Money mandarins lay siege to Africa's bank

by Lawrence Eyong-Echaw

Former World Bank Vice President David Knox has successfully browbeaten the board of governors of the African Development Bank (ADB) into accepting a 32-point economic austerity plan that will close down nine of the bank's regional offices and will cripple the pan-African financial institution's operations.

Knox secured this *tour de force* at the 30th anniversary Board of Governors meeting in Nairobi on May 11-13. The agents of Wall Street and London money mandarins had been secretly expressing alarm at the expanding success of the ADB, which had been running credit policies in support of national institutions, irrigation, and agriculture, hydroelectric dams, industry, and transport facilities in Africa for the past 30 years. Over the years, the ADB has been helping to form sub-regional development banks, finance institutions, and pan-African organizations such as the Sierra Leone Development Bank (SLDB), Banque Centrafricaine d'Investissement (BCI), the Development Bank of Zambia (ZDB), the African Project Development Facility (APDF), and real estate financing institutions such as Shelter Afrique.

At the bank's creation in 1964, African states were anxious to preserve its African character, by insisting that two-thirds of the share-capital must remain African. But beginning in 1972, money mandarins in New York succeeded in penetrating the bank. About 26 western, Ibero-American, and African countries were admitted. The veto powers of the Africans were scrapped, in favor of decisions by consensus, which ended up giving effective veto power to the agents of Wall Street. Since 1974, New York bankers had been casting a covetous eye on the ADB. The solid quality of its assets, capital structure, equity investments, assets and liability management, borrowing and lending rate match, liquidity management, and internal financial operations had improved the bank's ratings at Moody's and Fitch Investors Services. In June 1990, Standard and Poor's upgraded the rating of the ADB's senior debt to AAA. When, in 1991, *Euromoney* magazine named the ADB "Supranational Borrower of the Year," it became clear to the Anglo-American oligarchy that the time had come to prey on the pan-African institution, before it became strong enough to challenge the International Monetary Fund (IMF) and World Bank. They launched a double-pronged attack, through an inside plant, and took over the African Development Fund.

On March 30, 1994, the member countries of the Organization for Economic Cooperation and Development sitting on the ADB's board met separately in London, and agreed upon a common strategy to tighten the financial noose around the ADB's neck. They decided to freeze the replenishment of the African Development Fund—a concessionary loan affiliate of the bank—until the draconian austerity plan, which was intended to cripple the bank, was implemented.

David Knox's "audit report," which made the austerity measures a mandatory condition for the disbursement of further funds, said, "The bank is more and more torn between the conflicting stands and objectives of its shareholders. Its inability to realize quality projects, presenting durable advantages for the continent, has been compromised." The report went on to say that "the quality and profitability of the projects financed, is more and more doubtful, particularly because there is little project evaluation, which could enable the bank to ameliorate its project judgment from past experiences."

Black sheep

Babucar N'diaye, the Senegal-born general manager of the bank, had already switched loyalties long before. Taking orders from western money mandarins, the African Board of Governors has become a mere spectator of the unholy trinity of N'diaye, the agents of Wall Street, and the IMF. In order to secure his perpetual reelection as head of the bank, N'diaye has made respect for IMF conditionalities mandatory for all loan-seeking countries. He has adopted an autocratic style of management, making nepotistic recruitments and appointments, which have created an atmosphere of conflict within the bank. His wife, Marlyatou N'diaye, and her cousin, Ibrahimal Mami Barry, control the bank's strategically critical department of human resources. In order to ensure his reelection for a second five-year term in 1990, Babucar N'diaye schemed with the New York banks to eliminate potential rivals such as Donatien Bihute of Burundi and Tekalign Gedema of Ethiopia. In March, the director of the Treasury Department, Ghana-born Koffi Bucknor, resigned in a huff. N'diaye has also dismissed two Senegalese senior officials, Cheikh Sarr, and N'Dao, directors of the department of management and of the Uhel has been installed in the Treasury Department, while a Canadian of Indian origin has been appointed to control the bank's computer department, where "creative accounting" operations are concocted.

At the Nairobi General Assembly meeting of May 9, the Libyan representative of the bank, Mr. Sherif, called for a probe into Babacar N'diaye's shady dealings with money launderers at the now-defunct Bank of Credit and Commerce International. N'diaye stormed out of the meeting, and immediately set about rallying support from the industrialized countries. So in effect, N'diaye has mortgaged the sovereignty of the bank to Wall Street, in exchange for a guarantee to win a third five-year term at its helm.