

Author's Foreword

This book was the result of an idea expressed by Helge Semb and Henrik Harboe of the Norwegian Ministry of Foreign Affairs which, to our collective delight, was supported by the four Nordic governments i.e. of Denmark, Finland, Norway and Sweden. In focussing on their *financial* functions and the *financial* policies and strategies they have pursued to support their operational role as development agencies, it attempts to fill a void in the extensive public literature on multilateral development banks.

In its present form the book has been shaped and crafted with much help from Helge and Henrik, as well from Harriet Bengtsson of the Swedish Foreign Ministry, Jens Haarløv of the Danish Foreign Ministry, and Pertti Ikonen of the Finnish Foreign Ministry. In meetings to discuss its chapters in Oslo and Helsinki, it was my privilege and sheer good luck to have struck a rapport with all the members of this informal working group. They have, individually and collectively, contributed a great deal to improving this work.

The intent of this book is to explain in plain, comprehensible English, to as wide an audience as possible, the financial workings of the MDBs and to provoke further thinking on the part of policy-makers in the MDBs themselves and in shareholder governments. It is also meant to stimulate debate on the part of a much wider constituency which has become involved in the working of the MDBs in both borrowing and donor countries. The *cognoscenti* will find this book neither comprehensive nor deep. That is as it should be. This book was not intended for them. The non-financial audience, tempted to read it in an effort to understand how the MDBs fulfil their financial functions may, on the other hand, find it heavy going. That is inevitable. The balance between comprehensibility and complexity is difficult to achieve in dealing with this type of subject matter. Each reader will have to judge whether the right balance has been struck. In writing this book I have discovered that it is far easier to slide into the jargon which one has been used to in dealing with the financial affairs of MDBs, than it is to make complicated issues sufficiently simple to grasp. For the brave reader intending to plough through every chapter I can only extend the hope that I have managed to make dull topics as interesting as possible. For the reader short of time I would recommend scanning the first and last chapters to either dull or whet the appetite.

The MDBs should be vital institutions. They constitute an important part of the international financial system. No thoughtful observer can subscribe to

the view that they are superfluous. But even well-wishers of the MDBs can and should be concerned about their weaknesses. These are not merely optical illusions caused by misperceptions. There is much evidence to suggest that the MDBs are in danger of losing their way; despite their unquestionably good intentions. They have not adapted sufficiently rapidly to the needs of a changing environment. Their behaviour occasionally suggests more concern about protecting their own limited institutional interests than those of their shareholders, borrowers or the world at large. They have led the world to expect much of them and have assumed an aura of infallibility. Unfortunately they have often fallen short of the expectations they have created and proven all too fallible. The perception that MDBs have of themselves is now very different from that which the world has of them. But, in the final analysis, it matters not what the MDBs think of themselves. It matters much more that the world thinks they are useful and effective. For the world to do so, it has to be informed and cognisant. If this book makes even a small contribution to improving understanding on the part of a wide constituency of how the MDBs operate as financial institutions, the effort put into writing it will have been more than worthwhile.

Various internal documents have been cited in the case of all the MDBs. All of these are not public documents and several have limited circulation. The author expresses his deep gratitude to the managements of the MDBs for their willingness to have these documents studied and cited. However, in the case of the Asian Development Bank all the documents referred to are classified as confidential. It has therefore not been possible to identify them in detail.

It only remains to be said, somewhat obviously, that no book is a sole effort. This one owes much to the members of the working group mentioned above, to my publisher, Jan Joost Teunissen of Fondad, and to my Executive Assistant, Margaret Benson who helped enormously in producing this manuscript. More importantly, throughout its long and difficult birth, she exhibited the kind of patience, grace, humour, tact and tolerance which would put the average saint to shame.

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