced emphasis on "country ownership and engagement, reliance on country systems, a comprehensive program and budget framework, development partner coordination, and analytical works" (ADB 2011, 3). The ADB is also a signatory of the Paris Declaration on Aid Effectiveness (ADB 2007, 32). Furthermore, starting in the 2000's the ADB enhanced its partnerships with other aid agencies and started to promote similar development policy lending policies (ADB 2007, 24). In addition to preceding co-operation, in the cooperation between the ADB and IMF, the World Bank, and other funding agencies was furthered (ADB 2001b, 24). For example, both ADB and World Bank formalized a general collaboration in early 2000 with "a joint framework and structure statement" (ADB 2000). In the same year, the multilateral development banks and IMF also signed the Protocol on Collaboration for the Preparation of Poverty Reduction Strategies in Low-Income Countries (ADB 2001b, 25-26). In the name of ensuring consistency between structural reforms projected by the ADB programs and reform programs funded by by other organizations, the ADB has again confirmed a high level of interinstitutional cooperation, particularly in different partnership cases - one example is the Financial

[97] *Ibid.*

Sector Reform Program Loan to Mongolia - in which the World Bank and the IMF have assumed leading roles in macroeconomic management and reforming the banking sector, whereas the ADB has concentrated on developing the capital market or small and medium enterprises (ADB 2001b, 26).

6.4. Assessment

In the beginning, when the ADB first introduced policy-based program lending, its limited institutional capacity to operate such a lending modality was evident. At that time, some members of the Bank already stated their concerns over “the policy analysis capabilities of the Bank,” as it was largely seen as a "projects bank" at that time, as well as the Bank’s ability to take resposnsibility in monitoring “the implementation of agreed upon reform programs”; and its ability to assess the impact of reform programs (ADB 1996, 3). All members of the Bank underlined the significance of “close coordination with IMF and World Bank” (ADB 1996, 3). As indicated beforehand, ADB research and practices already draw heavily on the experience and knowledge of the BWIs in various aspects. In addition, the impact of the BWIs on the Bank’s program lending is also glaring. In a 1996 report the Bank itself says that "the Bank will systematically consult and closely coordinate with [the IMF and the World Bank] … in formulating and implementing program loans/SDPs [(Sectoral Devlopment Programs)]."[98]

However, despite the early limitations, over time the ADB has mastered the learning curve in terms of designing and practicing policy-based program loans on its own. This has been a process evolving since 1987. In a report by the Bank, it is stated that “post-1987 program loans were generally well conceived and designed, with rapid incorporation of the lessons learned in some of the earlier program loans contributing

[98] ADB 1996, 29.

to the quality of subsequent programs" (ADB 1996, 33). In this regard, in spite of the remarkable impact of the BWIs, particularly the World Bank, on the ADB's policy-based lending, it could be argued that the ADB itself has ensured a sort of autonomy in designing and implementing policy-based loans. This is particularly clear when compared to the case of the African Development Bank (AfDB) (see chapter V). At this point, one statement by Johannes Linn, the former Vice-President of the World Bank can help us see the Bank's resilience against the BWIs' leadership when conflictual issues arise. Dr. Linn says that:

> I know of a case in Tajikistan, for example, where there were certain conflicts between the Asian Development Bank and the World Bank in the agriculture sector. Or, again, in the case of Central Asia the World Bank supported a particular regional energy project which the Asian Development Bank did not support.[99]

But again it should be underlined that the Bank's autonomy in this sphere has a bounded nature and its overall framework is conditioned by the neoliberal logic closely related to the BWIs. In other words, the autonomy here exists in operational terms rather than paradigmatic ones. Remarks by Çiğdem Akın, a public management economist at ADB show us that the development banks – including the ADB - have developed a division of labor in the subtitles of the economic reform process even though they are still governed by the same international neoliberal development regime. [100] Akın also notes that, when the ADB undertakes an operation in the field, it generally concentrates on the spheres and regions not involved by the World Bank. To illustrate, she says that if the World Bank is operating a tax reform, the ADB then turns to debt restruction. To emphasize the same point on the division of labor, Akin also says that certain regions in India have been allocated to the ADB and the World Bank respectively by the Indian government. Thus, the overall framework of policy

[99] Interview with Johannes Linn, the former vice president of the World Bank, July 11, 2016.

[100] Interview with Çiğdem Akın, a public management economist at ADB. July 30, 2016.

practice remains the same, that is, facilitating better institutionalization and consolidation of market economies or regional neoliberal development projects, even though this is ensured via a better division of labor among development banks. Here, this situation concerning the aim for a better division of labor has much to do with the heightened importance attached to donor coordination and avoiding duplication among the development institutions beginning in the early 2000's.

The ADB's relative autonomy in pursuing neoliberal reform agendas is predicated upon a number of factors including its financially resourceful establishment, robust research capacity and the division of labor that it has been trying to observe and coordinate with the BWIs. Among the RDBs, the ADB is unique in the sense that it has relatively a high number of regional industrialized member countries, like Japan, Australia and New Zealand. The existence of such members brings resources, technology and experience to the Bank. In addition to this, from the very beginning the ADB has also enjoyed remarkable support from the US, which has a 15.60% share in the Bank (refer to table 13). Financially supported by its high-income members, the ADB is a resourceful multilateral development bank in monetary terms. This situation decreases the Bank's reliance on external funding sources, which in turn contributes to its institutional autonomy in financial terms. This could be easily observed in the Bank's lower need to co-finance its program loans - as opposed to the AfDB case (see chapter V). According to the ADB, the Bank co-financed only 13 program loans between 2000 and 2011 (see table 17). A review of the Bank's annuals also shows that the ADB has rarely resorted to co-financing in its policy-based loans.[101] Again a review of the Bank's annuals reveals that, even in the co-financed programs, the BWIs have rarely appeared, which means that the ADB has generally co-financed with institutions other than the World Bank and the IMF. [102] In

[101] Based on the review of several ADB annuals.

[102] Based on the review of several ADB annuals.

this respect, as opposed to the AfDB, co-financing has not been an instrument that the ADB has frequently utilized in inter-institutional terms.

Table 17: Co-financing for ADB's program lending since 2000

Financing partner	# of program loans	Amount (US$ million)
Agence Francaise Development	1	216.00
Department for International Development (UK)	1	30.00
Japan Bank for International Cooperation	2	375.00
Japan International Cooperation Agency	3	230.00
Kfw Bankengruppe	3	176.37
Ministry of Foreign Affairs (Netherlands)	2	12.56
The OPEC Fund for International Development	1	15.00
Total	**13**	**1,054.93**

Source: ADB. 2011. "Review of ADB's Policy-Based Lending." June. Accessed August 12, 2016. http://www.adb.org/sites/default/files/institutional-document/32632/files/review-policy-based-lending.pdf, page 9.

The same financially resourceful member structure of the ADB also contributes to its institutional strength in terms of research and development. As noted above, in one of the Bank's annuals it is shown that these members have brought experience, technology and know-how to the ADB**.** Some of the Bank's member countries, like Japan, US, New Zealand and Australia, are high-income countries with substantive human capital. This greatly strengthens the Bank's R&D capacity. The Bank's self-confidence in being a credible development institution with research and publications referred to by other institutions is also captured in its official statements and reports.[103] At this point, the leading role of Japan is undeniable, as the country, with its Asian character and established ties with the West, has contributed to the progress of the ADB from the very foundation of the Bank. Here institutional cultures are certainly important too. As put by Johannes Linn, "the Asian Development Bank has traditionally been influenced culturally by Japanese bureaucratic culture."[104]

To be sure, the sound finance structure and R&D capacity influence the Bank's feeling that the Bank itself could define a clarified division of labor with the BWIs. However, the ADB's concentration of sectoral reform over macroeconomic issues could account for the Bank's institutional autonomy. As indicated beforehand, leaving the macroeconomic issues to the IMF and the World Bank has enabled he bank to develop more nuanced and specific (perhaps novel/original) policy promotions at a sectoral level. Such a division of labor is less clear in the context of the AfDB.

[103] Based on my review of the ADB's reports on policy-based reports.

[104] Interview with Johannes Linn, the former vice president of the World Bank, July 11, 2016.

CHAPTER VII

THE INTER-AMERICAN DEVELOPMENT BANK

7.1. Overview

The IDB was founded in 1959 in step with Latin American countries' longstanding goal of having their own regional development bank. The estabslishment of the IDB is interesting in the sense that it brought together aspirations of developing countries and assistance from the US. It was in fact the Latin American countries that asked the US to attach greater importance to promoting economic development in Latin America. This took place at a time in which the Cold War dynamics were just starting to take shape. Additionally, many Latin American countries' foreign relations had started to gravitiate toward the US in the aftermath of the World War II.[105] At this time, Latin American countries felt that the World Bank was not giving suuficient attention to the region and seemed to be uninterested in their regional integration projects (Mason and Asher, 1973, 579). For this reason, they aspired to have their own regional development bank. Latin American countries expected the US to make the greatest contribution to the establishment of the new regional bank, but they also thought that there must be Latin American influence through staffing and consultations (Krasner 1981, 305). For the US, establishment of the IDB became a part of its Alliance for Progress (Krasner 1981, 305). In contributing to the development of Latin American countries, the Alliance for Progress program aimed to promote economic liberalism, democracy and growth as well as close ties with the US (Krasner 1981, 305). Over time, the power structure of the IDB has not altered. Despite the significant control by Latin American countries, the US has remained the

[105] See: Brezina, Iglesias, Rodriguez-Rozic, Carranza, and Tomassini 2001, 8.

leading stakeholder. (see Table 18). Today the IDB has 48 member states, 26 of which are borrowing member states from the Latin America and the Caribbean region (IDB 2016).

Tablo 18: Top shareholders of the IDB

1	US	30.03
2	Argentina	10.76
3	Brazil	10.76
4	Mexico	6.91
5	Venezuela	5.76
6	Japan	5.00
7	Canada	4.00
8	Chile	2.95
9	Colombia	2.95
10	Spain	1.90

Source: IDB. 2015. "Capital Stock and Voting Power." January. Accessed August 7, 2016. http://www.iadb.org/en/about-us/capital-stock-and-voting-power,1352.html.

Currently, the lending schema of the Inter-American Development Bank (IDB) consists of "three lending categories": "investment loans", "contingent credit lines", and "policy-based loans (PBLs)" (IDB 2015, 1). Policy-based lending was first introduced to the IDB in 1989, following the debt crisis in the Latin American and Carribean (LAC) countries (IDB 2015, i). After its introduction, PBL turned into "a basic component of the IDB's assistance toolkit." following a trend similar to that seen in other multilateral development banks (MDBs) (IDB 2015, 1). These were originally called "sector loans" but were later renamed policy-based loans (PBLs). The PBLs were designed "to help countries advance macroeconomic adjustment programs while supporting structural reforms" (IDB 2015, i). PBLs at the IDB in particular aimed at providing "balance of payments financing and support sector policy or institutional reform" (IDB 2015, i).

More specifically, the IDB's launch of PBLs is related to the eruption of the debt crisis in the early 1980's. As a result of the debt crisis, the Bank completely revised "its support strategy for member countries" in a way that incorporated "the role of policies and institutions much more directly into the development and design of loans" (IDB 1999, 1). This was a time in which "the viability of the project model" was called into question as the economic crises became associated with the "lost decade" in Latin America. During the debt crisis, regional countries faced drastic financing problems often related to the escape of private investment, and the countries were in need of more general balance of payments support as opposed to specific project finance. In the name of meeting the emerging needs of the countries in the region, the IDB launched a new lending instrument known as sector loans (IDB 2004, 2). The IDB's supporting policy reforms in the LAC countries is a process that has evolved out of the debt crisis of the early 1980's (IDB 2004, 2). Since then, the IDB has been trying to contribute to policy and institutional reforms, including both macroeconomic and sector level by designing and developing loans (IDB 1999, 1).

The main characteristic of PBLs distinguishing them from investment loans is that, rather than specific expenditures requirements, disbursement of these loans is done in line with compliance with agreed-upon conditionality concerning certain policy and institutional reforms (IDB 2015, 1). The conditionality is something readers may remember from discussion on the BWIs. In the context of the IDB, the PBLs include detailed policy conditionalities generally requiring certain "changes to laws, regulations or institutions that the country needed to undertake" (IDB 2004, 30).

During the period of 1990-2014, following the approval of the sector lending instrument in the IDB-7 agreement in 1989, around 300 policy-based loans attached to 230 policy-based programs have been approved by the IDB (IDB 2015, iii). The total amount of these loans has reached $45 billion over these 25 years (IDB 2015, iii). This amount accounts for 28% of the IDB's total sovereign-guaranteed (SG) lending disbursed in the same period (see figure 9) (IDB 2015, iii). Over the course of time, the approvals concerning PBL went well over the established ceilings but remained below the 30% cap from 2011 to 2014 **(**see figure 9**)** (IDB 2015, 8). After the World Bank, the IDB is the second largest financial institution which has provided policy-based financing to the LAC region (IDB 2015, iii).

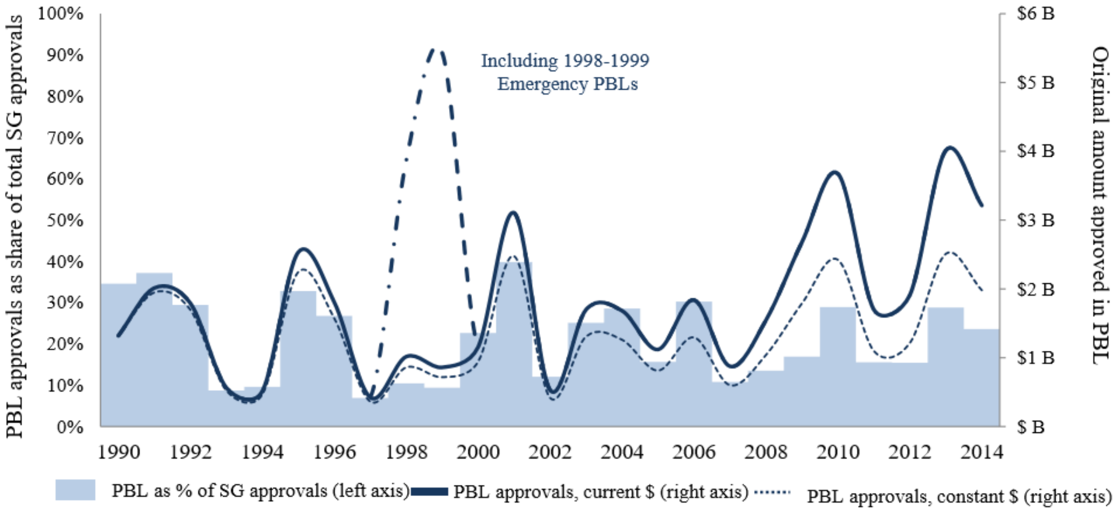

Figure 9: PBL total approved amount, 1990-2014

Source: "OVE based on IDB data warehouse. Unless otherwise indicated, excludes emergency lending," *as cited in* IDB. 2015. "OVE Annual Report 2015: Technical Note: Design and Use of Policy-Based Loans at the IDB." February. Accessed August 12, 2016. https://publications.iadb.org/handle/11319/7513, page 8.

Note: Constant values are based on GDP Implicit Price Deflator in the United States, 1990=100

Economic crisis

For the most MDBs, economic turmoils are generally times in which their policy-based lending intensifies. This holds true for the IDB as well. The use of PBL by the

Bank increased during times of macroeconomic upheaval in the region (IDB 2015, 9). The Bank responded to the crises by resorting to PBL (IDB 2015, 9). The Bank says that, even though addressing the financial needs of countries in exceptional circumstances is a primary responsibility of the IMF, the IDB has at times been requested to co-finance such financial needs, most notably during the periods of financial vulnerability (IDB 2004, 3). In a 2004 report, the Bank says that "the IDB responds, normally as part of a package with other multilaterals, to exceptional financing needs stemming from crisis using PBLs."[106] To illustrate, the use of PBLs increased to around 30% of total Bank lending during the Tequila crisis - also known as the Mexican peso crisis - in 1995, while the same instrument represented only 10% of total Bank lending in 1994 (IDB 2015, iii). In fact, in 1994, the IDB concluded that the need for major macroeconomic adjustment had decreased, and thus accordingly made changes to lessen use of the PBL, but the Asian crisis also challenged its decision (IDB 2015, 5). In the face of the closure of capital markets in 1997-1998 the Bank introduced "a transitory emergency variant of PBLs" which was later finalized in the early 2000's (IDB 2015, 6). According to the IDB, "unanticipated" international financial market turmoil" in 1998 convinced the IDB's Board of Governors to authorize "the creation of a new variant of fast-disbursing policy based lending" (IDB 2004, 41). In a similar way, the demand for regular PBLs rose dramatically during the 2001 economic crisis in Argentina and other Southern Cone countries as well as during the global financial crisis of 2008-2009 (IDB 2015, iii). To give an example, the IDB approved 62 PBLs worth around $8 billion dollars just between 2008 and 2010, but only 31 loans worth $3.8 billion between 2005 and 2007 (IDB 2015, 9).

[106] See: IDB 2004, annex 11, page 1.

7.2. Neoliberal Bandwagoning

This review of the Bank's reports on policy-based lending (PBL) reveals that the IDB's experience with PBL has been deeply influenced by the BWIs, particularly at the beginning. Pointing to the ruling consensus on neoliberal development paradigm, the IDB itself acknowledges that:

> ....the reforms supported by Bank sector lending are part of a global reform process, and this calls for examining to what extent they were coordinated with other changes, supported by other international financial institutions or financed solely with domestic resources, intended to consolidate, broaden and deepen the process of modernization (IDB 1999, 6).

The following text also demonstrates how the Bank tuned itself to the chord played by the World Bank in launching policy-based lending:

> The IDB soon followed the World Bank, and in 1989,… like adjustment loans at the World Bank, sector loans were designed to disburse quickly, generally in a few large tranches, and in response to proof of compliance with policy changes, not proof of actual expenditures incurred. In 1991, the Bank identified a Hybrid loan type (PHIB) to record loans having both policy reform and specific expenditure requirements.… Also like adjustment lending, they financed countries through the mechanism of policy conditionality (IDB 2004, 10).

The Bank says that in line with the increasing importance attached to "economic policies and institutions in development, both at the macroeconomic and the sector level" in development circles, the IDB's seventh (1989) and eighth replenishments (1994) featured sectoral program loans and the Bank started to put a growing emphasis on "the role of policy in its investment loans and in its new operating modalities."[107] In a 1999 report, signifying its role in endorsing structural adjustment policies, - here, for Latin America and the Caribbean - the IDB says that "policy

[107] See: IDB, 1999, annex 4 page 1.

lending during the eighth replenishment [would] continue to support economic adjustment programs for those countries still in need of such financing." However, pointing out new reform issues, the IDB also said that it would place greater emphasis on "reforms in the public sector and promoting reforms and sectors neglected in the general adjustment process, in particular the rehabilitation and modernization of social sector infrastructure and delivery systems."[108]

7.3. Policies Promoted

While practicing policy-based loans, the IDB facilitated the promotion of certain pro-market policies in the Latin American and Caribbean. In defining the policy reforms promoted through the Bank's lending instrument, the IDB created a dual-level categorization of "first-generation reforms" and "second generation reforms." This is also reminiscent of "Post-Washington Consensus" debates (see chapter IV). When we look at the policies promoted in the IDB's policy based lending, it is possible to discern similarities with other MDBs, particularly the BWIs. During the first generation reforms, primarily practiced throughout the 1990's, the IDB's policy-based loans played a complementary role to the BWIs. In official records it is clear that the Bank tried to support and consolidate structural reforms already implemented by the BWIs. The Bank explains this as following:

> Since each of the eight countries examined already had stabilization programs underway, the conditions were in place for supporting structural reforms that would help to strengthen and consolidate stabilization and to create conditions for the resumption of sustained growth and the reduction of poverty.[109]

[108] *Ibid.*

[109] *Ibid.*, 7.

During the first-generation reforms, policy reforms primarily included "reforming the financial sector, external trade, and support for private investment" or, more specifically, supporting private investment, privatizing provincial banks and the public sector, promoting the foreign trade sector, financial, agriculture and public services sector.[110] The Bank says that its first generation reforms for financial sector loans lent considerable "support for liberalization, privatization and greater competitiveness in the financial systems of various countries of the region."[111] Various reforms - generally neoliberal in character - were implemented through different policy-based loans implemented in different countries of the LAC. These reforms generally had intentions to make "public services more efficient"[112], eliminate "the para-fiscal deficit"[113] reduce "the chronic macroeconomic instability" concerning "the fiscal deficit, and tax collections and expenditure control,"[114] and facilitate "liberalizing the financial system", "privatizing the banking system" "strengthening the Central Bank as an independent body for monetary regulation and stabilization,"[115] and consolidate the price stability capable of convertibility[116], as well as the other reforms objectives such as establishing "a basic institutional framework for a market economy" and facilitating privatization of "the financial and external trade systems".[117]

---

[110] *Ibid.,* 7.

[111] *Ibid.,* 9.

[112] *Ibid.,* 10.

[113] *Ibid.,* annex 3 page 4.

[114] *Ibid.,* annex 3 page 8.

[115] *Ibid.,* annex 3 page 13.

[116] *Ibid.,* annex 3 page 9.

[117] *Ibid.,* annex 3 page 2.

Furthermore, the IDB also underlined reform agendas similar to those seen in the "Washington consensus,". Pointing to its role in facilitating policy reforms known from the "Washington consensus," the IDB states that its PBLs mostly supported macroeconomic reforms, including debt restructuring and privatization of public enterprises" (IDB 2015, 12-13). The IDB says that PBLs from the Bank also emphasized public sector reforms, such as taxation, human capital resource management, modernization of subnational governments and budget and expenditure policies, by the mid-1990's (IDB 2015, 12-13).

On the other hand, in a 1999 report the IDB heralded the coming of "second generation reforms" saying that in some countries" there would appear to be a need for a second generation of financial reforms" aimed at reinforcing the soundness, transparency, competitiveness, flexibility, and proper functioning of the system in order to push it into "a better position to deal with the dynamic process of trade and financial globalization" (IDB 1999, 9-10). In terms of the second generation reforms, a 2004 report says that since "most of the major macroeconomic reforms advocated by multilateral financial institutions" have been implemented in the region, resulting in stagnation in the overall pace of reform, the existing thinking with respect to "second generation" reforms points to "a slower and more prolonged process of institutional change rather than the "stroke of the pen" reforms that characterized the first phase"[118].

In addition to the "first-" vs. "second-generation reforms" categorization, the IDB also clusters its policy-based loans approved between 1990 and mid-2015 around the five themes of (i) public sector governance and economic management; ii) social sector; iii) financial sector and competitiveness; iv) infrastructure and public utilities; and v) environmental sustainability, natural resources, and agriculture (IDB 2015, 12-

[118] See: IDB, 2004, 3. Also refer back to the explanations concerning the institutionalization and consolidation of market economy reforms in chapter IV.

13). This clustering also gives clues about the changing priorities in the Bank's policy promotion agenda over time. Among the five main clusters, the IDB has focused more on public sector governance and economic management, as the emphasis was recast to favor institutional strengthening of the public sector over adjustment policies" (IDB 2015, 12-13). Around 40% of loans approved since 1990 have been in the realms of public sector governance and economic management (IDB 2015, 12-13). During the 2000's, programs aimed at reforming public financial management stayed at the core of the Bank's PBL work, and the relative importance of such reforms peaked around the 2008-2009 world financial crisis (see figure 10) (see figure 10).[119]

During the 2008-2009 crises, the relative importance of the PSEM cluster increased substantially (in terms of both amounts approved and number of countries benefited). However, the content of conditions did not change much: programs initiated in both pre-crisis (2005-2007) and crisis years (2008-2010) included similar conditions, usually oriented toward such areas as establishing fiscal rules, increasing government revenues or improving spending, and developing frameworks and systematic macroeconomic forecasting for budgeting. This finding is consistent with OVE's findings on the "depth" of policy conditions presented later in the paper: the small number of observations notwithstanding, OVE found no major differences between the substance of PSEM programs supported by the Bank in the pre-crisis period compared and that of those approved during the crisis.

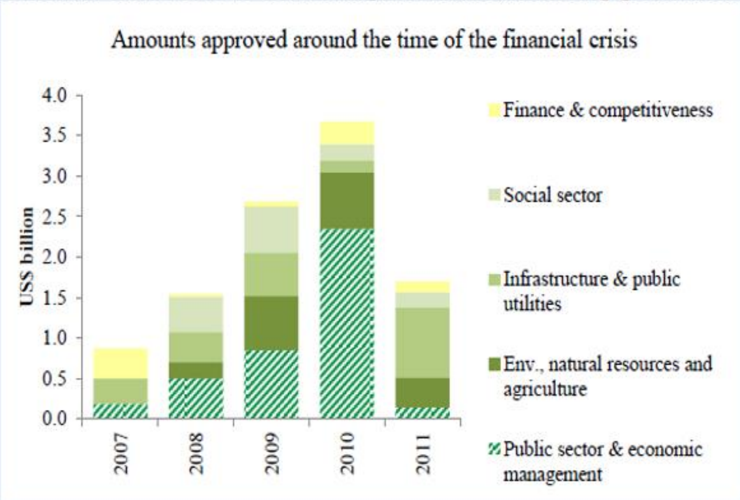

Figure 10: Public sector governance and economic management cluster and the 2008-2009 crisis

Source: IDB.2015. "OVE Annual Report 2015: Technical Note: Design and Use of Policy-Based Loans at the IDB." February. Accessed August 12, 2016. https://publications.iadb.org/handle/11319/7513, page 13.

[119] Also see: IDB 2015, 12-13.

Like the BWIs, while undertaking such economic reforms, in line with growing attention given to the social aspect of economic adjustment and reform process (see chapter IV), the IDB also placed increasing emphasis on taking measures to ensure “social compensation for the "losers " from reforms.” In this way it hoped to help recipient countries as a whole enjoy the benefits of greater growth and consumption opportunities made available through the reforms.[120] The Bank stated that the “social sector reforms were mostly neglected in the 1990’s but gained prominence in the late 1990’s and early 2000’s” (IDB 2015, 13). The increasing prominence of the social sector reforms in the PBL is quite evident in that this type of lending absorbed 35% of PBL resources during 2000-2004, while the rate had been 9% in the 1990’s (IDB 2015, 13).

Here, the IDB’s eighth replenishment agreement signed in 1994 is important. In the agreement, the IDB openly asked for more support for policy areas which had been ignored in the preceding period of the adjustment process (IDB 2015, 13). In addition, in the same agreement, the IDB also concludes “that the need for major macroeconomic adjustment had declined and that PBLs should thus place greater emphasis on social sector policy and efficiency of service delivery” (IDB 2015, 5-6). “The relevance of social policies cluster” became more evident by the end of the 1990s, and the IDB increasingly approved PBLs which supported “poverty reduction strategies” and later “the institutional settings for conditional cash transfer programs” (IDB 2015, 13). However, the Bank also notes that the relative importance of the social cluster reforms had decreased by around half after 2005, much like the cluster of finance and competitiveness reforms (IDB 2015, 13). In short, together with other international financial institutions and regional banks, the IDB has also both designed and financed economic reform programs, *and* supplemented these programs with

[120] IDB 1999, annex 4 page 19.

investment programs embedded with social purposes for the direct benefit of the groups whom the reform process has negatively affected.[121]

7.4. Assessment

It seems that the IDB had some institutional dependency on the BWIs in designing and operating PBL. This is certainly true at the beginning, especially case for co-financed loans. At the beginning, due to the lack of knowledge and experience in practicing policy-based lending, the IDB undertook co-financed projects with the World Bank. At this point, it is crucial to note that the IDB claimed "most of the cofinancing occurred in the early days of PBLs, especially in the first two years of the instrument's existence when partnership with the World Bank was mandatory" (IDB 2015, 9). The initial dependency on the World Bank is also illustrated by this phrase from a Bank report statement: "sector loans were originally required to be done only in partnership with the World Bank" (IDB 2004, 30). In this respect, the IDB's close cooperation with the BWI emerged out of necessity. However, this requirement was removed by the Board of the Governors in 1990 (IDB 2004, 30).

A 1999 report also provides some information with respect to sustained *de facto* institutional dependency of the IDB on the World Bank in implementing the policy-based loans (IDB 1999, 7). For instance, the IDB noted that "in several co-financed programs, institutions and officials [the loan recipient countries] tended to see the World Bank as being more closely involved in executing those programs" whereas they tended to see "IDB's role as strictly one of providing financing" (IDB 1999, 7). The same point is illustrated a 1999 report as: "While the program was designed for the most part at Bank headquarters, it appears that there was relatively little

[121] IDB 1999, annex 4 page 3.

involvement by the Bank [the IDB] in its execution."[122] In some cases the IDB's lending was actually anchored at the World Bank. For instance, a 2004 Bank report notes that the IDB's Board of Governors required that "he IDB emergency lending should be provided on same the financial terms as the special structural adjustment loans (SSALs) of the World Bank" (IDB 2004, 42).

Even so, the Bank claims that operations later started to be undertaken "on an autonomous basis "even though they were co-financed with the World Bank at the beginning (IDB 1999, 1). In other words, the Bank's dependency on the BWIs has waned over time. Instead, the IDB has seen increased institutional autonomy (IDB 2015, i.). In a 2016 report, for instance, the IDB says that with other development partners, particularly the World Bank, the IDB co-financed just around 13% of all policy-based operations approved since 1989 (IDB 2015, i.), but most of its co-financed lending occurred in the early days of its experience with the PBLs (IDB 2015, i.). The Bank also notes that co-financing was important until about 2005, albeit on a smaller scale (IDB 2015, i.). Finally, the IDB has financed almost all PBLs on its own since the mid-2000's (IDB 2015, 9). The Bank's staff also verifies that the co-financed projects are now less apparent when compared to the past.[123]

Along with the World Bank, the IDB has also demonstrated a certain degree of independence from the IMF in different aspects. Institutional dependency on the IMF is important, as the Fund's evaluations and assessments have guided the IDB's designing and implementing ofpolicy-based loans. The IDB explicitly states that "the Bank [IDB] has been drawn into concerted lending operations with the IMF" (IDB 2004, 34). In one report, the Bank also acknowledges that "the specific reference to the IMF… suggests that the Bank has relied upon that institution for financial needs

[122] IDB 1999, annex 3 page 10.

[123] Interview with Cheryl W. Gray, the Director of the Office of Evaluation and Oversight at the IDB. July 15, 2016.

assessment, and is following its lead in defining the size of subsequent Bank lending operations" (IDB 2015, 9). Beyond this, the IDB has also made it clear that it values collaboration and cooperation with the other MDBs. The IDB states that it has always done its PBL operations in coordination with other development institutions and there are widely shared understandings among the IMF, the IDB and the World Bank regarding how policy reform should be conducted (IDB 2015, 37).

Data provided by the IDB reveals the extent of coordination between the IDB and IMF in IDB lending in Latin American and Caribbean countries. According to the IDB, in the past, PBL approval from the Bank was dependent on the borrowing country having an IMF-supported program (IDB 2015, i). The graph below (see figure 11) shows that PBL instruments of the IDB[124] were rarely given to "countries outside of either an IMF program or a situation of severe financial stress" (see also table 19) (IDB 2004, 32). In terms of content, the Bank also says that its PBL processes helped "for a country policy memo to ensure that those conditions were being complied with, and relied on IMF-supported programs for macroeconomic assessments" (IDB 2015, 3). The IDB notes that, although PBLs have not been officially linked to an IMF program since 1992, both the IDB and IMF have sustained "high de facto coordination in terms of approvals and disbursement."[125] In this regard, in spite of a lack of official ties between two institutions' lending, this situation clearly shows that both the IDB and BWIs have a common lending rationale.

[124] Two specific types of PBLs are considered here.

[125] IDB 2004, annex 11, page 1.

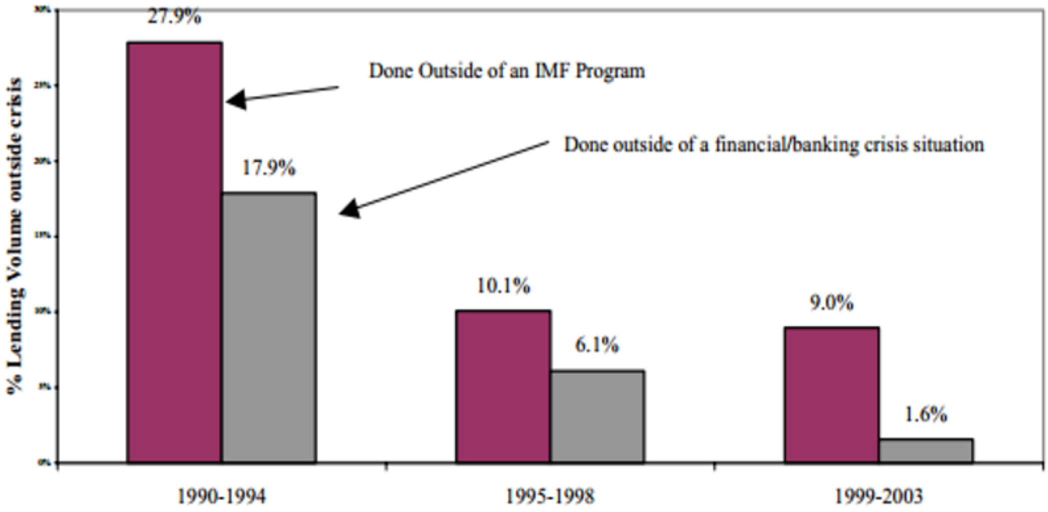

Figure 11: IDB PSCT and PEMG* lending

*PEMG is emergency variant of the basic sector/PBL lending instrument.

Source: IDB Date Warehouse, *as cited in* IDB. 2004. “Instruments and Development: An Evaluation of IDB Lending Modalities.” August. Accessed August 12, 2016. https://publications.iadb.org/bitstream/handle/11319/5657/Instruments%20and%20Development:%20%20An%20Evaluation%20of%20IDB%20Lending%20Modalities.pdf%3Bjsessionid=7235A92683F1D3CFEEFD1708BCA97F88?sequence=1, page 33.

Table 19: Percentage of IDB approvals and disbursements outside an IMF program

		1990-1994	1995-1998	1999-2003	1990-2003
PBLs	**Operations**	20.0%	22.2%	9.1%	17.1%
	US$ (approved)	27.9%	10.8%	12.7%	17.5%
	US$ (disbursed)	28.0%	22.0%	15.6%	21.7%
PEMG*	**Operations**	n.a.	33.3%	22.2%	25.0%
	US$ (approved)	n.a.	8.9%	6.6%	7.2%
	US$ (disbursed)	n.a.	6.7%	25.4%	23.4%
PBL & PEMG		48%	58%	50%	48%

Memo: % operations' approvals that coincide with IMF-program and World Bank PBLs

*PEMG is emergency variant of the basic sector/PBL lending instrument.

Source: IDB Date Warehouse, *as cited in* IDB. 2004. "Instruments and Development: An Evaluation of IDB Lending Modalities." August. Accessed August 12, 2016. https://publications.iadb.org/bitstream/handle/11319/5657/Instruments%20and%20Development:%20%20An%20Evaluation%20of%20IDB%20Lending%20Modalities.pdf%3Bjsessionid=7235A92683F1D3CFEEFD1708BCA97F88?sequence=1, annex 11, page 1 of 3.

However, the IDB also notes that such dependency on the IMF has declined over time, particularly since 2003, as the presence of IMF-supported programs has decreased in LAC countries and the IDB itself has increasingly detached itself from the IMF assessment in accord with expanded "in-house analysis".(IDB 2015, i; 15-16). This is also related to the learning-curve inside the IDB. For example, in a 2016 report, the IDB states that it has augmented "its own analysis on the adequacy of countries' macroeconomic frameworks" and progressively reduced "its dependence on IMF views" (IDB 2015, ii). Furthermore, the Bank also says that, with the introduction of the Independent Assessment of Macroeconomic Conditions (IAMC) in 2014, the IDB has lifted the requirement that Article IV, or a comfort letter [from the IMF] is provided for PBL approval and disbursement (IDB 2015, 7). In spite of growing independency from the IMF assessments, however, in a 2016 report, the Bank still notes that IMF views are still a key input for the IDB's assessment (IDB 2015, 6). It must be noted that the IDB does not approve PBLs if the applicant country cannot provide "positive macroeconomic assessment,"[126] which has also much to do with the IMF's country assessments. According to the IDB staff too, the IDB still uses IMF assessments extensively. [127]

As a final note, considering the review and analysis, a comparison of the IDB vis-à-vis other regional development banks can be made with respect to their different institutional autonomies. When compared to the other RDBs, the IDB ischaracterized by dynamic institutional autonomy. Even though it initially had more limited autonomy from the BWIs, over time this institutional autonomy has expanded. It is possible to locate the IDB's institutional autonomy somewhere in between that of the AfDB and the ADB, but closer to the latter, as the IDB has demonstrated significant ability in designing and running its own policy-based lending, much like the ADB, while this is a still an ongoing problem for the AfDB. At this point, two important dynamics inside the IDB should be considered. On the one hand, as put by Cheryl W. Gray, the Director of the Office of Evaluation and Oversight at the IDB, the IDB has a significant Latin American character.[128] On the other hand, the US exerts a considerable influence at the Bank, as it has around 30% of shares (see table 20). Yet, here Gray draws attention to an important point. Despite the significant US presence in the Board of the Bank, unlike the World Bank and the ADB, the Board of the IDB

---

[126] See: IDB 2015, iii.

[127] Interview with Cheryl W. Gray, the Director of the Office of Evaluation and Oversight at the IDB. July 15, 2016.

[128] Interview with Cheryl W. Gray, the Director of the Office of Evaluation and Oversight at the IDB. July 15, 2016.

is not dominated by non-borrowing countries. Instead, the group of Latin American borrowers is very coordinated in managing their majority share on the Board, and this influences the organization and operations of the IDB, resulting in the Bank being more Latino and not a simple reflection of the World Bank.[129]

Tablo 20: Top shareholders of the IDB

1	US	30.03
2	Argentina	10.76
3	Brazil	10.76
4	Mexico	6.91
5	Venezuela	5.76
6	Japan	5.00
7	Canada	4.00
8	Chile	2.95
9	Colombia	2.95
10	Spain	1.90

Source: IDB. 2015. "Capital Stock and Voting Power." January. Accessed August 7, 2016. http://www.iadb.org/en/about-us/capital-stock-and-voting-power,1352.html.

[129] Interview with Cheryl W. Gray, the Director of the Office of Evaluation and Oversight at the IDB. July 15, 2016.

CHAPTER VIII

CONCLUSION

It is well-known that the era of neoliberal development has been active since the early 1980's.[130] Most studies so far have concentrated on the Bretton Woods Institutions (BWIs), that is, the World Bank and the IMF in order to scrutinize this phenomenon at an international organizational/institutional level. However, this thesis holds the conviction that the story will be incomplete unless the Regional Development Banks (RDBs) are incorporated into analysis, as they have also facilitated the spread of neoliberal policies through practicing conditional/policy-based lending. This purpose of this study is to fill in this gap in the literature.

While arguing for the facilitative role of the RDBs in the diffusion and institutionalization of neoliberal policies around the world, this thesis has employed the *international regimes* concept in order to better explain the similar roles assumed by the RDBs and BWIs in the same process. This thesis has defined this regime as the *international neoliberal development regime.* Accordingly, the *principles, norms, rules,* and *decision-making procedures* of this regime have largely been determined by the BWIs, particularly with respect to their origins. In the process, policy-based lending (PBL), which is designed to distribute concessional loans in exchange for recipient countries' fulfilling certain economic reforms and structural adjustments, has been the main instrument of the international neoliberal development regime. The BWIs, particularly the World Bank, practiced this type of lending as early as in 1979. The World Bank was surely at the epicenter of this trend, but the IMF also played a complementary role. These two institutions became highly associated with the global

[130] For further information, see: Rapley 1997.

neoliberal economic transformation process ushering in well-known stabilization and structural adjustment policies in different parts of the world. By the mid and late 1980's, the RDBs joined this trend led by the BWIs. While both the World Bank and the IMF, as the flagship institutions, occupy the leadership of such a regime, RDBs like the African Development Bank (AfDB), Asian Development Bank (ADB), and Inter-American Development Bank (IDB) have served as regional counterparts of the same regime. As "regional" actors with considerable command over regional economic dynamics, staff with extensive regional expertise, and established positive relations with regional countries, the RDBs have generally promoted either complemetray or simulataneous economic policies similar to those which initiated by the BWIs. More specifically, in the context of the AfDB, being a regional counterpart has generally taken the form of supporting the World Bank and IMF-led reform processes through co-financing and technical cooperation, while in the context of ADB and IDB, it has often taken the form of promoting economic policies similar to those embraced by the BWIs, albeit in a more autonomous way.

At the beginning, overt leadership of the BWIs was evident in the international neoliberal development regime considering that all of the RDBs were dependent, particularly on the World Bank, in designing and practicing the policy-based lending. This is demonstrated in two of the RDBs, the AfDB and IDB, attempting to solve problem by undertaking mandatory co-financed projects with the World Bank and resorting to accepting help from the IMF in terms of technical assistance for their operations.

However, it could be argued that the RDBs have also been successful in generating a certain degree of institutional autonomy in practicing their own policy-based lending over time, though in varying degrees. Here, the case of the ADB is especially noteworthy. The ADB is the most institutionally independent RDB in terms of running its own operations. This has much to do with the fact that the ADB is a resourceful institution enjoying ample financial assistance from three regional advanced economies – Japan, Australia and New Zealand - as well as the US. The impact of the highly skilled Japanese bureaucracyon the Bank should not be disregarded. On the other hand, the AfDB has the developed the lowest level of institutional autonomy. The AfDB has so far undertaken many co-financed projects with the World Bank, though the same cannot be said for the other two RDBs in this study. In addition to having a relatively less resourceful financial structure, this phenomenon is also related to the insufficient human resources at the AfDB. When compared to the other RDBs, the AfDB has resorted more to external services like counseling and auditing for operational purposes. In terms of institutional autonomy, the IDB is more similar to the ADB than to the AfDB. Based on the IDB's official documents, it is clear that the Bank has become less and less dependent on the BWIs, even though its dependeny is sustained in certain aspects. Based on this, the varying institutional autonomies of the three RDBs, from higest to lowest, can be distributed as follows: ADB > IDB > AfDB. Such an ordering is parallel to the differing sizes of the annual development operations undertaken by each RDB (see table 21).

Table 21: Annual amounts of the RDBs development finance operations, 2015

RDB	ADB	IDB	AfDB
Amount (US$ billion)	27.2	11.3	8.8

Source: Based on the RDBs' annual reports: ADB. 2016. "Annual Report 2015." April. Accessed August 8, 2016. http://www.adb.org/documents/adb-annual-report-2015.; IDB. 2016. "2015 Annual Report," April 2016, August 8, 2016, https://publications.iadb.org/bitstream/handle/11319/7554/IDB-Annual-Report-2015-The-Year-in-Review.pdf?sequence=5.; AfDB, "Annual Report 2015," May. August 8, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Annual_Report_2015_EN_-_Full.pdf.

On the other hand, however much institutional autonomy all of these RDBs could have developed, the operational frameworks of the AfDB, ADB and IDB are still all governed by a neoliberal logic. In other words, generating institutional autonomy does not necessarily mean that the RDBs have started to promote different objectives than other the BWIs. In terms of institutional autonomy, the only thing that could be deduced is that an RDB with relatively more institutional autonomy can run and implement similar pro-market policies on their own, rather than with the help from the Bretton Woods Institutions. This situation supports a part of this thesis' argument that both the RDBs and BWIs have operated in the same international regime, here conceptualized as the *international neoliberal development regime* here. Cheryl W. Gray's statement quoted above is illuminating in demonstrating that the RDBs and World Bank do very similar things, and observe more similarities than differences.[131] More importantly, as an empiric corroboration, coverage of the RDBs in three separate chapters also demonstrates that the AfDB, ADB and IDB have followed similar trends in terms of promoting neoliberal policies and facilitating the institutionalization of market economy around the world. The same point is illustrated by Çiğdem Akın from the ADB in noting that "the lending operations of the ADB does not take place independent of the World Bank, the World Bank is a benchmark, we generally look at what the World Bank is doing in its practices".[132] Moreoever, even if they attempt undertake different types of projects in a particular region – for example, if the ADB concentrates on tax reform while the World Bank concentrates on debt restructuring in India – this actually shows that the institutions have developed a better division of labor within the same economic reform process, and not that the two institutions have been governed by a different international development logic. At this point, the greater importance attached to donor coordination among the development institutions beginning in the early 2000's should be also underlined.

Having summed up the RDBs and their places in international neoliberal development regime, it should be also recalled from the chapter III that the regimes are subject to

[131] Interview with Cheryl W. Gray, the Director of the Office of Evaluation and Oversight at the IDB. July 15, 2016.

[132] Interview with Çiğdem Akın, a public management economist at ADB. July 30, 2016.

changes and can be weakened over time in line with changing dynamics in the international sphere. This this has held true for the international neoliberal development regime as well. The transformatory impact of the international neoliberal development regime is less apparent today when compared to its more obvious impact in the 1980's and 1990's.

Here the weakened state of the international neoliberal development regime could be explained in multiple ways. The first factor is related to the expansion of private flows to the developing world. As a result of the swift transformation in the international capital markets evolving since the 1980's and 1990's,[133] development finance to the developing world has started to take on the forms of private bank lending, portfolio and foreign direct investment (FDI) flows. In the face of an emerging alternative giant private credit market in which they can meet their financial needs, developing countries have started to resort to the RDBs and Bretton Woods institutions for financial help less and less. This definitely decreases the leverage these institutions held over developing countries. Second, as most of countries have undergone considerable structural adjustment and economic reforming process, and the market economies in these countries have by-and-large been established, the economic reform process through policy-based lending has subsequentially near stagnated. As a result, there fewer geographical spheres in the developing world in which the BWIs and RDBs can leave their footprints through policy-based lending. Here, the increased capacities of developing countries is also of importance. As Çiğdem Akın puts it,[134] the best practice is now everywhere: if a country is endowed with sufficient capacity, it leads its own economic reform process and it (i.e. India) requests not policy-lending but rather project-based lending from the development banks. In contrast to this, developing countries with lower capacities are more susceptible to policy-based

[133] See: Buiter and Fries 2002. Also see: Cohen 1982.

[134] Interview with Çiğdem Akın, a public management economist at ADB. July 30, 2016.

lending.[135] In the same context, Akın adds that justification of policy-based lending is now relatively difficult inside the development institutions (i.e. resistance of some board members of the ADB against the policy-based lending). Finally, as explained in detail in chapter IV, ownerships issues have taken serious precedence starting in the 2000's. As put by Bakri Abdul Karim, as opposed to the old practice in which "[development banks] decide where the money should go and its expected impacts, the countries now decide how to use the funds and they account for it." [136] This also means less leverage for the BWIs and RDBs over the developing world.

On the other hand, it is also necessary to underline that the abovementioned changes in the international neoliberal development regime have also effected its leadership. In this regard, in contrast to the past, there is now less overt leadership of the World Bank and the IMF in the development regime. To a certain degree, this situation has much to do with the increasing emphasis on the cooperation among the development institutions beginning in the early 2000's, as illustrated in chapter IV. Bakri Abdul Karim also illustrates this situation: "in this new development paradigm, there is no leader and there is no follower, [but there] is a partnership.'[137] A statement from Johannes Linn, former vice president of the World Bank, can be read in a similar vein:

> If you just look at the multilateral banking community, the World Bank is one of the largest development banks but not the largest. It isn't the outstanding institution that it used to be for a number of years after WWII when, of course, it was the only multilateral development bank. That means the multilateral development banks are now as they should be, more in a cooperative spirit than in a spirit than of relying on the World Bank to lead and the regional development banks to follow. That is no longer the case. For many years it used to be that the African Development Bank, for example, would basically

[135] Interview with Çiğdem Akın, a public management economist at ADB. July 30, 2016.

[136] Interview with Bakri Abdul Karim, Division Manager at African Development Institute of the AfDB. May 10, 2016.

[137] Interview with Bakri Abdul Karim, Division Manager at African Development Institute of the AfDB. May 10, 2016.

> do whatever the World Bank had done two or three years ago. It would pick up on new initiatives, new instruments and so on that the World Bank had pioneered. Today that is no longer necessarily the case.[138]

As a new feature of the new development paradigm, in terms of partnership, there is another important institution: the OECD. As detailed in chapter IV, the more recent priorities of the new development paradigm, such as ownership, alignment, harmonization and mutual accountability, have been all outcomes of the Paris Declaration which was agreed by development partners in 2005 under the auspicies of the OECD. Along with the Paris Deceleration on Aid Effectiveness, the OECD has also led other important initiatives and "High Level Forums," like Rome, (2003); Accra, (2008); and Busan, (2011) with respect to ensuring aid coordination among international development partners including the RDBs and the BWIs. In the same vein, the role of the UN, whose MDGs have started to serve as an anchoring theme in the international development community, should not be underestimated. Thus, the new emphasis on "partnership" actually suggests a shift away from the leadership of the BWIs at the international organizations/institutions level of international neoliberal development regime, at least a first glance.

In spite of the accounts above, we should not be too eager to hail the decline of the BWIs. The World Bank still runs more operations than the RDBs in any region of the world. In the words of Dr. Gray, "if a government wants to do something hard, they tend to go to the World Bank first" as it is better, more analytical and skilled, and has "an image of technically expert."[139] It may be true that the former era of overt leadership for the BWIs in the development community has waned. Yet, these institutions still shape many development operations around the world, particuallry through their expert authority (Barnett and Finnemore 2004). The World Bank still

[138] Interview with Johannes Linn, the former vice president of the World Bank, July 11, 2016.

[139] Interview with Bakri Abdul Karim, Division Manager at African Development Institute of the AfDB. May 10, 2016.

constitutes an important source of knowledge used in development studies (i.e. the World Bank's Doing Business rate with respect to private sector development). To give another example, thanks to its *World Development Indicators,* the World Bank assumes a significant role in producing "global public good" (Fantom, Khokhar, and Purdie 2016). On the other hand, the IMF's well-known macroeconomic assessments still inform many lending operations for development institutions. The international credit-rating agencies take the Fund's country assessments into consideration. Thus, even though the IMF's lending disbursements are dwarfed by the outstanding international private flows, the Fund still has influence over the global capital market. At this point, the "signaling effect" is one functional phrase expressing the sustained impact of the BWIs: Even though what they say is not something new, it gains importance when said by the BWIs.[140] In this sense, the relevance of the BWIs lending might have lessened, but the knowledge structure in which these institutions are still important players and its inelasticity in the short and middle terms should not be ignored.In the same vein, we also should not disregard the existing Western support for the Bretton Woods Institutions. Even though the hegemonic support for these institutions is less pronounced as compared to the past, the Bretton Woods Institutions still enjoy significant support from the US. The fact that the US is still the leading power also means sustained resilience for the Bretton Woods Institutions.

In line with the BWIs, the extent to which the RDBs have retained their relevance in the changing dynamics of the international economy should also be questioned. As they operate at the international organizations/institutions level of the same regime, it is also argued that similar dynamics hold true for the RDBs. In the face of decreased need for policy-promotion, some argue that the RDBs should recast their orientations

[140] Interview with Çiğdem Akın, public management economist at ADB. July 30, 2016.

towards infrastructural issues,[141] considering that there is an infrastructure gap on global scale, particularly in the developing world.[142]

On the other hand, it also seems that the global development has recently re-emerged as an important issue area, given that developing countries make more and more investment in this area. This pushes us to rethink arguments for the dwindled relevance of international development institutions including the RDBs. Some emerging powers among the developing countries are now trying to establish their own development institutions. The most evident examples of this are the establishment of the BRICS' New Development Bank (NDB) in 2014 and the China-led Asian Infrastructure and Investment Bank (AIIB) in 2015. The launch of the AIIB is crucial in terms of showing China's interest in the RDBs. More development institutions could be added to this trend. At this point, considering rising developing countries' growing interest in international development institutions, it is possible to say that global development I heating up again as an area in which emerging powers would like to demonstrate more institutional power. Debates related to potential competition between the established and newly launched development institutions – i.e. the World Bank and ADB on the one hand and the AIIB on the other hand in Asia – are alsready rising, given that the new institutions are likely to adopt different norms, rules, principles and procedures in their development practices. Many developed countries hold the belief that the existing financial institutions, including the BWIs and RDBs, have contributed to the emergence of certain development standards such as civic engagement, environmental issues, labour standards, good governance, anti-corruption, etc. In the context of the Chinese-led AIIB, there are, for instance, ruling concerns that Asia's new RDB will live not up to the high lending

[141] See: Linn 2013.

[142] See: Dobbs et al., 2013.

and management standards employed by the existing development institution (Japan Times 2016). Such dynamics in the sphere of global development could potenatially result in further interest in the RDBs along and other established development institutions. To conclude, the architectire of international development institutions still holds sustained relevance in international politics despite their apparent recent decrease.

BIBLIOGRAPHY

ADB. 1978. “Doc. R10-78, Revision 1, Final, Program Lending, dated 24 February 1978.” *As cited in* ADB. 1996. “Review of the Bank's Program-Lending Policies.” Accessed August 12, 2016. http://www.adb.org/sites/default/files/institutional-document/153755/program-lending.pdf.

ADB. 1983a. “ADB. 1983. A Review of Program Lending Policies. Manila.” *As cited in* ADB. 2011. “Review of ADB’s Policy-Based Lending.” Accessed August 12, 2016. http://www.adb.org/sites/default/files/institutional-document/32632/files/review-policy-based-lending.pdf.

ADB. 1983b. “Doc. R21-83, Revision 1, Final, A Review of Program Lending Policies, dated 10 March 1983.” *As cited in* ADB. 1996. “Review of the Bank's Program-Lending Policies.” Accessed August 12, 2016, http://www.adb.org/sites/default/files/institutional-document/153755/program-lending.pdf.

ADB. 1987. “Doc. R117-87, Revision 1, Final, A Review of Program Lending Policies, dated 5 November 1987”. *As cited in* ADB. 1996. “Review of the Bank's Program-Lending Policies.” Accessed August 12, 2016, http://www.adb.org/sites/default/files/institutional-document/153755/program-lending.pdf.

ADB. 1992. “Doc. R183-92, Technical Assistance for Study of Framework for Assessing Social Impact of Program Loans, dated 16 November 1992.” *As cited in* ADB. 1996. “Review of the Bank's Program-Lending Policies.” Accessed August 12, 2016. http://www.adb.org/sites/default/files/institutional-document/153755/program-lending.pdf.

ADB. 1996. “Review of the Bank's Program-Lending Policies.” Accessed August 9, 2016, http://www.adb.org/sites/default/files/institutional-document/153755/program-lending.pdf.

ADB. 1999a. “R151-95: Governance: Sound Development Management, 17 August.” *As cited in* ADB. 1999. "Review of ADB’s Program Lending Policies.” Accessed August 12, 2016. http://www.adb.org/sites/default/files/institutional-document/32079/program-lending.pdf.

ADB. 1999b. "Review of ADB’s Program Lending Policies.” Accessed August 12, 2016. http://www.adb.org/sites/default/files/institutional-document/32079/program-lending.pdf.

ADB. 2000. “R221-00: Seventh Replenishment of the Asian Development Fund: ADF VIII Donors’ Report: Fighting Poverty in Asia, November 2000, Appendix 2.” *As cited in* ADB. 2001. “Special Evaluation Study on Program Lending.” Accessed August 12, 2016. http://www.adb.org/sites/default/files/evaluation-document/35463/files/ses-program-lending.pdf.

ADB. 2001a. “ADB. 2001. Policy in Performance-Based Allocation for Asian Development Fund Resources. Manila.” *As cited in* ADB. 2007. "Policy-Based Lending: Emerging Practices in Supporting Reforms in Developing Member Countries.” Accessed August 12, 2016. http://www.adb.org/sites/default/files/evaluation-document/35434/files/evu-oth-2007-18.pdf.

ADB. 2001b. “Special Evaluation Study on program Lending.” Accessed August 12, 2016. http://www.adb.org/sites/default/files/evaluation-document/35463/files/ses-program-lending.pdf.

ADB. 2007. "Policy-Based Lending: Emerging Practices in Supporting Reforms in Developing Member Countries.” Accessed August 12, 2016. http://www.adb.org/sites/default/files/evaluation-document/35434/files/evu-oth-2007-18.pdf.

ADB. 2011. “Review of ADB’s Policy-Based Lending.” Accessed August 12, 2016. http://www.adb.org/sites/default/files/institutional-document/32632/files/review-policy-based-lending.pdf.

ADB. 2015. “Shareholders.” Accessed August 8, 2016. http://www.adb.org/site/investors/credit-fundamentals/shareholders.

ADB. 2016a. "Enhancing Flexibility of Policy-Based Lending Operations.” Accessed August 12, 2016. http://www.adb.org/sites/default/files/page/176089/adf-12-pbl-operations.pdf.

ADB. 2016b. "ADB History." Accessed December 5, 2016. https://www.adb.org/about/history.

AfDB. 1991. "Morocco Structural Adjustment Loan Project Performance Evaluation Report (PPER)." Accessed August 12, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/05740243-EN-MOROCCO-STRUCTURAL-ADJUSTMENT-PROG.PDF.

AfDB. 1992a. “1991 Annual Report.” Accessed August 11, 2016.s http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/00782327-EN-1991-ANNUAL-REPORT-OF-OPEV.PDF.

AfDB. 1992b. “Congo Structural Adjustment Programme Project Performance Evaluation Report (PPER).” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/05670321-EN-CONGO-SAP.PDF.

AfDB. 1992c. “Gambia Multi-Sector Rehabilitation Programme - Project Performance Evaluation Report (PPER).” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/05670294-EN-GAMBIA-MULTI-SECTOR-REHABILITATION-PROGR.PDF.

AfDB. 1994a. “1993 Annual Report.” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/00774238-EN-1993-ANNUAL-REPORT-OF-OPEV.PDF.

AfDB. 1994b. “The Gambia Structural Adjustment Loan (SAL II) Programme Completion Report.” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/ADF-BD-IF-96-217-EN-SCANNEDIMAGE.161.PDF.

AfDB. 1997a. “Zambia Economic Recovery Programme Project Performance Evaluation Report (PPER).” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/05302218-EN-ZAMBIA-ECONOMIC-RECOVERY-PROGR.PDF.

AfDB. 1997b. “Cote d’ivoire Financial Sector Adjustment Programme Project Performance Evaluation Report (PPER).” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/05366219-EN-COTE-D-IVOIRE-FISAP.PDF.

AfDB. 1997c. “Federal Democratic Republic of Ethiopia - Structural Adjustment Programme Project Completion Report." Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/ADF-BD-IF-98-07-EN-3670048.PDF.

AfDB. 1999. “Morocco Consolidation of The 1992-94 Structural Adjustment Programme Project Performance Evaluation Report (PPER).” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/05228256-EN-MOROCCO-CONSOLIDATION-OF-THE-1992-94-SAP.PDF.

AfDB. 2000a. "Togo Structural Adjustment Programmes II and III Project Performance Evaluation Report (PPER).” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/00724648-EN-TOGO-SAP-II-AND-III.PDF.

AfDB. 2000b. “Egypt Economic Reform and Structural Adjustment Programme Project Performance Evaluation Report (PPER).” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/05092259-EN-EGYPT-ECONOMIC-REFORM-AND-SAP.PDF.

AfDB. 2001a. “Malawi Agricultural Sector Adjustment Programme II Project Performance Evaluation Report (PPER).” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/00684463-EN-MALAWI-AGRICULTURAL-SECTOR-ADJUSTMENT.PDF.

AfDB. 2001b. "Mauritania Institutional Strengthening Project Concerning the Social Dimensions of Adjustment II Project Performance Evaluation Report (PPER)." Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/00690401-EN-MAURITANIA-INSTITUTIONAL-STRENGTHENING-PROJECT-CONCERNING-THE-SDA-PPER01.PDF.

AfDB. 2001c. “2000 Annual Report.” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/00768239-EN-2000-ANNUAL-REPORT-OF-OPEV.PDF.

AfDB. 2001d. “Senegal Evaluation of the Structural Adjustment Programme II Project Performance Evaluation Report (PPER).” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/00690427-EN-SENEGAL-SAP-II.PDF.

AfDB. 2002a. “Guinea: Second Structural Adjustment Programme (SAP II) Project Performance Evaluation Report (PPER).” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/00682850-EN-GUINEA-SAP-II.PDF.

AfDB. 2002b. “Cameroon Structural Adjustment Programme II (Sap II) Project Performance Evaluation Report (PPER).” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/00682830-EN-CAMEROON-SAP-II.PDF.

AfDB. 2003a. “Algeria: Review of the Bank’s Experience in Supporting Structural Adjustment.” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/00157867-EN-ALGERIA-REVIEW-OF-SAP.PDF.

AfDB. 2003b. “Benin Structural Adjustment Programmes I, II, III, Programme Performance Evaluation Report (PPER).” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/00157875-EN-BENIN-PAS-I-II-III.PDF.

AfDB. 2006a. “2005 Annual Report.” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/00734436-EN-2005-ANNUAL-REPORT-OF-OPEV.PDF.

AfDB. 2006b. “2005 AfDB Annual Report.” Accessed August 16, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/AfDB%20Group%20Annual%20Report%202005.PDF.

AfDB. 2015. “AfDB Financial Overview.” Accessed August 8, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Financial-Information/AfDB_Financial_Overview_June_2015.pdf.

AfDB. 2016a. “Frequently asked questions.” Accessed August 11, 2016, http://www.afdb.org/en/about-us/frequently-asked-questions/.

AfDB. 2016b. “History.” Accessed December 3, 2016, http://www.afdb.org/en/about-us/corporate-information/history/.

AfDB. 2016c. "Financial Information." Accessed August 11, 2016, http://www.afdb.org/en/about-us/financial-information/.

AfDB, 2016d."Lending Instruments." Accessed August 11, 2016, http://www.afdb.org/en/about-us/financial-information/lending-instruments/.

Addison, Tony, and George Mavrotas. 2008. "Development Finance in the Global Economy: The Road Ahead." In *Development Finance in the Global Economy: The Road Ahead*, edited by Tony Addison, and George Mavrotas, 1-23. UK: Palgrave Macmillan.

The Africa Report. 2014. “Running a Development Bank Needs Political Will-Donald Kaberuka.” Accessed July 9, 2015. http://www.theafricareport.com/North-Africa/running-a-development-bank-needs-political-will-donald-kaberuka.html.

Alliancesud. 2010. “Regional development banks - the Great Unknowns.” Accessed July 7, 2015. http://www.alliancesud.ch/en/policy/finance/regional-development-banks.

Babb, Sarah. 2009. *Behind the Development Banks: Washington Politics, World Poverty, and the Wealth of Nations.* Chicago and London: University of Chicago Press.

Ban, Cornel. 2012. “Why Have Regional Development Banks?.” *Wordpress*, Accessed July 9, 2015. https://ir592.wordpress.com/2012/10/24/why-have-regional-development-banks/.

Barnett, Michael and Martha Finnemore. 2004. *Rules for the World: International Organizations in Global Politics*. US: Cornell University Press.

Barro, Robert J. 1996. “Determinants of Economic Growth: A Cross-Country Empirical Study.” *NBER Working Papers*, Accessed August 11, 2016. http://www.nber.org/papers/w5698. *As cited in* AfDB. 2010. “Evaluation of Policy Based operations in the African Development Bank, 1999-2009 Review of Literature and Experience.” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/Literature%20review%20FINAL%20DRAFT.pdf.

Barro Robert J. and Xavier Sala-i-Martin. 1997. “Technological Diffusion, Convergence, and Growth.” *Journal of Economic Growth* 2, no. 1: 1-26. *As cited in* AfDB. 2010. “Evaluation of Policy Based operations in the African Development Bank, 1999-2009 Review of Literature and Experience.” Accessed August 11, 2016, page 12. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/Literature%20review%20FINAL%20DRAFT.pdf.

Bøås, Morten. 1998. "Governance as Multilateral Development Bank Policy: The Cases of the African Development Bank and the Asian Development Bank." *The European Journal of Development Research* 10, no. 2: 117-134.

Brezina, Carlos V., Enrique V. Iglesias, Oscar Rodriguez-Rozic, Jorge Espinosa Carranza, and Luciano Tomassini. 2001. "40 Years: More Than a Bank Title: 40 años: Más que un banco." Washington D.C.: IDB Publications.

Browne, Stephen. 2006. *Aid and Influence: Do Donors Help or Hinder?* London and Virginia: Easthscan. *As cited in* AfDB. 2010. “Evaluation of Policy Based operations in the African Development Bank, 1999-2009 Review of Literature and Experience.” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/Literature%20review%20FINAL%20DRAFT.pdf.

Buiter, Willem and Steven Fries. 2002. “What Should the Multilateral Development Banks Do?.” *EBRD, Working Paper*, Accessed August 9, 2016. http://www.ebrd.com/downloads/research/economics/workingpapers/wp0074.pdf.

Bull, Benedicte and Morten Bøa§s. 2003. "Multilateral Development Banks as Regionalising Actors: The Asian Development Bank and the Inter-American Development Bank." *New Political Economy* 8, no. 2: 245-261.

Cohen, Benjamin J. 1982. “Balance-of-payments Financing: Evolution of a Regime.” *International Organization* 36, no. 2: 457-478.

Cohen, Benjamin J. 1983. “Balance-of-Payments Financing: Evolution of Regime.” in *International Regimes,* edited by Stephen D. Krasner, 315-336. Ithaca: Cornell University Press.

Collier, Paul, Patrick Guillaumont, Sylviane Guillaumont, and Jan Willem Gunning. 1997. "Redesigning Conditionality." *World Development* 25, no. 9: 1399-1407. *As cited in* AfDB. 2010. “Evaluation of Policy Based operations in the African Development Bank, 1999-2009 Review of Literature and Experience.” Accessed August 11, 2016, http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/Literature%20review%20FINAL%20DRAFT.pdf.

Collier, Paul and Jan Willem Gunning. 1999. "The IMF's Role in Structural Adjustment." *The Economic Journal* 109, no. 459: 634-651. *As cited in* Santiso. Carlos. 2002. “Governance Conditionality and The Reform of Multilateral Development Finance: The Role of the Group Of Eight.” *IATP (Institute for Agriculture and Trade Policy),* Accessed August 11, 2016, http://www.iatp.org/files/Governance_Conditionality_and_the_Reform_of_Mu.pdf.

Craig, David, and Doug Porter. 2006. *Development Beyond Neoliberalism?: Governance, Poverty Reduction, and Political economy*. London: Routledge.

Culpeper, Roy. 1994. “Regional Development Banks: Exploiting Their Specificity.” *Third World Quarterly* 15, no.3: 459-482.

Culpeper, Roy. 1997. *The Multilateral Development Banks: Volume 5, Titans or Behemoths?*. Boulder: Lynne Rienner Publishers.

Devarajan, Shantayanan, David Dollar, and Torgny Holmgren, (eds.). 2001. *Aid and reform in Africa: Lessons from ten case studies,* Washington DC: World Bank Publications. *As cited in* AfDB. 2010. "Evaluation of Policy Based operations in the African Development Bank, 1999-2009 Review of Literature and Experience." Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/Literature%20review%20FINAL%20DRAFT.pdf.

DOCHAS. 2016. "Aid Effectiveness at A Glance." Accessed August 11, 2016, http://www.dochas.ie/Shared/Files/2/AID_EFFECTIVENESS_AT_A_GLANCE.pdf.

Dobbs, Richard, Herbert Pohl, Diaan-Yi Lin, Jan Mischke, Nicklas Garemo, Jimmy Hexter, Stefan Matzinger, Robert Palter, and Rushad Nanavatty. 2013. "Infrastructure productivity: How to Save $1 Trillion a Year." *McKinsey & Company*, Accessed August 5, 2015. http://www.mckinsey.com/insights/engineering_construction/infrastructure_productivity.

Dutt, Nitish K. 1997. "The United States and the Asian Development Bank." *Journal of Contemporary* Asia 27, no. 1: 71-84.

Easterly, William. 2005. "What did Structural Adjustment Adjust?: The Association of Policies and Growth with Repeated IMF and World Bank Adjustment Loans."*Journal of Development Economics* 76, no. 1: 1-22. *As cited in* AfDB. 2010. "Evaluation of Policy Based operations in the African Development Bank, 1999-2009 Review of Literature and Experience." Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/Literature%20review%20FINAL%20DRAFT.pdf.

EBRD. 2016. "Loans." Accessed July 31, 2016. http://www.ebrd.com/work-with-us/project-finance/loans.html.

English, E. Philip and Harris M. Mule. 1996. *The Multilateral Development Banks: Volume 1, The African Development Bank*. Boulder: Lynne Rienner Publishers.

Fantom, Neil, Tariq Khokhar, and Edie Purdie. 2016. "The 2016 Edition of World Development Indicators is Out: Three Features You Won't Want to Miss." *The World Bank Data Blog*, Accessed July 29, 2016, http://blogs.worldbank.org/opendata/2016-edition-world-development-indicators-out-three-features-you-won-t-want-miss?CID=ECR_TT_worldbank_EN_EXT.

Feldstein, Martin. 1998. "Refocusing the IMF." *Foreign Affairs* 77, no. 2: 20-33. *As cited in* ADB. 2011. "Review of ADB's Policy-Based Lending." Accessed August 12, 2016. http://www.adb.org/sites/default/files/institutional-document/32632/files/review-policy-based-lending.pdf.

Ferroni, Marco. 2002. "Regional Public Goods: The Comparative Edge of Regional Development Banks." *Peterson Institute for International Economics*, Accessed August 9, 2016. https://piie.com/commentary/speeches-papers/regional-public-goods-comparative-edge-regional-development-banks.

Finlayson, Jock A. and Mark W. Zacher. 1983. "The GATT and the Regulation of Trade Barriers: Regime Dynamics and Functions." in *International Regimes*, edited by Stephen D. Krasner, 273-314. Ithaca: Cornell University Press.

Fischer, Stanley. 1995. "Structural Adjustment Lessons from the 1980s." in *Structural Adjustment: Retrospect and Prospect*, edited by Daniel M. Schydlowsky, 21-31, Westport, CT: Greenwood Publishing. *As cited in* Sharma, Patrick. 2013. "Bureaucratic Imperatives and Policy Outcomes: The Origins of World Bank Structural Adjustment Lending." *Review of International Political Economy* 20, no, 4: 669-686.

Gilbert, Christopher, Andrew Powell, and David Vines. 1999. "Positioning the World Bank." *The Economic Journal* 109, no. 459: 598-633. *As cited in* AfDB. 2010. "Evaluation of Policy Based operations in the African Development Bank, 1999-2009 Review of Literature and Experience." Accessed August 11, 2016, http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/Literature%20review%20FINAL%20DRAFT.pdf.

Goldstein, Morris. 2001. "IMF Structural Conditionality: How Much is Too Much?" *Institute for International Economics,* Accessed August 11, 2016. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=300885. *As cited in* Santiso. Carlos. 2002. "Governance Conditionality and The Reform of Multilateral Development Finance: The Role of the Group of Eight." *IATP (Institute for Agriculture and Trade Policy),* Accessed August 11, 2016, http://www.iatp.org/files/Governance_Conditionality_and_the_Reform_of_Mu.pdf.

Hardy, Chandra. 1995. *The Multilateral Development Banks: Volume 3, The Caribbean Development Bank*. Boulder: Lynne Rienner Publishers.

Hayami, Yujiro. 2003. "From the Washington Consensus to the Post-Washington Consensus: Retrospect and Prospect." *Asian Development Review* 20, no. 2: 40-65.

Hellinger, Douglas, Karen Hansen-Kuhn, and April Fehling. 2001. "Stripping Adjustment Policies of Their Poverty-Reduction Clothing: A New Convergence in the Challenge to Current Global Economic Management." *Development Gap,* Accessed August 11, 2016, http://www.developmentgap.org/uploads/2/1/3/7/21375820/stripping_adjustment_policies.pdf.

Hinds, Manuel. 2002. "What is the Role of the Regional Development Banks in Rebuilding the International Financial Architecture?" *Peterson Institute for International Economics,* Accessed August 10, 2016. https://piie.com/publications/papers/hinds0202.pdf.

IDA. 2016. "How Are IDA Resources Allocated?." Accessed August 11, 2016. http://www.worldbank.org/ida/how-ida-resources-allocated.html

IDB. 1999. “Summary Report: Evaluation of the Policy-Based Loan Portfolio - Phase III.” Accessed August 12, 2016. https://publications.iadb.org/bitstream/handle/11319/4639/Summary%20Report%3aEvaluation%20of%20the%20Policy-Based%20Loan%20Portfolio%20-%20Phase%20III.pdf?sequence=1.

IDB. 2004. “Instruments and Development: An Evaluation of IDB Lending Modalities.” Accessed August 12, 2016, https://publications.iadb.org/bitstream/handle/11319/5657/Instruments%20and%20Development:%20%20An%20Evaluation%20of%20IDB%20Lending%20Modalities.pdf%3Bjsessionid=7235A92683F1D3CFEEFD1708BCA97F88?sequence=1.

IDB. 2015. “OVE Annual Report 2015: Technical Note: Design and Use of Policy-Based Loans at the IDB.” Accessed August 12, 2016, https://publications.iadb.org/handle/11319/7513.

IMF. 1998. "The IMF and the Asian Crisis - Address by Stanley Fischer.” Accessed July 25, 2016. http://www.imf.org/external/np/speeches/1998/032098.htm.

IMF. 2002a. “IMF’s Approach to promoting Good Governance and Combatting Corruption - A Guide.” Accessed August 11, 2016. http://www.imf.org/external/np/gov/guide/eng/index.htm. *As cited in* Craig, David and Doug Porter. 2006. *Development Beyond Neoliberalism?: Governance, Poverty Reduction, and Political economy*. London: Routledge.

IMF. 2002b. "Governance, Corruption, & Economic Performance." September 23. Accessed January 10, 2017. http://www.imf.org/external/pubs/nft/2002/govern/.

IMF. 2004. "IMF Concessional Financing through the ESAF." Accessed March 17, 2016. https://www.imf.org/external/np/exr/facts/esaf.htm.

IMF. 2015. "Debt Relief Under the Heavily Indebted Poor Countries (HIPC) Initiative." Accessed March 19, 2016. https://www.imf.org/external/np/exr/facts/hipc.htm.

IMF. 2016. "Poverty Reduction Strategy in IMF-supported Programs." Accessed March 19, 2016. http://www.imf.org/external/np/exr/facts/prsp.htm.

Japan Times. 2016. "G-7 Calls for High Standards at China-led AIIB." Accessed August 8, 2016. http://www.japantimes.co.jp/news/2015/05/30/business/economy-business/g-7-calls-for-high-standards-at-china-led-aiib/.

Jervis, Robert. 1983. "Security Regimes," in *International Regimes*, edited by Stephen D. Krasner, 173-194. Ithaca: Cornell University Press.

Kappagoda, Nihal. 1995. *The Multilateral Development Banks: Volume 2, The Asian Development Bank*. Boulder: Lynne Rienner Publishers.

Kapur, Devesh, John Lewis, and Richard Webb. 1997. *The World Bank: its First Half century. Vol. 1.* Washington DC, Brookings Institution Press. *As cited in* Sharma, Patrick. 2013. "Bureaucratic Imperatives and Policy Outcomes: The Origins of World Bank Structural Adjustment Lending." *Review of International Political Economy* 20, no, 4: 669-686.

Kapur, Devesh and Richard Webb. 2000. "Governance-Related Conditionalities of the International Financial Institutions." *UNCTAD and CID, G-24 Discussion Paper Series,* Accessed August 11, 2016. http://dspace.africaportal.org/jspui/bitstream/123456789/21533/1/Governance%20related%20Conditionalities%20of%20the%20International%20Financial%20Institutions.pdf?1. *As cited in* Santiso, Carlos. 2002. "Governance Conditionality and The Reform of Multilateral Development Finance: The Role of the Group of Eight." *IATP (Institute for Agriculture and Trade Policy),* Accessed August 11, 2016. http://www.iatp.org/files/Governance_Conditionality_and_the_Reform_of_Mu.pdf.

Kilby, Christopher. 2006. "Donor Influence in Multilateral Development Banks: The Case of the Asian Development Bank." *The Review of International Organizations* 1, no. 2: 173-195.

Killick, Tony, Ramani Gunatilaka, and Ana Marr. 1998. *Aid and the Political Economy of Policy Change*. NewYork: Routhledge. *As cited in* AfDB. 2010. “Evaluation of Policy Based operations in the African Development Bank, 1999-2009 Review of Literature and Experience.” Accessed August 11, 2016, http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/Literature%20review%20FINAL%20DRAFT.pdf.

Kindleberger, Charles P. 1973. *The World in Depression, 1929-39.* Berkeley. CA: University of California Press.

Knop, Richard. 1969. "Regional Development Banks." *JL & Econ. Dev*. 4, no 1.

Krasner, Stephen D. 1983a. “Structural Causes and Regime Consequences: Regimes as Intervening Variables.” in *International Regimes*, edited by Stephen D. Krasner, 1-21. Ithaca: Cornell University Press.

Krasner, Stephen D. 1983b. “Regimes and Limits of Realism: Regimes as Autonomous Variables.” in *International Regimes*, editedby Stephen D. Krasner, 355-368. Ithaca: Cornell University Press.

Krasner, Stephen D. 1989. "Power Structures and Regional Development Banks." *International Organization* 35, no. 2: 303-328.

Levy, Claudia. 1992. “World Bank President Eugene R. Black, 93, Dies.” *The Washington Post*, February 21. Accessed December 5, 2016. https://www.washingtonpost.com/archive/local/1992/02/21/world-bank-president-eugene-r-black-93-dies/5c6b15d6-59e3-4b79-a497-a2b0c17d04f9/?utm_term=.9c8ba8ec178a.

Linn, Johannes F. 2013. “Realizing the Potential of the Multilateral Development Danks.” *Publication of Russia's G20 Summit: St Petersburg*, Accessed July 7, 2015. http://g20.newsdeskmedia.com/Images/Upload/g20/PDFs/Financing-for-investment.pdf#page=5.

Lipson, Charles. 1983. “The Transformation of Trade: The Sources and Effects of Regime Change.” in *International Regimes*, ed. Stephen D. Krasner, 233-271. Ithaca: Cornell University Press.

Luna-Martinez, José de and Carlos Leonardo Vicente. 2012. "Global Survey of Development Banks." *World Bank, Working Paper,* Accessed August 9, 2016. http://elibrary.worldbank.org/doi/abs/10.1596/1813-9450-5969.

Maizels, Alfred, and Machiko K. Nissanke. 1984. "Motivations for Aid to Developing Countries." *World Development* 12, no. 9: 879-900. *As cited in* Ruttan, Vernon W. 1989. "Why Foreign Economic Assistance?." *Economic Development and Cultural Change* 37, no. 2: 411-424.

Marangos, John. 2009. “What happened to the Washington Consensus? The Evolution of International Development Policy.” *The Journal of Socio-Economics* 38, no.1: 197–208.

Mason, Edward S. and Robert E. Asher. 1973. *The World Bank Since Bretton Woods*. Washington: The Brookings Institution. As cited in Krasner, Stephen D. 1981. "Power Structures and Regional Development Banks." *International Organization* 35, No. 2: 303-328.

Mazzucato, Mariana. 2011. *The Entrepreneurial State.* London: Demos. *As cited in* Innovation Policy Platform. 2013. “Development Banks.” Accessed July 9, 2015.https://www.innovationpolicyplatform.org/content/development-banks.

McNamara, Robert S. 1968. *The Essence of Security: Reflections in Office*, New York: Harper & Row. *As cited in* Craig, David, and Doug Porter. 2006. *Development Beyond Neoliberalism?: Governance, Poverty Reduction, and Political economy*. London: Routledge.

MFDR. 2002. “First Roundtable on Development Results.” Accessed March 22, 2016. http://www.mfdr.org/1st_Roundtable.html.

MFDR. 2004. “Second Roundtable on Development Results.” Accessed August 11, 2016. http://www.mfdr.org/2nd_Roundtable.html.

MFDR. 2016. "About Managing for Development Results." Accessed August 11, 2016. http://www.mfdr.org/1About.html.

Mosley, Paul, Jane Harrigan, and John FJ Toye. 1995. *Aid and Power: The World Bank and Policy-based Lending*. *Vol. 1,* Oxford and New York: Psychology Press. *As cited in* AfDB. 2010. “Evaluation of Policy Based operations in the African Development Bank, 1999-2009 Review of Literature and Experience.” Accessed August 11, 2016. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Evaluation-Reports-_Shared-With-OPEV_/Literature%20review%20FINAL%20DRAFT.pdf.

Naim, Moises. 1995. *Latin America's Journey to the Market: From Macroeconomic Shocks to Institutional Therapy*. *International Center for Economic Growth*, Occasional Paper No. 62. San Francisco, California: Institute for Contemporary Studies Press. *As cited in* World Bank. 1997. “World Development Report 1997: The State in a Changing World.” *Oxford University Press*, Accessed August 10, 2016. https://openknowledge.worldbank.org/handle/10986/5980.

Nelson, Paul J. 2001. "Transparency Mechanisms at the Multilateral Development Banks." *World Development* 29, no. 11: 1835-1847.

Nelson, Rebecca M. 2015. “Multilateral Development Banks: Overview and Issues for Congress.” *Congressional Research Service*, Accessed August 12, 2016. http://fas.org/sgp/crs/row/R41170.pdf.

Neumayer, Eric. 2003. "The Determinants of Aid Allocation by Regional Multilateral Development Banks and United Nations Agencies." *International Studies Quarterly* 47, no. 1: 101-122.

North, Douglass C. 2016. “The New Institutional Economics and Development.” Accessed August 11, 2016, http://www2.econ.iastate.edu/tesfatsi/NewInstE.North.pdf.

ODI. 1992. “The African Development Bank: Facing New challenges.” Accessed December 29, 2016. https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/6772.pdf.

Ogata, Sadako. 1989. "Shifting Power Relations in Multilateral Development Banks." *Journal of International Studies* 22: 1-25.

OECD. 2005. “International Community Holds Itself Accountable for Better Use of Aid.” Accessed August 11, 2016. http://www.oecd.org/dac/effectiveness/34570799.pdf.

OECD. 2014. "Development Aid Stable in 2014 But Flows to Poorest Countries Still Falling." Accessed July 6, 2015. http://www.oecd.org/dac/stats/development-aid-stable-in-2014-but-flows-to-poorest-countries-still-falling.htm.

OECD. 2015. “Multilateral Aid.” Accessed July 6, 2015. http://www.oecd.org/dac/aid-architecture/multilateralaid.htm.

OECD. 2016a."The High Level Fora on Aid Effectiveness: A History.” Accessed August 11, 2016. http://www.oecd.org/dac/effectiveness/thehighlevelforaonaideffectivenessahistory.htm.

OECD. 2016b. "HLF1: The First High Level Forum on Aid Effectiveness, Rome." Accessed August 11, 2016. http://www.oecd.org/dac/effectiveness/hlf-1thefirsthighlevelforumonaideffectivenessrome.htm.

Öniş, Ziya, and Fikret Şenses. 2005. "Rethinking the Emerging Post-Washington Consensus." *Development and Change* 36, no. 2: 263-290.

Ottenhoff, Jenny. 2011. "Regional Development Banks (ABCs of the IFIs Brief)." *Center For Global Development*, Accessed July 7, 2015. http://www.cgdev.org/publication/regional-development-banks-abcs-ifis-brief.

Puchala, Donald J. and Raymond F. Hopkins. 1983. “International Regimes: Lessons from Inductive Analysis.” in *International Regimes*, edited by Stephen D. Krasner, 61-91. Ithaca: Cornell University Press.

Rapley, John. 1997. *Understanding Development: Theory and Practice in the Third World*. Boulder, London: Lynne Reinner Publishers.

Reich, Robert B. 1992. *The Work of Nations*. New York, Vintage. As cited in David Craig and Doug Porter. 2006. *Development Beyond Neoliberalism?: Governance, Poverty Reduction, and Political economy*. London: Routledge. Page: 55.

Rodrik, Dani. 2006. "Goodbye Washington Consensus, Hello Washington Confusion? A Review of the World Bank’s Economic Growth in the 1990s: Learning from a Decade of Reform." *Journal of Economic Literature* 44, no. 4: 973–987.

Rogoff, Kenneth. 2003. “The IMF Strikes Back,” *Foreign Policy* 134, no. 1: 38–46. *As cited in* ADB. 2011. “Review of ADB’s Policy-Based Lending.” Accessed August 12, 2016. http://www.adb.org/sites/default/files/institutional-document/32632/files/review-policy-based-lending.pdf.

Rostow, Walt Whitman. 1990. *The Stages of Economic Growth: A Non-communist Manifesto.* New York: Cambridge University Press.

Ruggie, John Gerrard. 1983. “International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order.” in *International Regimes*, edited by Stephen D. Krasner, 195-231. Ithaca: Cornell University Press.

Runde, Daniel. 2014. “Development Finance Institutions Come of Age.” *Forbes,* Accessed October 17. July 6, 2015. http://www.forbes.com/sites/danielrunde/2014/10/17/development-finance-institutions-come-of-age-dfi/.

Sagasti, Francisco and Fernando Prada. 2006. "Regional Development Banks: A Comparative Perspective." in *Regional Financial Cooperation,* edited by José Antonio Ocampo, Baltimore: Brookings Institution Press.

Sharma, Patrick. 2013. “Bureaucratic Imperatives and Policy Outcomes: The Origins of World Bank Structural Adjustment Lending.” *Review of International Political Economy* 20, no, 4: 667-686.

Singh, Manmohan. 1969. "Regional development banks." *International* Conciliation 38, no 1.

Soederberg, Susanne. 2001. “Grafting Stability onto Globalisation? Deconstructing the IMF's Recent Bid for Transparency.” *Third World Quarterly* 22, no. 5: 849-864.

Spratt, Stephen. 2008. *Development Finance: Debates, Dogmas and New Directions*. Routledge: New York.

Stein, Arthur A. 1983. “Coordination and Collaboration: Regimes in an Anarchic World.” in *International Regimes,* edited by Stephen D. Krasner, 115-140. Ithaca: Cornell University Press.

Stern, Ernest. 1983. “World Bank Financing of Structural Adjustment.” in *IMF Conditionality,* edited by John Williamson, 87–108, Washington, DC: Institute for International Economics. *As cited in* Sharma, Patrick. 2013. “Bureaucratic Imperatives and Policy Outcomes: The Origins of World Bank Structural Adjustment Lending.” *Review of International Political Economy* 20, no, 4, 669-686.

Stiglitz, Joseph E. 1998. *More Instruments and Broader Goals: Moving toward the post-Washington Consensus*. Helsinki: UNU/WIDER.

Stiglitz, Joseph E. 2002. *Globalization and Its Discontents*, London: Penguin. *As cited in* ADB. 2011. “Review of ADB’s Policy-Based Lending.” Accessed August 12, 2016. http://www.adb.org/sites/default/files/institutional-document/32632/files/review-policy-based-lending.pdf.

Strange, Susan. 1983. “Cave! Hic Dragones: A Critique of Regime Analysis,” in *International Regimes*, edited by Stephen D. Krasner, 337-354. Ithaca: Cornell University Press.

Tang, Helen, (ed). 2010. *The World Bank's Country Policy and Institutional Assessment: An IEG Evaluation*, Washington DC: World Bank Publications.

The World Council of Churches. 1958. “Christian Concerns in Economic and Social Development.” Minutes and Reports of the Eleventh Meeting. *As cited in* OECD. 1999. "About the One Per Cent Target – OECD." Accessed July 6, 2015. http://www.oecd.org/dac/stats/documentupload/OnePercentTarget.pdf.

Tussie, Diana. 1995. *The Multilateral Development Banks: Volume 4, the Inter-American Development Bank*. Boulder: Lynne Rienner Publishers.

UN. 1950. “Financing of Economic Development of Under-Developed Countries.” Accessed January 7, 2017. https://documents-dds-ny.un.org/doc/RESOLUTION/GEN/NR0/059/98/IMG/NR005998.pdf?OpenElement.

UN. 1954. “Question of the Establishment of an International Finance Corporation.” Accessed January 7, 2017. http://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/922(X).

UN. 1960. "Accelerated Flow of Capital and Technical Assistance to the Developing Countries." Accessed January 7, 2017. http://repository.un.org/bitstream/handle/11176/204621/A_RES_1522%28XV%29-EN.pdf?sequence=3&isAllowed=y.

UN. 2003. “Monterrey Consensus of the International Conference on Financing for Development.” Accessed July 6, 2015. http://www.un.org/esa/ffd/monterrey/MonterreyConsensus.pdf.

UN. 2016a. “Monterrey Conference.” Accessed March 22, 2016, http://www.un.org/esa/ffd/overview/monterrey-conference.html.

UN. 2016b. “United Nations Millennium Development Goals.” Accessed August 10, 2016. http://www.un.org/millenniumgoals/bkgd.shtml.

UN Millennium Project. 2005. “Investing in Development: A practical Plan to Achieve the Millennium Development Goals.” Accessed January 7, 2017. http://www.unmillenniumproject.org/documents/MainReportComplete-lowres.pdf.

UN Millennium Project. 2006. “The 0.7% target: An in-depth Look.” Accessed July 6, 2015. http://www.unmillenniumproject.org/press/07.htm.

UNCTAD. 2011. “Foreign Direct Investment in LDCs: Lessons Learned from the Decade 2001–2010 and the Way Forward.” Accessed July 8, 2015. http://unctad.org/en/pages/PublicationArchive.aspx?publicationid=247.

UNCTAD. 2014a. “World Investment Report 2014.” Accessed July 6, 2015. http://unctad.org/en/PublicationsLibrary/wir2014_en.pdf.

UNCTAD. 2014b. “Global Investment Trends Monitor.” Accessed July 6, 2015. http://unctad.org/en/PublicationsLibrary/webdiaeia2014d1_en.pdf.

United Nations Economic and Social Commission for Asia and the Pacific. 2016. “What is Good Governance?.” Accessed March 12, 2016, http://www.unescap.org/sites/default/files/good-governance.pdf.

Wan, Ming. 1995. “Japan and the Asian Development Bank.” *Pacific Affairs* 68, no. 4: 509-528.

White, John. 1970. *Regional Development Banks: A Study of Institutional Style*. London: Overseas Development Institute.

World Bank. 1992. “World Bank Report No. 10870, World Bank Structural and Sectoral Adjustment Operations: The Second OED Overview, dated 30 June 1992.” *As cited in* ADB. 1996. “Review of the Bank's Program-Lending Policies.” Accessed August 12, 2016. http://www.adb.org/sites/default/files/institutional-document/153755/program-lending.pdf.

World Bank. 1997. “World Development Report 1997: The State in a Changing World.” *Oxford University Press,* Accessed August 10, 2016. https://openknowledge.worldbank.org/handle/10986/5980.

World Bank. 2000. *Attacking Poverty, World Bank Development Report 2000*. Washington DC: Oxford University. *As cited in* David Craig and Doug Porter. 2006. *Development Beyond Neoliberalism?: Governance, Poverty Reduction, and Political economy.* London: Routledge. Page: 114.

World Bank. 2001. *Adjustment Lending Retrospective*, Washington, DC: The World Bank. *As cited in* Sharma, Patrick. 2013. “Bureaucratic Imperatives and Policy Outcomes: The Origins of World Bank Structural Adjustment Lending.” *Review of International Political Economy* 20, no, 4: 669-686.

World Bank. 2004a. *Country Policy and Institutional Assessments, 2004 Assessment Questionnair*e. Washington DC: World Bank. *As cited* in ADB. 2007. "Policy-Based Lending: Emerging Practices in Supporting Reforms in Developing Member Countries.” Accessed August 12, 2016. http://www.adb.org/sites/default/files/evaluation-document/35434/files/evu-oth-2007-18.pdf.

World Bank. 2004b. "World Development Report 2004: Making Services Work for Poor People." Accessed January 10, 2017. https://openknowledge.worldbank.org/bitstream/handle/10986/5986/WDR%202004%20-%20English.pdf?sequence=1&isAllowed=y.

World Bank. 2016a. "What is Governance?." Accessed March 12, 2016. http://go.worldbank.org/G2CHLXX0Q0.

World Bank. 2016b. "About Managing for Development Results." Accessed March 19, 2016. http://www.mfdr.org/1About.html.

World Bank. 2016c. "What is the Monterrey Consensus?." Accessed March 22, 2016. http://siteresources.worldbank.org/KFDLP/Resources/461197-1122319506554/What_is_the_Monterrey_Consensus.pdf.

Young, Oran R. 1983. "Regime Dynamics: The Rise and Fall of International Regimes." in *International Regimes*, edited by Stephen D. Krasner, 93-113. Ithaca: Cornell University Press.

APPENDICES

Appendix A. TURKISH SUMMARY / TÜRKÇE ÖZET

ULUSLARARASI NEOLİBERAL KALKINMA REJİMİ VE BÖLGESEL KALKINMA BANKALARI
(AFRİKA KALKINMA BANKASI, ASYA KALKINMA BANKASI VE AMERİKAN ÜLKELERİ KALKINMA BANKASI)

İkinci Dünya Savaşı sonrası ekonomik kalkınma küresel bir kalkınma programına dönüştüğünden beri (Rapley 1997), kalkınmayı teşvik etmek için kurulan uluslararası kurumlar küresel kalkınma gündeminin merkezinde yer almaya başlamışlardır. Bretton Woods Kurumlarından biri olan Dünya Bankası küresel kalkınma açısından en esaslı uluslararası kurum olmuştur. Özellikle 1980 sonrası neoliberal politikaların ortaya çıkısı, Dünya Bankası'nı küresel kalkınma ajandasının merkezine koymuştur. Bu durumda özellikle Dünya Bankasının gelişmekte olan ülkelere verdiği krediler vasıtasıyla gerçekleştirmeye çalıştığı yapısal dönüşüm politikaları etkili olmuştur. Uluslararası Para Fonu (IMF) ile beraber Dünya Bankası'nın gelişmekte olan ülkelerde sahip olduğu bu dönüştürücü güç, birçok akademik çalışmanın konusu olmuştur. Sayısız akademik çalışma, Dünya Bankası ve IMF'in verdiği krediler uzerinden neoliberal politikaların olumlu ve olumsuz etkilerini incelemiştir. Bu açıdan, Bretton Woods Kurumlarının önemli derecede araştırma konusu olduğu açıktır.

Ancak uluslararası örgütler perspektifinden, neoliberal politikaların yaygınlaşmasında sadece Bretton Woods Kurumalarının etkili olmadığını da belirtmek gerek. Bu bağlamda, bölgesel kalkınma bankalarının da hikayenin bir parçası olduğunun altı çizilmelidir. Meselenin bölgesel kalkınma bankaları boyutu da aydınlatıldığı taktirde 1980 sonrası oluşan uluslararası neoliberal kalkınma rejiminin daha bütüncül bir resmini çizebiliriz. Bu açıdan, bölgesel kalkınma bankalarının neoliberal politikaların yaygınlaşmasında ne tur bir role sahip olduğu ve böylesi bir rolü nasıl ifa ettiklerine de akademik bir perspektiften cevap bulmak gerekir. Bu iki soru, bu tezin temel motivasyonunu oluşturmaktadır. Bu bakımdan, bu tez küresel kalkınma bağlamında bölgesel kalkınma bankalarının ilgili rolüne ışık tutmayı hedeflemektedir. Tezin temel iddiası şudur: Bölgesel kalkınma bankaları, Bretton Woods Kurumlarına benzer bir şekilde yapısal dönüşüm/şartlı krediler verdiği için, yine bu kurumlar gibi neoliberal politikaların dünya genelinde yaygınlaşmasına katkıda bulunmuştur.

Bölgesel kalkınma bankalarının neoliberal politikaların yayılmasındaki rolünu açıklarken bu tez aynı zamanda bir uluslararası ilişkiler konsepti olan "uluslararası rejimler" kavramını kullanmaktadır. Kalkınma pratiklerine baktığımızda, 1980 sonrası prensip, norm, kural ve karar verme süreçleri neoliberal kimliğe sahip bir uluslararası kalkınma rejiminin oluştuğunu ifade edebiliriz. Bu sayede Bretton Woods Kurumları ve bölgesel kalkınma bankalarının tamamlayıcı rollerini daha analitik bir şekilde anlatımı sağlanabilir. Şu ana kadar uluslararası kalkınma meselesinin uluslararası rejimler perspektifinden ele alınmadığını belirtmek gerek. Literatürdeki bu boşluk ışığında, bu tez uluslararası kalkınma rejiminin temel kontörlerini ortaya koymayı hedeflemektedir. Tezin bu girişiminin ayni zamanda kalkınma iktisadı ve uluslararası ilişkiler alanlarını ilintilendirme çabası olarak da görülebilir.

Daha önce de ifade edildiği gibi bu tez, prensip, norm, kural ve karar verme süreçleri neoliberal kimliğe sahip bir uluslararası kalkınma rejiminin var olduğunu iddia etmektedir. Neoliberal bir mantık altında, bu rejimin temel amacının dünya genelinde piyasa ekonomisine geçişi sağlamak, piyasa ekonomisinin zaten var olduğu yerlerde ise piyasa ekonomisi daha fazla kurumsallaşmasına yardımcı olmak olduğunu söyleyebiliriz. Bu sebepten, bu tezde iddia edilen uluslararası kalkınma rejimi, uluslararası neoliberal kalkınma rejimi olarak tanımlanıp kavramsallaştırılmıştır. Amiral gemisi kurumları olarak, Dünya Bankası ve IMF bu rejimin merkezini teşkil etmişlerdir. Asya Kalkınma Bankası (ADB), Afrika Kalkınma Bankası (AfDB) ve Amerikan Ülkeleri Kalkınma Bankası gibi bölgesel kalkınma bankaları ise bu rejimin bölgesel eş değerleri işlevini görmüştür, Gramşiyan anlamda, böylesi bir kalkınma rejiminin hem oydaşıma hem de cebre dayalı yanlarının olduğunu belirtmek gerekir. Genel manada, kalkınma rejiminin içinde bulunan uluslararası kurumların ekonominin farklı alanlarında sahip olduğu uzmanlık bilgisi (Barnett and Finnemore 2004) uluslararası neoliberal kalkınma rejiminin oydaşıma dayalı yönünü oluşturmaktadır. Birçok ülke bu kurumlarda üretilen ekonomik planlama ve reform politikalarını kendi inisiyatifleriyle benimsemeye ve bu sayede ekonomilerindeki verimliliği artırmayı ve sorunları çözmeyi hedeflemiştir. Öte yanda, özellikle ekonomik krizler esnasında (örneğin cari ödemeler krizi) gelişmekte olan ülkelerinin çesitli tavizlerle bu kurumlardan almak zorunda kaldığı kredilerden dolayı da uluslararası neoliberal kalkınma rejiminin cebre dayalı bir yönünün ortaya çıktığını da belirtmek gerek. Seçeneksiz kalan birçok gelişmekte olan ülke bu kurumlar tarafından teşvik edilen politikaları tamamen benimsememelerine rağmen ve ekonomik egemenliklerine bir taviz olarak algılamalarına rağmen, alternatifsizlikten öturu bu kalkınma kuruluşlarından krediler almak durumunda kalmışlardır.

Uluslararası neoliberal kalkınma rejiminin uzantısı olarak, bölgesel kalkınma bankaları, verdikleri krediler vasıtasıyla Bretton Woods Kurumlarına benzer bir şekilde tamamlayıcı ya da paralel ekonomik reform politikalarını teşvik etmiştir. Bölgesel kalkınma bankaları, uluslararası neoliberal kalkınma rejimin içindeki tamamlayıcı rollerini bulundukları bölgede sahip oldukları "temel kalkınma kurumları" olma vasfıyla gerçekleştirmişlerdir. Bunun birkaç sebebi vardır. Her şeyden önce bölgesel kalkınma bankaları bulundukları bölgenin ekonomik dinamiklerine hakim kurumlardır. Bunun yanında bölge ekonomisini bilen çok sayıda çalışana sahiptirler. Benzer bir şekilde bu kalkınma bankaları bölge ülkeleriyle koklu geçmişlere sahiptirler. Tüm bu dinamikler bu kalkınma bankalarının kendi bölgelerindeki gelişmekte olan ülkeler açisidan önemli kurumlar haline getirmiştir. Bölgesel kalkınma bankaları bulundukları bölgelerdeki ekonomik yapısal dönüşüm politikalarını bizatihi başlatan kurumlar değildir. Ancak, neoliberal politikaların teşvik edilmesi ve piyasa ekonomisinin kurumsallaştırılması bağlamında yapısal dönüşüm politikalarına öncülük eden Dünya Bankası ve IMF'in önemli destekçileri olmuşlardır. Tezin içinde daha detaylı anlatıldığı gibi, bölgesel kalkınma bankaları tarafından dağıtılan krediler yoluyla teşvik edilen ekonomik politikalar önemli derecede Bretton Woods Kurumlarınınkileriyle benzerlik göstermektedir. Bu bakımdan, bölgesel kalkınma bankalarını, uluslararası örgütler seviyesinde liderliğini Bretton Woods Kurumlarının yaptığı uluslararası neoliberal kalkınma rejiminin esaslı birleşenleri olarak kabul edebiliriz. Daha detaylı açmak gerekirse Afrika Kalkınma Bankası Dünya Bankası ve IMF'in yürüttüğü reform süreçlerini tamamlayıcı rolüyle kolaylaştırırken, benzer rollerin Asya Kalkınma Bankası ve Amerikan Ülkeleri Kalkınma Bankası tarafından da oynandığını ancak son iki bankanın bu bağlamda daha otonom bir rol oynadıklarını belirtmek gerek. Bu açıdan teşvik ettikleri politikalar ne olursa olsun, bölgesel kalkınma bankalarının bulundukları bölgede Brettons Woods Kurumaları önderliğinde başlayan neoliberallesmeye ve piyasa ekonomisinin kurumsallaşmasina katkı sağladığı söylenebilir.

Yukarıdaki açıklamardan hareketle, bu tezin ana bulgularını şu şekilde özetlemek mümkun: i) Bölgesel kalkınma bankaları dünya genelinde neoliberal politikaların teşviki noktasında Bretton Woods Kurumlarına benzer roller oynamıştır, ii) Bölgelsel kalkınma bankaları ve Bretton Woods Kurumları benzer neoliberal politikalar uygularken, ayni zamanda uluslararası neoliberal kalkınma rejiminin içinde beraber hareket etmiştir. Ancak bu tezin bulgularının sadece bu iki temel bulgu ile de sinirli olmadığını da belirtmek gerek. Bu bağlamda, bu tez aynı zamanda bölgesel kalkınma bankaları arasındaki farkları ve bu bankaların neoliberal politikaların teşviki noktasında Breton Woods Kurumlarına olan bağımlılıklarının zaman içindeki değişimi hakkında birçok yan argüman da içermektedir. Bu amaçla bu tez içinde bölgesel kalkınma bankaları hakkında yazılmış ayrı ayrı bölümler bulunmaktadır. Bu tez için yapılan araştırma ve değerlendirme sonucunda, üç temel bölgesel kalkınma bankası hakkında şu çıkarımlarda bulunmak mümkün: i) Neoliberal politikaların teşviki noktasında bölgesel kalkınma bankaları genelde Bretton Woods Kurumlarına bağimlı olmuşlardır. Bu bağımlılık kendini özellikle 1980'lerde ve 1990'larda belli etmiştir. Bir diğer ifade ile, bölgesel kalkınma bankalarının neoliberal ve piyasa ekonomisi politikalarını teşviki Dünya Bankası ve IMF gibi kurumların örderliginde olmuştur. Zaman içinde bölgesel kalkınma bankalarının neoliberal politikalarının teşviki bağlamında bir derece otonomi kazandığını belirtmek gerek. Ancak bölgesel kalkınma bankaları her ne kadar bir derece otonomi kazansa da bu durum, bu bankaların Bretton Woods Kurumlarından farklı politikalar izlediği manasına gelmemektedir. En önemli fark zaman içinde benzer neoliberal politikaların bölgesel kalkınma bankaları tarafından daha otonom bir şekilde, yani Dünya Bankası ve IMF gibi kurumlardan daha az yardim alarak teşvik edilmeye başlanmasıdır. ii) Üç temel bölgesel kalkınma bankası arasında, Asya Kalkınma Bankası en fazla otonomiye sahipken, en az otonomiye Afrika Kalkınma Bankası sahiptir. Amerikan Ülkeleri Kalkınma Bankasının ise Afrika Kalkınma Bankası'ndan daha fazla otonomiye sahip olmakla birlikte, bu bankanın otonomisinin Asya Kalkınma Bankası kadar olmadığını da belirtmek gerek. Bölgesel kalkınma bankaları arasındaki bu otonomi farklılıklarının birçok sebebi vardır. Bunlardan öne çıkanları, farklılaşan finansal kaynaklar, insani sermaye ve kurumiöi farklı kültürler olarak sıralamak mümkün. Örneğin, Asya Kalkınma Bankasında önemli bir Japon Bürokrasi etkisi söz konusudur. iii) Krediler yoluyla gelişmekte olan ülkelerde yapılmaya çalışılan yapısal dönüşüm ve ekonomik reform politikaları hala hem bölgesel kalkınma bankaları ve Bretton Woods Kurumları açısından önemini korumaktadır. Bu sayede bu kalkınma kuruluşları gelişmekte olan dünyada neoliberal politika teşvikleri devam ettirmektedir. Ancak Bretton Woods Kurumları ve bölgesel kalkınma bankalarının gelişmekte olan ülkeler uzerindeki bu dönüştürücü etkisinin geçmişe kıyasla zayıfladığını belirmek gerek. Diğer bir ifadeyle uluslararası neoliberal kalkınma rejimi dünya genelindeki etkinliğini kısmen yitirmiştir. Bu değişim, uluslararası neoliberal kalkınma rejiminin özellikle 1980'ler ve 1990'lardaki etkisi dikkate alındığında daha açik bir şekilde fark edilmektedir.

Uluslararası neoliberal kalkınma rejiminin zaman içinde zayıflayan etkisini birkaç faktör ile açıklamak mümkün. Birinci faktör, gelişmekte olan ülkelere zaman içinde daha fazla özel sermayenin akması ile alakalıdır. 1980 ve 1990'larda uluslararası sermaye piyasalarında yaşanan hızlı dönüşümden ötürü (Buiter and Fries 2002; Cohen 1982), gelişmekte olan ülkelere olan özel sermaye akışı doğrudan yabancı yatırım (FDI), portfolyo ve özel banka kredileri gibi yeni şekiller kazanmıştır. Önemli bir büyüklüğe sahip uluslararası özel sermaye piyasasının ortaya çıkısından dolayı, gelişmekte olan ülkelerin Bretton Woods Kurumları ve bölgesel kalkınma bankalarına olan ihtiyacı süreç içinde azalmıştır. Bu bağlamda gelişmekte olan ülkeler açısından alternatif ve çeşitli kaynakların oluşması, uluslararası neoliberal kalkınma rejiminin gelişmekte olan ülkeler uzerindeki etkisini zayıflatmıştır. İkinci faktör olarak, dünya genelinde birçok gelişmekte olan ülke 1980'lerden bu yana piyasa ekonomisi reformları uyguladığı için, yapısal dönüşüm politikaları açısından gelişmekte olan ülkelerde bir doyum noktasına gelinmiştir. Özellikle 1980 sonrası birçok gelişmekte ülke planlı sosyalist ekonomi modelinden piyasa ekonomisine geçiş aşamasında ciddi şekilde yapısal dönüşüm politikaları geçirmiştir. Ancak eskiye nazaran piyasa ekonomisinin birçok gelişmekte olan ülkede önemli derecede kurumsallaştığı dikkate alındığında, hem Bretton Woods Kurumları hem de bölgesel kalkınma bankaları açısından yapısal dönüşümün uygulanabilir olduğu gelişmekte olan ülkeler artık çok söz konusu olmamaktadır. Bu durum uluslararası neoliberal kalkınma rejiminin etkinliğinin en azından operasyonel manada eskiye kıyasla daha atıl kalmasına sebep olmaktadır. Son olarak, özellikle 2000'lerden başlayarak uluslararası kalkınma örgütlerinde ulusal egemenlik konularında gözle görülür bir hassasiyet oluşmuştur. Bu bakımdan bu kalkınma örgütleri kendi reform politikalarını gelişmekte olan ülkelere dayatmaktan ziyade, ilgili ülke hükumetleriyle işbirligine girerek politika reformlarını hayata geçirmeye çalışmaktadır. Bu bağlamda geçmişle kıyaslandığında Bretton Woods Kurumları ve bölgesel kalkınma bankaları tarafından dağıtılan kredilerin nasıl kullanılacağı konusunda bu kurumlar kadar, ilgili gelişmekte olan ülkeler de söz sahibidir. Kredi verilen ülkelerin ekonomik egemenliklerine yönelik artan hassasiyetin yanında birçok araştırma da yapısal reform politikalarının uluslararası kalkınma kurumları tarafından dayatılmasından ziyade ilgili ülkeler tarafından şekillendirilip sahiplenildiği takdirde başarılı olduğunu göstermektedir. Reform politikalarının uygulanması bağlamında ülkeler lehine gelişen bu durum da uluslararası neoliberal kalkınma rejiminin gelişmekte olan ülkeler uzerindeki etkisini zayıflatmaktadır.

Bununla birlikte uluslararası neoliberal kalkınma rejiminin önemini hala koruduğunu belirtmek gerekir. Dünya Bankası ve IMF gibi kuruluşlar tarafından verilen krediler, oluşan alternatif özel sermaye piyasasının oluşumundan ötürü eskiye nazaran daha az önem taşisa da bu kuruluşlar gelişmekte olan ülkeler açısından hala büyuk önem arz etmektedir. Uluslararası neoliberal kalkınma rejiminin devam eden etkinliğini birkaç sebeple açıklamak mümkün. İlk olarak, uluslararası neoliberal kalkınma rejimin amiral gemisi konumundaki Dünya Bankası ve IMF yaptıkları araştırmalar ve yayınlar ile uluslararası kalkınma pratiklerinin önemli ölçüde çerçevesini ve standardını belirlemektedir. Örneğin Dünya Bankası tarafından yapılan bir araştırmanın sonucu birçok ülke ekonominin yönetimi tarafından dikkatle takip edilmekte, Dünya Bankası ve IMF'in gelişmekte olan ülkeler için verdiği tavsiyeler dikkate alınmaktadır. Öte yandan, özellikle IMF'ın yaptığı derecelendirme ve tahmin raporları uluslararası sermaye piyasasının dinamiklerini ciddi şekilde etkilemektedir. Örnek vermek gerekirse, IMF'ın ekonomik yönetişim noktasında iyi bir değerlendirme yapmadığı bir ülke bu durumdan olumsuz etkilenmekte ve yabancı sermaye kaçışı sorununa maruz kalmaktadır.

Bretton Woods Kurumları kadar olmasa da bölgesel kalkınma bankalarının da uluslararası neoliberal kalkınma rejiminin içinde hala önemli bir role sahip olduğunu belirtmek gerekir. Her ne kadar bazı araştırmalar ve iddialar, özel sermaye piyasalarının gelişmesi ile birlikte bölgesel kalkınma bankalarının önemini yitirdiğini iddia etse de, bu bankalar birçok bölge ülkesi için önemini hala korumaktadır. Özel sermaye piyasasının birçok gelişmekte olan ülkede kalkınma finansının asıl kaynağı olduğu doğrudur. Ancak ozellikle siyasi istikrarın az olduğu ve çatışmaların yaşandığı birçok gelişmekte olan ülke küresel çaptaki devasa özel sermaye piyasasından yeterince faydalanamamaktadır. Uluslararası özel sermaye karlılık endişelerinden ötürü birçok gelişmekte olan ülkeye uğramamakta, dolayısıyla bu tür ülkelerde kalkınma finansı sıkıntısı devam etmektedir. İşte kalkınma finansı sıkıntısının devam ettiği bu tur ülkeler açısından bölgesel kalkınma bankaları hala önemini devam ettirmektedir. Öte yandan, özellikle finansal kriz zamanlarında, Bertton Woods Kurumaları ile beraber bölgesel kalkınma bankaları da gelişmekte olan ülkeler için önemli bir likidite kaynağı olmuştur. Bölgesel kalkınma bankalarının bu türden işlevleri 1997'deki Asya finansal krizinde ve 2008 küresel finans krizinde gözle görülür bir şekilde ortaya çıkmıştır.

Bununla birlikte Çin gibi yükselen güçlerin son yıllarda kalkınma bankalarına olan ilgisinden de bahsetmek gerekir. Bu bağlamda BRIC ülkerinin 2014 yılında kurmuş olduğu "Yeni Kalkınma Bankası"nı ve 2015 yılında ise Çin'in öncülüğünde kurulan "Asya Altyapı ve Yatırım Bankası" adlı yeni bölgesel kalkınma bankasını unutmamak gerekir. Kalkınma bankalarına olan bu yükselen güç ilgisi ve özellikle Çin'in Asya'da Japonya ve ABD'nin nüfuz sahibi olduğu Asya Kalkınma Bankasına rakip olma potansiyeli taşıyan yeni bir bölgesel kalkınma bankasının kurulmasını sağlaması, kalkınma bankalarının hala önemini koruduğuna işaret eden bir başka durumdur. Ancak, yeni kalkınma bankalarına yönelik artan ilginin uluslararası neoliberal kalkınma rejimi açısından da önemli potansiyel sonuçları olabilir. Bu noktada uluslararası neoliberal kalkınma rejimi içinde yer alan halihazırdaki kalkınma kuruluşlarında önemli bir Bati etkisinin olduğunu, dolayısıyla, uluslararası neoliberal kalkınma rejiminin prensip, norm, kural ve karar verme süreçlerinin büyük ölçüde Bati ülkelerinin anlayış ve çıkar perspektifine paralel bir şekilde geliştiğini belirtmek gerekir. Çin gibi yükselen güçlerin alternatif kalkınma kuruluşlarını hayata geçirme isteği halihazırdaki uluslararası neoliberal kalkınma rejiminin etkisini zayıflatabilir. Her ne kadar yeni kalkınma kuruluşlarının alternatif prensip, norm, kural ve karar verme süreçleri oluşturması zaman alabilse de, alternatif kurumlar uzerinden farklı değer ve motiflere sahip alternatif bir rejimin ortaya çıkması var olan uluslararası neoliberal kalkınma rejiminin dünyanın kalkınma ajandası üzerindeki belirleyici etkisini sınırlandırabilir. Buna ek olarak, ABD ve diğer Bati ülkelerinin küresel güç dengesinde yükselen güçler lehindeki gerileyen pozisyonu uluslararası neoliberal kalkınma rejiminin etkisini yitirmesinin bir baska sebebi olabilir. Bu noktada özellikle uluslararası neoliberal kalkınma rejiminin 1980'lerde güç kazanmasında ABD'nin hegemonik desteğini azımsamamak gerekir. Dünya Bankasi ve IMF kurumlarında neoliberal politikalara olan ilginin artmasının yani sıra ABD'de sağcı Baskan Reagan'ın göreve gelmesi ve İngiltere'de de muhafazakar bir başka lider Thatcher'in iktidara yükselmesi, uluslararası neoliberal kalkınma rejiminin 1980'lerden itibaren ortaya çıkıp güç kazanması adına önemli siyasi dinamikleri teşkil etmiştir. Geçmişe kıyasla uluslararası neoliberal kalkınma rejimi adına bu tür olumlu siyasi dinamiklerin daha az olduğunu belirtmek gerekir.

Tezin temel argümanlarından ve kalkınma bankalarının ve uluslararası neoliberal kalkınma rejiminin devam eden etkinliğine yönelik tartışmadan bahsettikten sonra bu tezin metodolojisi hakkında da bir açıklama yapmak gerekir. Bölgesel kalkınma bankalarının neoliberal politikaların küresel çapta yaygınlaşmasında oynadığı rölünü anlamak ve açıklamak adına, bu tez Bretton Woods Kurumları gibi bölgesel kalkınma bankalarının da şartlı krediler vasıtasıyla neoliberal politikaları teşvik edip etmediğine bakmıştır. Bu bağlamda bölgesel kalkınma bankalarının operasyonel faaliyetlerini anlatan birincil kaynakları son derece bilgilendirici olmuştur. Bu bankalar tarafından hazırlanan farklı raporlarda bölgesel kalkınma bankalarının Bretton Woods Kurumlarına benzer bir şekilde neoliberal politikalar teşvik ettiği görülmüştür. Bu raporlar ayni zamanda bölgesel kalkınma bankalarının kredi operasyonlarını ve teşvik etmeye çalıştığı politika içeriklerini belirlerken ciddi manada Bretton Woods kurumlarından yardım aldığını göstermektedir.

Bu tez bölgesel kalkınma bankaları bağlamında toplamda üç örneği incelemiştir. Bu örnekler Afrika Kalkınma Bankası, Asya Kalkinma Bankası ve Amerikan Ülkeleri Kalkinma Bankasıdır. Normalde bölgesel kalkınma başlığı altında sıralanabilecek dünyada dört uluslararası kurum vardır. Ancak bu dört kuruluştan Avrupa Yeniden İnşa ve Kalkınma Bankası (EBRD) bu çalışmaya dahil edilmemiştir. Avrupa Yeniden İnşa ve Kalkınma Bankasının çalışmaya dahil edilmemesi metodolojik bir secim kriterinden kaynaklanmaktadır. Diğer üç temel bölgesel kalkınma bankasından farklı olarak Avrupa Yeniden İnşa ve Kalkınma Bankası yapısal dönüşüm politikaları teşvik etmeyi amaçlayan kredi vermemiştir. Bu tez çalışmanın merkezine bölgesel kalkınma bankaları tarafından bu tür krediler verilip verilmediğine koyduğu için Avrupa Yeniden İnşa ve Kalkınma Bankası bu tezdeki değerlendirmeye dahil edilmemiştir.

Bölgesel kalkınma bankalarının neoliberal politikaların yaygınlaşmasındaki rolünü göstermekle birlikte bu tez ayni zamanda Bretton Woods Kurumları ve bölgesel kalkınma bankalarının tamamlayıcı roller üstlenmesini uluslararası rejimler perspektifinden açıklamış ve bu bağlamda uluslararası neoliberal kalkınma rejimini kavramsallaştırmıştır. Prensip, norm, kural ve karar verme süreçleri büyük ölçüde neoliberal bir kimliğe sahip olan bu rejimin çerçevesini çizerken ve kontörlerini göstermeye çalışırken bu tez büyük oranda literatürde var olan kaynaklardan yararlanmıştır. Birincil ve ikincil kaynakların yani sıra bu tezde aynı zamanda dört farklı mülakattan elde edilen bilgiler yer almaktadır. Alternatif bir bilgi kaynağı elde etmek ve tez içinde geliştirilmeye çalışılan argümanların sağlamlılığını test etmek adına, Dünya Bankası, Asya Kalkınma Bankası, Afrika Kalkınma Bankası ve Amerikan Ülkeleri Kalkınma Bankasından özellikle bu kalkınma kuruluşlarının araştırma ve geliştirme pozisyonlarında yer almış uzman kişilerle toplamda dört mülakat yapılmıştır. Mülakatlardan elde edilen bilgiler bu tezin argümanlarına ciddi katkı sağlamıştır.

Bu çalışmanın literatürde var olan bir boşluktan hareketle hazırlandığını da ifade etmek gerekir. Literatürdeki temel boşluk bölgesel kalkınma bankalarını ele alan kapsamlı, karşılaştırmalı ve güncel bir çalışmanın olmayışıdır. Bölgesel kalkınma bankalarını ele alan bir takim akademik çalışmalar olsa da bölgesel kalkınma bankaları hala yeterince çalışılmamış bir konu olarak durmaktadır. Bu tez yaptığı güncel araştırma ile literatürdeki var olan bu boşluğu doldurmayı hedeflemektedir. Tez içinde yer alan bölgesel kalkınma bankaları uzerine ayrı ayrı yazılan detaylı bölümler ayni zamanda bir karşılaştırmalı çalışma örneği sunmaktadır. Öte yandan, bu tezin "uluslararası rejimler" kavramını uluslararası kalkınma konusu bağlamında kullanan ilk çalışma olduğunu da belirtmek gerekir. Bu tezde bu kavram kullanılarak uluslararası neoliberal kalkınma rejimi kavramsallaştırılmıştır. Bu açıdan da uluslararası ilişkiler literatürüne bir katkı sağlanılması hedeflenmiştir.

Bu tezin içeriğinden özetle bahsettikten sonra, tezin kendi içindeki akışından da bahsetmek yararlı olacaktır. Bu tez toplamda 8 bölümden oluşmaktadir. Tezin ilk bölümünde yukarıda bahsedilenlere çok benzer bir şekilde tezin temel argümanları ve bulgularından bahsedilmektedir. İlk bolümde aynı zamanda tezin metodolojisi hakkında detaylı bilgiler verilmektedir. İlk bölümde bölgesel kalkınma bankaları hakkında detaylı bir literatür çalışması yapılmıştır. Bu bölümde verilen literatür çalışması bu tezin nasıl bir boşluğu doldurmaya çalıştığını göstermeye çalışmaktadır. Tezin ikinci bölümü bölgesel kalkınma bankaları hakkında ön bilgilendirmeyi amaçlayan farklı bilgiler sunmaktadır. Bu bölümde kalkınma finansı olgusunun ortaya çıkışının yani sıra bölgesel kalkınma bankalarının Asya, Afrika ve Amerika kıtalarında ne amaçla kurulduğu ve şu an bölgesel kalkınma adına ne tur görevler ifa ettikleri açıklanmaktadır. Bu bölümde üç farklı bölgesel kalkınma bankasının yapıları, finans kaynakları ve üyelikleri hakkında da kısa kısa bilgiler verilmektedir. Tezin üçüncü bölümü esas itibariyle uluslararası rejim kavramını açıklamaya çalışmaktadır. Uluslararası ilişkiler çalışmalarında geliştirilen bu kavramı açıkladıktan sonra, bu kavramın 1980 sonrası ortaya çikan uluslararası kalkınma rejimini anlamlandırmak adına da analitik bir araç olarak nasıl kullanılabileceğini açıklamaktadır. Bu bölüm aynı zamanda uluslararası neoliberal kalkınma rejiminin de çeşitli kaynaklara referans verilerek kavramsallaştırıldığı bölümdür. Dördüncü bölümde bir önceki bölümde kavramsallaştırılan uluslararası neoliberal kalkınma rejimini hakkında daha detaylı bilgiler verilmektedir. Üçüncü ve dördüncü bölümler uluslararası neoliberal kalkınma rejiminin zaman içinde yaşadığı dönüşüm ve bu dönüşümün nedenleri hakkında da detaylı açıklamalar yapmaktadır. Besinci, altıncı ve yedinci bölümler sırasıyla Afrika, Asya ve Amerikan Ülkeleri kalkınma bankaları hakkındadır. Bölgesel kalkınma bankaları hakkında ayrı ayrı yazılan bu bölümlerde bu bankaların verdikleri krediler vasıtasıyla neoliberal kalkınma politikalarını nasıl teşvik ettikleri ve bu politikaları teşvik ederken Bretton Woods Kurumları ile ne tur ilişkiler geliştirdikleri ayrıntılı bir biçimde ele alınmaktadır. Son bölüm ilk bölüme benzer bir şekilde bu tezin temel argümanını açıklamakta ve araştırmanın bulgularını özetlemektedir. Bunun yani sıra bu son bölümde uluslararası neoliberal kalkınma rejiminin ve uluslararası kalkınma kuruluşlarının bugünkü durumu hakkında da kısa bir tartışma yer almaktadır.

Appendix B. TEZ FOTOKOPİSİ İZİN FORMU

ENSTİTÜ

Fen Bilimleri Enstitüsü ☐

Sosyal Bilimler Enstitüsü ☐

Uygulamalı Matematik Enstitüsü ☐

Enformatik Enstitüsü ☐

Deniz Bilimleri Enstitüsü ☐

YAZARIN

Soyadı : Hecan
Adı : Mehmet
Bölümü : Uluslararası İlişkiler

TEZİN ADI : Internatonal Neolıberal Development Regıme And Regıonal Development Banks (Afrıcan Development Bank, Asıan Development Bank And Inter-Amerıcan Development Bank)

TEZİN TÜRÜ : Yüksek Lisans ☐ Doktora ☐

1. Tezimin tamamından kaynak gösterilmek şartıyla fotokopi alınabilir. ☐
2. Tezimin içindekiler sayfası, özet, indeks sayfalarından ve/veya bir bölümünden kaynak gösterilmek şartıyla fotokopi alınabilir. ☐
3. Tezimden bir bir (1) yıl süreyle fotokopi alınamaz. ☐

TEZİN KÜTÜPHANEYE TESLİM TARİHİ: