

THE POLITICS OF CRAFTING THE TECHNOCRATIC STATE: THE WORLD BANK, GOVERNANCE AND THE END OF POLITICS

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Le prophétisme a sans cesse été l'une des tentations majeures des sciences sociales. Celles qui pourtant prétendent à la sciencité, parce qu'elles recourent à la formalisation mathématique et se hasardent à faire des prévisions, n'obtiennent généralement qu'un taux de réussite comparable à celui des voyantes ou des horoscopes... C'est dire qu'il n'est donc jamais nul, mais seulement aléatoire.

Gilbert Rist

Le développement: histoire d'une croyance occidentale : 345

In 1999, the World Bank's officially adopted what was presented as a new development paradigm. The Bank's Integrated Development Model (IDM) did lead to new aid allocation mechanisms such as the Comprehensive Development Framework (CDF) and more importantly, the Poverty Reduction Strategies (PRS). The overall stated objective for such a shift away from Washington Consensus is to make aid more efficient in order to promote pro-poor economic growth in countries under reform. In order to achieve such objectives, the World Bank's new aid allocation mechanisms have been linked to policies that should mend the institutional predicament linked to the former aid paradigm. Such policies are presented as apolitical or, in other words, located outside of the realm of political or theoretical debate.

This paper argues that the IDM is not a new development paradigm. It suggests that beyond the Bank's main narrative focused on poverty reduction, the IDM seeks to implement new forms of governance in order to lock-in market-enabling policies in countries under reform. In other words, the IDM is more an attempt by the World Bank to manage the social and political contradictions inherent to the governance structures created by the structural adjustment era, than a genuine paradigmatic shift away from the Washington Consensus.

This does not necessarily conflict with the Bank's official narrative. It does, however, raise question about the political consequences these new policies could have on governments and citizens in countries under reform.

The paper first looks at the Bank's former model, the structural adjustment paradigm, and argues that its adoption in the early 1980s was indeed a genuine paradigmatic shift as it dissociated itself from the planning model.

In contrast, and this is the second part of the argument, the IDM does not dissociate itself from the earlier model, granted that it does address its institutional difficulties that slowed economic growth. Spurred by Neo-institutional influences, the IDM allowed the Bank to leave its apolitical norm unchallenged while simultaneously giving it the tools to tackle this institutional predicament linked to the structural adjustment period. In other words, it allowed the Bank to jump into the political arena under the cover of an institutional effectiveness imperative.

This triangulation between the Bank's recent so-called paradigmatic shift, the rise of Neo-institutional influences and the redefinition of the State's role via the PRS will bring to light what has to be described as the Bank's attempt to carry out a political agenda. In fact, this model seeks to free the state from what is perceived as the 'debilitating effects of political bargaining' (Jayasuriya 2001: 1) and to put in place an anti-political framework that fails to acknowledge the benefits of politics as a rational for societal deliberation, a process that allows the social to influence the economic realm.

Finally, the paper explores how this Neo-institutional turn is carried out within the Bank's PRS. What is interesting here is that the new aid allocation mechanisms is precisely the vehicle to ground these so called 'apolitical' reforms—i.e. the market-enabling policy capabilities, policies whose primary aim is to liberalize and stabilize markets. This will be explored by looking at the type of institutional reforms that were so far brought forth by PRS experience.

1. The Definition of Change: Revamping or Challenging the Washington Consensus?

The Bank has changed. Or has it? One thing is for certain; the Wolfensohn presidency has unmistakably shifted the institution's narrative towards socially inclusive concepts such as participation, partnership, social capital, empowerment, ownership, etc. It is not however, the first time that the Bank distances itself from its past practices and calls for a new development model. Broadly speaking, the institution acknowledged the failure of the 'planning paradigm' amidst the early 1980's debt crisis and embraced the 'structural adjustment paradigm' (OED 1999: 4). This was the first great watershed. Amidst the East-Asian economic crisis, the governance predicament of indebted countries as well as the former communist countries' bumpy ride to economic liberalisation, the World Bank is again shifting towards a new paradigm, making the 'Comprehensive Development Model' its third distinct development model (OED 1999: 4). This shift in the Bank's narrative was officially initiated in 1999 when James D. Wolfensohn presented the now famous appeal for a Comprehensive Development Framework (CDF), which merges macroeconomic requirements with social, structural and human needs (Wolfensohn 1999: 5). Since its conception, the model has grown to include different aid allocation mechanisms such as the Poverty Reduction Strategy Papers (PRSP). In the following paper, the Bank's

new aid agenda will be referred to as the Integrated Development Model (IDM) and thus includes both the theoretical framework behind the policies that it promotes and the new aid allocation mechanisms, such as the CDF and the PRSP.

The first official ‘paradigmatic’ shift at the Bank was a step away from the planning-Keynesian model that fed well into the 1970s both in industrialised nations and in borrowing countries. Under the leadership of the Reagan-Thatcher duo, the global ‘Counter-revolution’ against the Keynesian model (Toye 1987) spread throughout the indebted countries with the structural adjustment programs. This shift within the Bank was thus the product of a greater ideological storm that resonated throughout Europe and the US. Championed by the New Right in the UK and the US, the neo-liberal wave challenged the old Keynesian model head-on, both in their domestic economies and in their international aid policies. As such, the advent of what was to become known as the structural adjustment era should indeed be viewed as a genuine paradigmatic shift at the Bank.

The adoption of the structural adjustment paradigm was inspired by the New Political Economy (NPE) school that had emerged out of the troubled waters of the late 1970s when economists, bewildered by what appeared to be developing countries’ irrationally behaviour in regards to development economics, started tackling the issue of politics. Structural adjustment programs were indeed a product of the influence of authors such as Robert Bates and Douglass North. The idea at the core of NPE has been to develop a neoclassical economic theory of politics that would serve to explain economically irrational policy. It gradually came to challenge the assumption within the planning framework that the policy makers’ conception of public interest corresponded to the economic notion of maximisation. The idea of ‘rent seeking’ was here propelled as a *porte-étandard* to explain the ‘use of the state to maximise economic gains for specific self interests’ (Grindle 1991: 46). With it, the term ‘predatory state’ was also coined, the latter describing a state seeking to maximise short term revenues and pursue a variety of forms of taxation that allow it to increase its wealth (Grindle 1991: 49).

At the Bank, this turn towards a fundamental ‘market only’ model was led by its chief economist Anne Krueger, who famously coined the developing government’s irrational behaviour as ‘rent-seeking’. As a result, the new framework argued for a minimalist state, which does not intervene in the economy—if only to set the rules of the social game and to arbitrate disputes (Preston, 1996: 253). This constricted approach led to a quite straightforward model to follow: restricting the activities of government so that it would have fewer opportunities to distort policies for specific interests. In an interesting twist, the Keynesian development agenda and state-led policies were now described as the very causes of the poverty they were suppose to alleviate. At the core of the new paradigm reigned the unshakeable idea that free markets alone would maximize welfare. As expressed by Friedman, free markets would be nothing less than a necessary condition for political freedom (Friedman 1962, in Preston, 1996: 253). The shift towards a neo-liberal framework was thus articulated on the several abuses of the developing States, which, with their expansionist bureaucracies, corrupt leaders and oversized projects, failed to capitalize on development opportunities. Looking back on the planning development era Nicholas Stern, the Senior Vice President of Development Economics and Chief Economist of the World Bank, concluded the following:

On the empirical side, evidence mounted that government failure was indeed important in the developing world. Central planning was undermined both by its colossal failures (white-elephant projects for which there turned out to be no demand) and by the smaller day-to-day disturbances and wastefulness that stemmed from the lack of price signals. And although import substitution contributed to impressive growth in some countries, support for that approach waned as its costs in terms of rent-seeking and difficulty competing in international markets became more and more apparent.

(Stern 2002: 4)

Such a framework for the structural adjustment programs gave the Bank an apparent aura of objectivity, which was undoubtedly concordant with its stated apolitical norm. Indeed, as underlined by Fine, Lapavistas and Pincus, in the three high decision circles represented by the Washington Consensus, the framework was perceived as the only possible avenue to pursue:

To oppose the Washington consensus, as plenty did, both in theory and practice, was to demonstrate plain ignorance or, worse, obtuseness. And in many case, if the effortless intellectual superiority of Western-trained economists were not enough to persuade developing countries to wear the hair shirt, a simple lever was available to force them to do so: conditionality.

(2003: xv)

While throughout the 1980s, structural adjustment was already the only economic strategy acceptable to the US Treasury, to the International Financial Institutions and by extension, to all other official lenders and donors (SAPRIN 2004: 2), the 1990s gradually revealed serious flaws within the framework. More importantly, it forced the Bank on the dreaded path of having to address the very political nature of policy failure in countries under reform.

2. What's in the Change: Neo-Institutionalism and the Bank's Apolitical Stance

As the shift away from the planning era toward the structural adjustment policies could indeed be defined as a genuine paradigmatic shift, the following section argues that the IDM is not so straightforward. Indeed, if the Post-Washington Consensus is often described as a clear dissociation from the former model, which was characterised by two decades of anti-state pro-market policies, this next section suggests that beyond a distinct narrative shift towards institutions, the IDM allowed the Bank to officially leave its apolitical norm unchallenged while simultaneously giving it the tools to tackle the institutional predicament linked to the structural adjustment period. In other words, it allowed the Bank to break away from the old taboo of non-interference with its members' political arena.

Beyond the end of the Cold War, which led the former communist countries to experiment with new forms of states, the Asian financial crisis provoked much soul searching amongst former politicians and academics, who formally advocated for strict implementation of Washington Consensus policies (Campbell and Pedersen (editors) 2001: 1). Furthermore, the unsettling social indicators combined with the rise

of unemployment and social unrest in countries under structural adjustment, also gave way to a renewed emphasis on the importance of institutions to foster political and economic performance. The idea here was to openly challenge the Washington Consensus, which policies were described by Stiglitz as ‘hardly complete and sometimes misguided’ (1998: 1). As argued by Rodrik (1998), one must now acknowledge that:

Markets are not self-regulating, self-stabilizing, and self-legitimizing. That is why every functioning society has regulatory bodies that set the rules of competition, monetary and fiscal institutions that perform stabilizing functions, and social insurance schemes, transfer policies, and other social arrangements that bring market outcomes into conformity with a society’s preferences regarding the distribution of risks and rewards.

(in Ahrens: 12)

In a nut shell, the problem at hand for the Bank was to find a way to deal with the fact that getting the economics right was not enough for countries under reforms and thus, that institutions would have to be addressed. This is indeed problematic since the Bank is required to circumscribe its actions within its article of agreement¹. According to the institution, shifts within its agenda have been possible due to the flexible of its founding articles: ‘Fortunately, the articles of Agreement are sufficiently flexible [a more polite word than *vague*] to permit the Bank to perform its task despite changed circumstances’ (World Bank 2005b). Harrison concurs, observing that over time, this has indeed allowed the institution to push its core agendas with different degrees of emphasis and, more interestingly, with different interpretations (2004: 8).

More importantly however, the Bank’s organisational culture—here understood as its ‘pattern of norms and attitudes that cuts across its whole social unit’ (Schein 1990 in Miller-Adams 1999: 21)—is deeply rooted in its belief that it is guided by an apolitical and technical institutional norm (Miller-Adams 1999: 22). This norm is clearly reflected in the IBRD Article of Agreement IV, Section 10 on Political Activity, which states that:

The Bank and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purposes stated in Article I.

¹ The first article of agreement of the IBRD states that the institution shall be guided in all its decisions by the following purposes¹:

- i) To assist in the reconstruction and development of territories of members [...];
- ii) To promote private foreign investment [...];
- iii) To promote the long-range balanced growth of international trade and the maintenance of equilibrium in balances of payments [...];
- iv) To arrange the loans made or guaranteed by it in relation to international loans through other channels [...];
- v) To conduct its operations with due regard to the effect of international investment on business conditions [...].

These technical and apolitical norms have indeed allowed the Bank to navigate across the many historical challenges it has encountered throughout the last sixty years. More specifically, it has come to serve its organisational purposes, to transcend the sometimes competing ideologies and political cultures of its members, while also allowing its staff to adopt a seemingly professional non-partisan work ethic; which conveniently increased its legitimacy towards its borrowers as it presented itself as being above politics (Miller-Adam 1999: 23). This ‘paradigm maintenance’ rendered possible via the Bank employees, which are still mostly composed of economists who deeply believe in orthodox Anglo-American economics (Wade 1996: 30)².

As a result, the Bank has historically always attempted to dissociate itself from any political debate, a process that ‘renders development a curiously straightforward process’ (Harrison 2004: 12). This point is also argued by Beis and McNeill, who state that while the agenda of the World Bank, as well as for the International Monetary Fund (IMF) and the World Trade Organization, has been broadened:

The process has taken place within established and largely unquestioned boundaries, firmly kept in place by a certain frame of knowledge. As in the heyday of technical assistance, knowledge is still mainly understood in instrumental terms: as a non-political and objective tool that, if correctly implemented, will lead to better policies.

(2003: 50)

The World Bank’s new policy model should thus be analysed via the Organisation’s historical apolitical stance. This does shed light on the solution that has been proposed by the Bank to tackle the ‘political’ nature of the institutional predicament that came out of the mid-1990s. The IDM indeed emerged as an attempt to reconcile on the one hand the New Political Economy inspired Structural adjustment programs, which focused on state failure, and on the other, the Neo-institutional framework which acknowledges the serious problems linked to state erosion in regards to market functions and economic growth (Cartier-Bresson: 3). Neo-institutionalism was a match made in heaven for the Bank’s growing quandary. Amidst the Asian financial crisis, the unsettling social indicators in countries under reform and the failure of the conditionality model, the Bank indeed had to react. It did so however, not by challenging its *raison d’être* but rather by giving an increasing importance to Neo-institutionalism thoughts within its policy. The rise of neo-liberalism has indeed been the stage for a renewed interest in the analysis of institutions as a critical determinant of political and economic performances (Campbell and Pedersen 2001).

Neo-institutionalism itself can be defined as a school of developmental thinking that seeks to explain the history, existence and functions of a wide range of institutions according to the assumptions of the neo-liberal economic theory (Vedi: 1). The idea here is to acknowledge that in order to benefit from globalisation, states will have to assume an increasingly important role—i.e. to act as a catalyst for economic and social development. In the Neo-institutional framework, this puts forth the issue of state capacity as a precondition to be able to seize the opportunities of globalisation and to protect and promote the interests of vulnerable groups in society (Rondinelli

² According to Wade, this is entrenched in the selection process of the Bank’s employees: ‘If they [candidates] were to show sympathy for other ideas [...] they would be unlikely to be selected for the Bank, on grounds of incompetence’ (Wade 1996: 30).

and Shabbir Cheema 2003: 1). This sprang from the striking economic performances of the newly industrialised East Asian countries. Many economists and non-economists have thus started to focus on the political bases of development rather than underdevelopment (Doner 1992). For Grindle (1996), political leaderships and structures, while often part of the problem, are necessarily also part of the solution to create a more effective and responsive state. While governments are still viewed as fundamentally predatory, the framework however emphasises the important role it plays in relation to security via its legislative, judiciary and executive authorities. In other words, it acknowledges the state's key position to bring a much needed stability for the private sector to strive. In sharp contrast to orthodox economics, the Neo-institutional framework opens the 'black box' containing the complex nexus of institutions, which provides the incentives (or constraints) for politicians and bureaucrats to carry out public policies (Ahrens: 9).

3. The Politics Behind the Bank's Politics of Anti-politics

The triangulation between the World Bank's official paradigmatic shift, the rise of Neo-institutional influences and the Organisation's apolitical stance brings to light what has to be described as the Bank's attempt to carry out a political agenda. In other words, it allowed the Bank to enter into the political arena under the cover of an institutional effectiveness imperative or, as stated by Jayasuriya, to embrace: 'the politics of anti-politics' (2001: 8).

The new aid allocation mechanisms such as the PRS are the vehicle to ground these so called 'apolitical' reforms—i.e. market-enabling policy capabilities, policies whose primary aim is to liberalize and stabilize markets (Harmes: 25). This is revealing in light of the growing trend in which decision centres of distinct state functions—mostly relating to the economic realm—are gradually relocated away from decision centres where social pressures could be exercised.

The idea here is to counter the capacity of the state to implement market-inhibiting policies—i.e. those policy capabilities 'whose primary aim is to regulate markets such as environmental, labour and social policy as well as to redistribute income and wealth through various forms of fiscal policy' (Harmes: 25). This process is paralleled with mechanisms that seek to 'empower' the poor and to stimulate civil society's participation in relation of course, to issues that will not come to challenge reforms that fit within the governance umbrella. Studies of such 'grass roots' initiatives have explored issues such as social capital (Harriss 2001), workfare programs (Jayasuriya 2003), microcredit projects (Weber 2005), etc. This does expand on the Washington Consensus period which called for a minimal state that refrained from intervening in the economy while focusing on sound monetary policy, securing property rights, and providing primary education and infrastructure (Ahrens: 4).

The process to redefine institutions in countries under reform is not new. During the 1990s, the World Bank did tackle the real of institutions via the concept of governance. Under the governance agenda, which does remain central to the PRS process, the Bank embarked on reforms aimed at improving state 'efficiency'. The main emphasis was on public service management, accountability, rule of law, information and transparency.

What is new however, is the institutional depth of the current framework. More specifically, there is today an expansion of what the ‘hallmarks of an intelligent, democratic state’ (Rondinelli and Shabbir Cheema 2003: 23) should be:

[...] strong institutions of governance and the rule of law; credible and independent judicial institutions; effective legal frameworks for economic activity; an open and competitive economic environment; price stability and fiscal responsibility; an equitable tax system; developed and competitive labor, financial, and capital market; adequate steering, regulatory, and enforcement capacities together with judicious privatization outsourcing of services to private Providers; public and private partnerships in business promotion, with emphasis on micro-industries and small and medium enterprises; access to information; and promotion of technological and infrastructure development.

(Rondinelli and Shabbir Cheema 2003: 23)

Such preset institutional frameworks are politically ambiguous for two distinct reasons: first, these sets of prescriptions suggest that there exists a consensus on the procedures of good management; and secondly, in spite of the use of such an administrative language formulated in terms of efficiency and good management, these policies ‘entail a particular concept of the state, of its role, of its desirable evolution, of state-market relations, of the exercise of power and of a particular political project’ (Campbell 2000a: 3).

The IDM should thus be viewed as a new corner stone of Gill’s ‘new constitutionalism³’, which he views as a key component of contemporary neo-liberal project and serves to lock-in neo-liberal policies- i.e. to separate politics and economics- by using legal-judicial mechanisms (Gill 1995). It contrasts with traditional notions of constitutionalism, which are associated with political rights, obligations, and freedom, and procedures that give institutional form to the state (Gill, 1995: 9).

4. PRSP, Institutional Reforms and Parliaments: Locking-in the Veto Gates

The last part of this paper explores how this Neo-institutional turn is carried out within the Bank’s PRS. These new aid allocation mechanisms are precisely the vehicle to ground these so called ‘apolitical’ reforms—i.e. the market-enabling policy capabilities, policies whose primary aim is to liberalize and stabilize markets. This will be explored by looking at the type of institutional reforms that were so far brought forth by PRS experience.

Today, PRS are the most familiar and important aid allocation mechanisms linked to the IDM. Rooted in the annual World Bank and IMF’s joint meeting of September

³ Gill defines new constitutionalism as ‘the political project of attempting to make transnational liberal, and if possible liberal democratic capitalism, the sole model of future development’. (Gill, 1995: 8)

1999, PRS are a form of conditionality, which stated objective are to reduce poverty. Concretely, Heavily Indebted Poor Countries (HIPC) are asked to present a PRS in order to have access to any debt relief or concessional loan and as a result, PRSP are a precondition for most of the concessional loans of the world seventy poorest countries (World Bank 2004b). This strategy must be summarized in a Poverty Reduction Strategy Paper (PRSP), which covers a three-year period. The 1999 initiative's objectives are to orient the funds freed from debt release toward poverty reduction. PRSP must be written by the government with the participation of its 'civil society', a process that is expected to increase the strategies' efficiency while inducing local ownership. Thus, civil society is invited to elaborate a diagnosis of the causes of poverty. Such a diagnostic is the pillar of the poverty reduction strategies in the country's various sectors. Once the participation and writing process is over, the final document is presented for approval to the Bank and Fund's joint committee.

While PRSP experience has varied amongst countries, the issue of a genuine opportunity for influencing the content of the PRSP has been raised repeatedly (Whaites 2000; McGee and Norton 2000; Wood 2004; Jones and Hardstaff 2005). Analysis of PRS experience does find conclusive evidence to contradict the Bank's official narrative, which portrays PRSP as a 'country driven' initiative. World Development Movement concludes that:

[...] despite the fine words surrounding participation and 'country-ownership', the evidence demonstrates that PRSPs have become a rubber-stamping exercise for conventional Bank and Fund policies.

(Jones and Hardstaff, 2005: 7)

In its study of 42 PRSP, the organisation reports that the policies contained within PRSP: '[...] bear striking similarity both to each other and to the standard prescriptions of the supposedly defunct *Washington Consensus*'⁴ (2005:10). The report finds that on average, a PRSP contains six out of nine standard IMF and World Bank policies⁵. The report summarizes its findings as follow (2005: 10-11):

- ❖ Trade liberalisation: There are further trade liberalisation measures in 30 of the 42 PRSP on top of the significant trade liberalisation that has already happened in many of these countries;
- ❖ Privatisation: 38 of the 42 PRSP include privatisation, and 27 of these specifically include water privatisation or greater private sector involvement in water supply services;
- ❖ Deregulation: 26 PRSP include investment deregulation;

⁴ These are: Strict monetary policy, strict fiscal policy, trade liberalisation, privatisation, water privatisation or greater private sector involvement in water supply, investment deregulation, capital account or financial liberalisation, agricultural liberalisation, increased labour market flexibility. (Jones and Hardstaff, 2005: 11)

⁵ Furthermore, the report cautions on the fact that most of the analysed countries have been under reform for the past 15-25 years. As such, reforms prior to the PRSP would not be mentioned in the document but would nonetheless continue to be implemented. (Jones and Hardstaff, 2005: 11)

- ❖ Fiscal stringency: 40 out of 42 PRSP include fiscal stringency; normally that the government should not resort to borrowing from the domestic economy.

This would leave a bystander quite perplexed when faced with the contradicting narrative of ownership at the heart of the PRS. The contradiction within the Model is precisely that a participative narrative is brought along side of anti-political reform.

In light of Neo-institutional influences in the framework and the Bank's strive to maintain the appearance of being above politics, such conclusions are in fact, expected from the PRS experience as some fundamentals are indeed considered to be outside the realm of political debate. The political is here reconstructed to establish a 'protected domain' which: 'secures individual freedom against encroachments of the power of the state and pressures of the 'tyranny of the majority' in democratic systems' (Gill 2002: 52 in Harmes: 6).

Beyond this general observation on the PRS striking similarities notably in relation to orthodox macro-economic policies, the example of parliaments ambiguous involvement in the PRS process is also quite compelling.

Despite the clear recognition the PRS should be a country driven process, legislatures have been mostly excluded from the process. However, parliament—at least in theory—are the locus of political debates. Eberlei and Henn analysis of the PRS experience in Sub-Saharan Africa indeed concludes that: '[...] little attention was given—in either theory or practice—to the people's representatives, the parliaments' (2003: 27).

While some parliaments have been contributing to the PRS process, World Development Movement further observed that the participation process of Members of Parliament (MPs) has been limited in more than 26 countries⁶ (Jones and Hardstaff 2005: 18). Other organisations such as the Overseas Development Institute and the European Commission have also expressed concern regarding the relative failure to involve parliaments in the PRS process (The Parliamentarian, 2002: 180). In the majority of the PRS cases where Parliaments were indeed involved, it has been observed that such participation was limited to a few individual members of parliament participating in workshops, without a link to the institution of parliament itself (Youash 2003; Jones and Hardstaff 2005; Eberlei and Henn 2003).

This failure to include legislatures in the PRS process has since been acknowledged by the World Bank through its PRSP Progress Reports (September 2002; September 2003), as well as in a report for Parliamentarians: 'Overall, though, the role of Parliaments in the PRS process has been limited' (World Bank 2005a: 43). One of the Bank's initiative to mend this oversight has been to introduce an 'Annex' devoted to legislature involvement in the PRS process in the *Sourcebook for Poverty Reduction*

⁶ In Benin, Bolivia, Cameroon, Chad, Ethiopia, Gambia, Ghana, Guinea, Honduras, Laos, Madagascar, Malawi, Mauritania, Mozambique, Rwanda, Senegal, Tanzania, Uganda, Zambia, Albania, Cambodia, Georgia, Kenya, Kyrgyzstan, Mongolia, Pakistan. In Tim Jones and Peter Hardstaff, "Denying Democracy: How the IMF and World Bank Take Power From People", *World Development Movement*, London, May 2005, p. 18. [On line] www.wdm.org.uk

*Strategies*⁷ (World Bank 2004a). While the Annex does strive to greater involve parliaments in all four components of the PRSP cycle- i.e. poverty diagnosis, development, implementation process and finally, monitoring and evaluation of the PRSP, it however raises serious implementation feasibility concerns (Youash 2003: 14; Hatcher 2005).

More importantly however, parliaments' involvement in the PRS process should be analysed via the greater context of the emergence of the IDM and the rise of Neo-institutional influences within the Institution's policies.

The Bank's initiative may be better understood as an attempt to circumscribe parliaments' role within a narrow window of governance oversight, while the main political and economic reforms are still the product of negotiations between the IFI, Finance Ministries and Central Banks. Parliaments engagement in this respect, does offer greater possibilities in terms of reform sustainability, especially considering that PRSP sometimes require that secondary legislation be passed. As observed in the PRS Sourcebook: 'A parliament that has already played an active role in the diagnosis and development of its PRSP will be better able to coordinate such legislation' (World Bank 2004a: 14).

The PRSP experience does reveal that legislative contestation to certain policy reforms backed by the executive and the Bank and the Fund will not be taken into account (Jones and Hardstaff , 2005: 28)⁸. The main threat often originates from the possibility for a cut of multilateral funding when conditionalities are not met:

On occasions when parliaments do resist the legislative agenda that originates with the IFIs, they are often made to back-down due to the need to stay on-track with IFI programmes and secure further development.

(Jones and Hardstaff, 2005: 25)

The above study brings forth a fundamental question, which is deeply rooted in the definition of the concept of 'ownership' promoted by the PRS process. While the Sourcebook state's that 'Preparing or strengthening a PRS is expected to be an interactive, iterative process' (Preface, Sourcebook: viii), countries experiences reveal that the concept would be better understood in terms of 'commitment' to the IFI backed policy reforms rather than in terms of a political debate leading to a set of

⁷ The *Sourcebook for Poverty Reduction Strategies* is a compilation of chapters that details the Bank and the IMF views on the strategies and aims to assist countries in developing and strengthening their PRSP While the Bank states that the Sourcebook is intended to be only suggestive, it also states that it reflects the 'thinking and practices associated with the Comprehensive Development Framework, the *World Development Report 2000/2001*, good international practices related to poverty reduction, and emerging experience about the effective design and implementation of PRSPs' (World Bank, Preface, Sourcebook, vii). For Youash, the Sourcebook is [...] the most explicit source of information on what the World Bank and IMF expect from participating states in terms of preparing an interim and full PRSP. [...] In essence, the PRSP-SB [PRSP-Sourcebook] is the 'how to' book for the PRS process. It invariably embodies the principles, beliefs, and values of the major IFIs [International Financial Institutions] driving the initiative' (Youash, 2003: 3).

⁸ World Development Movement has recorded examples of parliamentary opposition to IFI policies in Bangladesh, Cameroon, Georgia, Ghana, Honduras, Kenya, Kyrgyzstan, Malawi, Moldova, Mozambique, Tanzania, Uganda and Zambia. Details on these cases are available online on World Development Movement website at: www.wdm.org.uk/democracy/parliament

national initiatives that might differ from the orthodox policy promoted by the World Bank.

The World Bank 'toolkits' for parliamentarians are revealing in such aspects. The Bank's privatisation toolkit establishes explicit strategies aimed to overcome MPs opposition to privatisation⁹. Its stated objectives of communications with parliamentarians are to: 1) Build understanding and support for privatization; 2) Ensure the timely approval [of] privatization transactions; 3) Solicit legislature's input, while managing expectations on the role they have to play (Quoted in Jones and Hardstaff, 2005: 27). More importantly, the toolkit would be successful if parliamentarians conclude the following: 'I will support the privatization program with my vote; Privatization will benefit my constituents and happy constituents are likely to return me to office' (Quoted in Jones and Hardstaff, 2005: 27).

In terms of the greater IDM framework, this is indeed quite revealing of the dichotomy between on the one hand, the ownership narrative, which states that there should be no imposed blueprint in terms of reforms, and on the other hand the fix set of 'good' practice that should be nevertheless applied by governments, here mostly referring to the executive rather than the legislative branch.

Conclusions

The Integrated Development Model does not embody a genuine paradigmatic shift at the Bank. If its narrative has indeed shifted towards a more socially inclined conceptual framework, such as participation and ownership, it must be viewed as a new step within the path of the old structural adjustment paradigm. This is not to say however, that the step is not significant. Indeed the World Bank has added a significant institutional twist to its former policies, a twist inspired by a Neo-institutional framework.

Faced with the institutional predicament linked to the structural adjustment programs, the organisation argues that the proposed reforms are apolitical and derive from a techno-managerial framework that only tackles effectiveness issues. As such, the narrative of the IDM closely derives from the Bank's apolitical norm, which is deeply rooted at the core of its own institutional framework, not withstanding its article of agreement.

However, the Bank did in fact enter the realm of politics. Building on the last twenty years of governance reforms, the IDM implement new forms of governance in order to lock-in market-enabling policies in countries under reform. In other words, it allowed the Bank to enter the political arena under the cover of an institutional effectiveness imperative or, as stated by Jayasuriya, to embrace: 'the politics of anti-politics' (2001: 8).

The institutional turn could be seen as a Trojan horse, carrying within it reforms that bring forth a particular project of economic reform and social order (Campbell 2000b:

⁹ A 'toolkit' on the World Bank's website
www.worldbank.org/developmentcommunications/Publications/wb%20toolkit%20book%203.6.02.pdf

9). Neo-institutional precepts within the IDM embrace the state as a pivotal catalyst to nurture a favourable environment for the private sector without the risks of going back to the former more interventionist model; while also tackling the social unrest inherent to the last two decades of neo-liberal reforms. Meanwhile, the reforms seek to free the state from what is perceived as the ‘debilitating effects of political bargaining’ (Jayasuriya 2001: 1).

This process has been illustrated by an overview of the PRS experience. The focus on legislatures’ involvement in the process has highlighted the political paradox that derives from the IDM. In the name of technical efficiency, politically charged reforms are being carried out—i.e. the market-enabling policy capabilities, policies which primary aim is to liberalize and stabilize markets. However, the participation of parliaments in such matters appears to have been limited to a process of technical oversight rather than to have the opportunity to debate over them.

This anti-political framework brings forth the issue of citizenship and political representation. The IDM indeed apparently fails to acknowledge the benefits of politics as a rational for societal deliberation, a process that allows the social to influence the economic realm.

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