

MRP Draft

Good Governance and Development in Developing Countries: A Critical Analysis of the World Bank Approach

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Introduction

The power of the state to provide adequate public services to its citizens is instrumental in the relationship between sovereigns and the governed (Kaufmann et al., 2000). In spite of this, many countries in the developing world find it difficult to provide basic public services; this failure has affected overall development (Kulshreshtha, 2008: 559). The inability of developing countries to provide such vital but basic services has been attributed to poor governance (Werlin, 2003). Thus, in developing countries, it is believed that the lack of good governance practices has staggered, and continues to stagger and hinder development.

Since the early 1990s, the World Bank and the donor community in general, have focused their attention on helping developing countries to embark on what they called “good governance” to enhance the development of these countries. The World Bank for instance, is of the view that good governance is a necessity for development because of its own experience in the developing world has shown that the programs and projects it helps finance may be technically sound, but fail to deliver anticipated results for reasons connected to the quality of government action (World Bank, 1992: 1).

The long standing argument has been that a country’s governmental policies that influence the general private sector environment have a major impact on a nation's ability to achieve its economic potential (Ng & Yeats, 1998: 2). As such, the need for developing countries to create good governance policies that enhance the private sector environment has become extremely important (Williams, 409: 2010). Consequently, many organizations interested in the development of developing countries have bought into the notion of improving the private sector environment as key to improving economic development in developing countries, and have subsequently highlighted good governance measures as an important element in ensuring their

economic development programs succeed (Ngobo & Fouda, 2012: 435). This trend of improving and promoting the concept of good governance has played, and continues to play an increasing role in ensuring that developing countries provide better services for their citizens.

International aid agencies became the leading advocates for good governance in the early 1990s, when they realized that poor governance across many developing countries was a major obstacle to their economic development (Ngobo & Fouda, 2012: 435). To advocates of good governance, such as international aid agencies, increasing civil and political liberties, which are the hallmarks of good governance, in developing countries can help to reduce corruption and enhance effective public service delivery. These advocates are of the view that issues such as a strong civil society can serve as instruments in improving the effectiveness of governments in developing countries by exposing corrupt practices and enable citizens to hold their governments accountable (Williams, 2010: 406).

As already noted, the donor community has also been instrumental in promoting the good governance idea as the key to sustainable development in developing countries. Indeed, improving governance structures has become a fundamental aspect in improving the aid effectiveness within developing countries (Moloney, 2009: 610). Similarly, the International Financial Institutions have also incorporated good governance into their assistance to these countries. For example, the World Bank has incorporated good governance approaches in many of their developmental projects for these countries. This has allowed many of these countries to use development aid in improving their governmental institutions to promote and improve good governance within the country (Moloney, 2009: 616). Ultimately, the World Bank's focus on good governance has enabled developing countries to create and sustain an environment which

fosters strong and equitable development, and it is an essential complement to sound economic policies (World Bank, 1992: 1).

With this in mind, the World Bank developed a policy statement on good governance, which moved away from the traditional concept of good governance being discussed in terms of types of political regimes (Kulshreshtha, 2008: 557). The World Bank rather dealt with the concept of ‘good governance’ through the lens of government procedures and processes, and their implications on economic performance in developing nations (Moore, 1993: 3). The World Bank approach focuses on four key dimensions of good governance, namely; public sector management, accountability, legal framework for development, and information and transparency (World Bank, 1992: 12).

The increased involvement of the World Bank in pioneering good governance has been instrumental in the ability of developing countries to provide better governance for its citizens in the last couple of years. This development has in turn encouraged many governments to re-examine their responsibilities to their citizens, with an emphasis on improving governance within their countries (Kaufmann & Kraay, 2002). Re-examining these responsibilities, have in many ways forced developing countries to adopt economic policies that are intertwined with the good governance ideas being promoted by organizations such as the World Bank. The World Bank’s concern with good governance, however, is rooted in the implications for economic performance (Moore, 1993: 8), leading some to argue the governance agenda is merely, “a smorgasbord of economic and political prescriptions for development and a “fig leaf” hiding renewed conditionalities” (Santiso, 2001: 3).

The intention of this paper is, therefore, to provide a critical analysis of the World Bank’s approach and policy on good governance. As well, the paper will assess the perceived

implications for developing countries that choose to follow or ignore the World Bank's approach on good governance. In an attempt to follow the World Bank model and undertake better governance for citizens, many states have adopted economic policies that seem to hurt these same citizens. The view point that these economic policies hurt citizens has been informed by the belief that actions such as the downsizing of the state insisted upon by donors addresses only the short-term issues of stabilization, while undermining long-term developmental capacities of developing countries (Mkandawire, 2007: 680). As such, this paper will examine the role of the World Bank in maintaining the dominant western economic model; by developing parameters around the concept of good governance that narrowly focus on the economic and structural problems of developing countries.

The adoption and promotion of the World Bank's approach on good governance in developing countries raises some interesting questions: Is the World Bank's use of market oriented economic policy the answer to improving good governance in developing countries? Is good governance an effective strategy without the condition of political and social reform, in the form of multi-party democracy and civil and liberties? Is the Bank's apolitical nature an asset in tackling economic growth through good governance, or has it been a hindrance in facilitating actual good governance in developing countries?

It will be argued that the World Bank approach's inability to target political reforms has limited its effectiveness in providing long term sustainable economic growth in developing countries. As well, it will be highlighted that the Bank's approach is shaped by and centered on Western economic doctrine, and appears not to have been influenced by the actual experiences and dialogue from some of the economically successful countries in the developing world.

The paper will first look at understanding the concepts: “governance” and “good governance.” In this section, the paper will first look at the importance of international institutions in constructing and reconstructing concepts and norms in the international sphere. This will be followed by an exploration of the traditional theories of governance and good governance. The second section of the paper will examine the World Bank’s framework on good governance. The major features in this part of the paper will be how good governance is understood by the World Bank, and how debates within the Bank that have shaped the understanding of this definition. Lastly, the paper will analyse the idea of good governance and its implication for developing countries. In this section, the paper will explore how the Bank has used good governance as a tool to socialize developing nations into accepting its neoliberal economic doctrines.

Understanding Governance and Good Governance

Most scholars accept that ‘governance’ is a term that encompasses the nature and structure of governing; however, there is not much agreement on the particularities of the concept of governance (Jose, 2007: 455). Also, for most scholars ‘governance’ recognises that the political authority exercised by the state through its decision-making and administrative apparatuses is increasingly shared with other, non-state, actors (Scott 1995; Prozorov 2004). For one scholar, the understandings of ‘governance’ differ because they are generated from within narrative frameworks that ‘embody particular theories about rationality, institutional embeddedness, and agency, as well as a historical story’ (Bevir, 2003: 200).

As well, governance is generally understood as denoting a systematised means for structuring a society's power relations and modes of political rule (Pierre & Peters, 2000). In line with this understanding of governance, Kaufmann, Kraay, and Zoido-Lobaton (2000) define governance as "the traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them" (1). Hill and Hupe (2002) define governance as 'the way in which collective impacts are produced in a social system' (13); and for McGregor (1993) 'governance' designates 'the application of power and authority in a way that commits relevant political actors to managerial decisions'(182). What is evident in such definitions of governance is that an emphasis is placed on the system of governance, which in most cases signifies democratic values.

In the World Bank's view, governance is merely 'the manner in which power is exercised in the management of a county's economic and social resources for development' (World Bank, 1992: 1). The Bank's definition of governance signals an agenda that has developed in such a way as to depoliticise the idea of the exercise of that power (Jose, 2007). In line with this understanding of governance, Jessop (1997), has suggested, governance involves 'the restructuring of the relationship between the political and economic spheres' in which both the nature of the 'political' and its relationship to the 'economic' is redefined in ways that enhance the latter at the expense of the former (472). For Wamsley (1990), 'governance' is the authority underpinning 'choosing, prioritizing, directing, and steering' (114). These definitions of governance emphasize the process of governing rather than the structure of government, while emphasize the limits of governmental power (Klijn, 2008: 508). For example, in the World Bank

context political rule by governments when seen through the governance lens is merely a matter of economic management (Jose, 2007).

For Rhodes (1997), governance has a number of meanings: ‘referring to a new process of governing; or a changed condition of ordered rule; or the new method by which society is governed’ (46). Stoker (1998), identified governance as being composed of five key complementary elements:

1. Governance refers to a set of institutions and actors that are drawn from and also beyond government.
2. Governance identifies the blurring of boundaries and responsibilities for tackling social and economic issues.
3. Governance identifies the power dependence involved in the relationships between institutions involved in collective actions.
4. Governance is about autonomous self-governing networks of actors.
5. Governance recognises the capacity to get things done that does not rest on the power of government to command or use its authority. It sees government as able to use new tools to steer and guide. (18)

Although, both the Rhodes and Stoker definitions of governance focus on the practice of governing, both still leave open some room to incorporate a degree of democratic organisation within the concept of governance.

Richards and Smith (2002), suggest that in the British context ‘governance’ should be understood as part of a wider story about the changing means of governing that fall into three distinct eras. First, there was what Richard and Smith termed ‘an era of government’, in which ‘the government’ operated according to what was accepted as the Westminster system of governing. A second phase was term ‘an era of governance’, in which, political power and policy-making involves multiple actors and in which ‘governing became a shared process of exchange and negotiation.’ Finally, by the late 1990s an era of ‘joined-up government’ emerged to counter the fragmentation of the decision making of the previous era. That is, it was recognised that ‘the key problem stemming from this new era of governance was that

governments were seen to have less control or, in extremis, to have lost control over the policy process' (3- 8).

Early discussions of the concept of 'good governance' date back to at least 400 BCE, to the Arthashastra, a treatise on governance attributed to Kautilya, thought to be the Chief Minister to the king of India (Kaufman and Kraay, 2008: 3). Kautilya introduced key pillars of the art of governance, which included an emphasis on justice, ethics, and anti-autocratic tendencies (Boesche, 2003 : 20). Even during this period of monarch rule, one could still see the important connotation made between good governance and the values of democracy we see today.

Through the early years of the concept, what has been a constant feature in the understanding of good governance is the link between the idea to economic growth and development. In Kautilya's notion of good governance, he identified the duties of the king to 'include the protection of the wealth of the state and its subjects and to enhance, maintain, and safeguard this wealth as well as the interests of the kingdom's subjects' (Kaufman and Kraay, 2008: 3). This notion of economic growth and development being an integral part of good governance has continued. For example, G-8 leaders in 2005 noted that the aid is to be focused 'on low income countries which are committed to growth and poverty reduction, to democratic, accountable and transparent government, and to sound public financial management' (Nanda, 2006: 270).

As a result, good economic governance has rapidly gained currency among economists, and has become a major feature in the understanding of good governance (Moore, 1993: 7). This type of governance focuses on collaborative and associative forms of governance that enhance the economic competitiveness of cities, regions, and countries (Leibovitz, 2003: 2613). As mentioned by Rodrik (2008), 'the focus of reform in the developing world has moved from

getting prices right to getting institutions right'. As a result, economic governance has largely focused on developing the right institutions to facilitate a good investment climate that provides opportunities and incentives for firms (World Development Report, 2005).

As well, there is an increasing awareness that good governance practices, such as 'policy certainty, macro stability, corruption, improved regulation and tax administration, courts and legal system, affect investment climates (World Development Report, 2005). As a result, good governance is seen to play a role in the economic development in developing countries, which has given citizens a greater hope in receiving better care, protection, and services from the state (Lemi, 2008: 2). As such, through the concept of good governance these citizens can now expect their governments to provide public goods more effectively and efficiently.

Good governance can mean different things in different areas in the world. In Africa where institutional development is most fragile it is appropriate to stress the benefits of the rule of law, of accountability of public figures for the use of public resources, and of the provision of information on the actions and processes of government agencies (Moore, 1993: 4). As well, the use of democracy in good governance was ultimately added because of the calls for a move away from authoritarianism in the late 80s to early 90s in many developing nations. As such, one could understand the use of democratic values in promoting good governance in these countries. For example, good governance, in many instances must to pay special attention to issues of equity and inclusion (Mkandawire, 2007: 680). On the other hand, some areas where institutions are stronger and the rule of law has been implemented and established, good governance focuses solely on the procedures of governance and not a change in the type of government. This definition of governance typically focuses on the reduction of government. For example, Rhodes (1996), argues that good governance has now been thought of as a minimal state.

Throughout the long history and evolution of good governance, there has been and continuous to be no consensus over the definition of good governance (Kaufman and Kraay, 2008: 3). What has become an informal consensus since the end of the Cold War is the power of international organizations to construct and reconstruct good governance into the development discourse. Various international organizations have used their powers to target specific characteristics they believe are important in developing sustainable good governance in developing countries. For example, the World Bank has focused first and foremost on 'efficient government': 'a government that not only had the power to formulate financial and economic policy but that also had the capacity to implement it' (World Bank, 1989).

The one substantive difference in defining good governance has to do with the explicit degree of emphasis on the role of democratic accountability of governments to their citizens (Kaufmann & Kraay, 2008: 4). Some definitions of good governance developed by these organizations are so broad that they cover almost every topic, such as the definition of rules, enforcement mechanisms, and organizations needed to ensure good governance (Kaufman Kraay, 2008: 3). For example, Stokke (1995), identified three 'agendas' under the term 'good governance', namely 'good governance, human rights and democracy'. In this view the concept of 'good governance' has broadened to include issues such as the violation of human rights, democratisation, and the building-up civil society. The problem with this broad definition of good governance is that in many instances it has taken away from the core understanding of governance and good governance- governmental efficiency (World Bank, 1989). For example, reductions in the incidence of human rights abuses have been used as justification to establish aid relationships with a country on the basis of improved good governance within the country (Hoebink, 2006:133).

Other definitions of good governance are extremely simple in that they merely see good governance as the correct exercise of power to manage a nation's affairs (Mkandawire, 2007: 679). For example, Norway has focused their definition of good governance on ‘the strengthening of public and other “watchdogs”, like the auditor general, ombudsman systems, civil society, political parties and a free press’ (Royal Norwegian Ministry of Foreign Affairs, 2002). A limitation on solely focusing on transparency and accountability as the definition to good governance is the passive nature of these instruments. For example, the existing codes of conduct in many developed nations require civil servants only to pass information to public bodies if expressly asked (Griffin, 2010: 287).

Regardless of how broad or simple good governance is defined, one constant has been its continual linkage with economic development in developing countries. For example, a number of definitions have stressed the need to make the links from good governance to development. In doing so, these definitions go further than the general idea of good governance by focusing on the core development concept of accounting for poverty in the midst of plenty. For example, the World Bank defines governance as “the manner in which power is exercised in the management of a country’s economic and social resources for development” (World Bank, 1992: 1). As well, other definitions agree on the importance of a capable state operating under the rule of law (Kaufmann & Kraay, 2008: 4). For example, the French government has funded projects that encourage constitutional government in several developing countries; these projects mainly address the design and promotion of the judiciary and the police force (Hoebink, 2006: 152). As such, these understandings of good governance argue that one must create incentives for people to invest in more efficient technology, increase their skills, and organize efficient markets (Kaufmann & Kraay, 2008: 3).

An important aspect of developing a definition of good governance is developing tools to measure how states are doing in their implementation of good governance. These measurement tools can either be rule based indicators or outcome based indicators. A rules-based indicator might measure whether countries have legislation in place prohibiting such acts as corruption; while an outcome-based measure could assess whether the laws are enforced (Kaufmann & Kraay, 2008: 3). For example, to measure accountability in a country, both rules based indicators and outcome based indicators can be used. In terms of rule based indicators, one may observe the rules regarding the presence of formal elections; while, for outcome based indicators one could assess the extent to which these rules operate in practice by surveying respondents regarding the functioning of the institutions of democratic accountability (Kaufmann & Kraay, 2008: 5).

Rule based indicators have become extremely popular for many international organizations. For example, aid programmes have become increasingly focused on capacity building, in order to ensure there are effective rules and institutions within developing countries (Solli, 2011: 71). Some rule based indicators used to assess governance include the World Bank's "Doing Business Project"¹, the World Bank's "Database of Political Institutions"², and the University of Maryland's "POLITY-IV"³ database (Kaufmann & Kraay, 2008). The clarity to which these indicators are measured and expressed has made rule based indicators very appealing to aid donors interested in linking aid with performance indicators and in monitoring progress on such indicators (Kaufmann & Kraay, 2008: 5).

¹ The Doing Business Project provides objective measures of business regulations and their enforcement across 185 economies and selected cities at the subnational and regional level. (World Bank, 2013)

² The Database of Political Institutions (DPI) contains 125 variables, mainly measuring aspects of the political system and electoral rules. The variables are organised in five groups. covers all independent countries with populations above 100.000 (Beck et al. 2000: 36).

³ The Polity conceptual scheme is unique in that it examines concomitant qualities of democratic and autocratic authority in governing institutions. The "Polity Score" captures this regime authority spectrum on a 21-point scale ranging from -10 (hereditary monarchy) to +10 (consolidated democracy) (Marshall & Cole, 2008).

On the other hand, large cross-country surveys of individual countries such as that done by the Gallup World Poll have become popular outcome based indicators of good governance (Razafindrakoto & Roubaud, 2010). These types of outcome based indicators ask general questions, such as “Is corruption widespread throughout the government in this country?” (Kaufmann & Kraay, 2008: 10). An Individual’s reluctance or fear of expressing their real opinions is can be a possible source of limitation for outcome based indicators. However, this hypothesis is rejected based on the presence of highly negative views of the political regime and leadership, especially in an authoritarian country such as Togo (Razafindrakoto & Roubaud, 2006).

The main advantage of outcome-based indicators is that they capture the views of relevant stakeholders, who take actions based on these views (Kaufmann & Kraay, 2008: 10). As such, regardless of what good governance rules are in place in a country, good governance is only achieved when the relevant stakeholders perceive it has. However, governance indicators do not always capture the multifaceted ways in which governance affects development in a particular country (Devarajan, 2008: 33). As well, many indicators do not fully gauge the specific governance problems encountered by the population within the countries they assess (Razafindrakoto & Roubaud, 2010: 1060).

International Orgs

Understanding how power is exercised in the International sphere is instrumental to how the concept of good governance has been developed by the World Bank. The ability to create and re-create concepts is often seen as an illustration of how power is exercised in the international sphere. International organizations have been viewed as powerful actors in the international sphere, and thus, likely to create and legitimize concepts (Bandyopadhyaya & Mukherjee, 1999:

317). The power of international organizations can be seen through their ability to influence the agenda of external policy-makers so that it is favourable to achieving its objectives, including keeping threatening issues off the agenda (Bachrach & Baratz 1962).

As well, the ability for international organizations to embody a form of rational-legal authority has been important in their ability to be viewed as particularly legitimate and good (Barnett & Finnemore, 1999: 707). Additionally, an organization may be able to enhance its external influence if it espouses an ideology or set of symbolic values that is embedded in the society and if it articulates the appropriate discourse (Fairclough, 2001). Most importantly, the ability to mobilize political support and gain legitimacy for proposed actions has been instrumental for how international organizations generate their power (Boddeyn 1988). This may involve securing access to external groups which can shape conditions, such as regulations, relevant to the organization's operations (Boddeyn & Brewer 1994).

However, the environment in which organizations operate is seen as becoming increasingly complex and unpredictable as political and technological change accelerate within a world whose economic, ecological and political systems are becoming increasingly interconnected (Dicken, 2007). These complexities have challenged the natural make up of international organizations and in many cases have encouraged these organizations to adapt to their environments in order to survive (Lawrence & Lorsch, 1967). More specifically, as their environments become more complex, organizations have had to find appropriate ways of coping with these new challenges (Tetenbaum, 1998). Thus, complex environments call for organizations also to become complex systems capable of high levels of adaptation through learning and emergent behaviours (Brown & Eisenhardt, 1997).

The way international organizations are designed play a role in how they are able to legitimately dictate how concepts, such as good governance are set. Many International organizations, such as the World Bank, have been created in the form of an administrative bureaucracy with formalized rules; which allow them to work more efficiently in executing their mandates (Väyrynen, 1970: 292). Bureaucracies, by definition, make rules, but in doing so, they also create social knowledge, which often becomes the norms that are spread throughout the world (Barnett & Finnamore, 1999). Additionally, international organizations have shown that normative structures play an important role in their ability to exercise their power (Adler, 1997).

These institutions also use their legitimacy to make rules to define shared international tasks, create and define new categories of actors, create new interests for actors, and transfer models of political organization around the world (Barnett & Finnamore, 1999: 699). As a result, the ability of international organizations to dictate the development of concepts, such as good governance is enhanced by their power to also create actors and dictate how other actors in the field behave. For example, international organizations, like the International Criminal Court have used their legitimacy as neutral experts to establish important developments within international criminal justice: Universal jurisdiction has become more accepted as a basis for the prosecution of atrocities in national courts (Fehl, 2004: 361). Furthermore, many international organizations have used their power and resources to go further, in order to specify responsibilities and authority among the actors, and as well, define the work these actors should do (Barnett & Finnemore, 1999: 700).

Other theorists have argued that international organizations are not the source of power in the international sphere, and thus, do not create or legitimize norms (Mearsheimer, 1995; Van Evera, 1992; and Grieco, 1988). The argument is that international institutions are merely the

creation of states; as such norms are created by states, which only use international institutions as a vehicle to transport these norms worldwide (Trachtenberg, 2003: 160). For example, economic logic and regime theory generally treat international organizations as creations of states designed to further state interest (Barnett & Finnemore, 1999: 704). Regime theory assumes that the world consists of unitary states actors, who each engage in power maximization (Evans & Wilson, 1992: 330). Importantly, for realist theorist entering into a regime is a rational choice, particularly in areas of international life (Evans & Wilson, 1992: 331).

Furthermore, realist theorists maintain that institutions are basically a reflection of the distribution of power in the world (Mearsheimer, 1995: 7). As such, the decisions and norms developed by international organizations are merely an example of the self-interest of the most powerful states. For these theorists, power is understood as the capacity to influence the other against their will (Guzzini, 2004: 538). Therefore, it is argued that the most powerful states in the system create and shape institutions so they can maintain their share of world power, or even increase it (Mearsheimer, 1995: 14). Mearsheimer (2001) points out that, ‘power is the currency of great-power politics, and states compete for it among themselves.’ (12). As a result, good relations with other states have been used as a vehicle to exert power and source of strength for powerful states (Trachtenberg, 2003: 162). In light of this understanding of how power is exercised in the international sphere, international organizations become instrumental for the major actors- which in these theories are states- to exert their power.

However, early institutionalist writers have criticized balance of power theories for assuming a single international power structure (Keohane and Nye, 1977). Baldwin (1989), expanded on this point by explaining that, ‘a single international power structure relies either on the assumption of a single dominant issue area or on a high fungibility of power resources’

(167). Over the years international organizations have shown that they are independent actors with their own agendas. For example, studies of the World Bank have consistently identified an independent culture and agenda within the Bank, that is separate from states that are perceived to be controlling the institution (Barnett & Finnemore, 1999: 705).

Furthermore, states have created new international institutions, such as the Intergovernmental Panel on Climate Change (IPCC); as well, increased the usage existing institutions, such as the North Atlantic Treaty Organization (NATO) in addressing international issues (Barnett & Finnemore, 1999; Keohane & Martin, 1995). As such, major governments have continued to emphasize the importance of international institutions, by investing significant material and reputational resources in organizations such as the NATO and the European Union (EU) (Keohane & Martin, 1995: 40). Despite, the investment in these organizations, it is very rare to see that these organizations are dominated by just one actor. Instead, it is much more likely that organizations such as NATO and the EU have some independence from even the most powerful actors with the organization (Barnett & Duvall, 2005: 51). Ultimately, the power of international organizations is derived from the fact that they present themselves as impersonal, technocratic, and neutral (Barnett & Finnemore, 1999; Keohane & Martine, 1995). The ability of these institutions to present themselves as independent arbiters who are not exercising power but, instead are serving others is critical to their legitimacy and authority (Barnett & Finnemore, 1999: 708).

The World Bank's Framework on Good Governance

The World Bank has been one of the foremost leaders in the development of good governance in recent years. In the Bank's report entitled *Governance: The World Bank's Experience* (The World Bank, 1994) defined good governance as being,

‘epitomized by predictable, open, and enlightened policymaking (that is, transparent processes); a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and all behaving under the rule of law.’ (1)

The Bank has been able to use its lending power and influence among the development community to legitimize the above definition of good governance (Kulshrethta, 2008: 557). The Bank is of the view that even in societies that are highly market-oriented, only governments can provide two sorts of public goods: rules to make markets work efficiently and corrective interventions where there are market failures (World Bank, 1992: 6). However, for the government to be able to provide these two public goods, they need to be transparent and accountable to its citizens. As such, good governance has become a major component in the World Bank’s work in developing countries.

There are two main reasons why the World Bank is concerned with good governance for two kinds of reasons. First, the Bank’s own experience in developing countries highlights that good governance is central to creating and sustaining an enabling environment for development. Second, from the Bank’s perspective, sound development management is linked with the efficacy of the investments that the Bank helps to finance (World Bank, 1992: 47). These two features have for the most part driven the Bank to create its own working definition of good governance in order to ensure their projects in developing countries succeed.

Despite the lofty ambition of poverty reduction through the establishment of good governance practices in developing countries, debates within the Bank have forced the organization to maintain the development of many of their frameworks rather ambiguous (Bebbington et al., 2004: 36). For example, questions have arisen in regards to whether a correlation exists between the principles of ‘good governance’ and poverty reduction (Richardson & Cashmore, 2011: 109). The ambiguity within the Bank’s framework is a

linguistic one, in which the meaning of a text is open to multiple interpretations because certain words are ambiguous, or because certain phrases within a document contradict one another, allowing for selective emphases and interpretations (Best, 2012: 678). In terms of good governance, the World Bank's continual emphasis on the importance of transparency and accountability, while neglecting the enforcement of political regime change that would better institute these policies is contradictory, leaves the definition of good governance ambiguous. As such, this form of textual ambiguity has not only allowed developing countries to adopt their own understanding of good governance, but in a way has left the Bank's concept of good governance weakened and compromised.

However, a faction within the Bank has defended the perceived ambiguous definition of good governance being promoted by the World Bank. The major argument from this faction has been that by adopting more open-ended policies and procedures, key actors can create opportunities to adapt and reinterpret the policies in ways that reflect their own evolving interests (Best, 2012: 678). For example, staff and Directors at the World Bank tend to support those forms of ambiguity that they believed would provide them with the flexibility they needed to adapt to an uncertain economic environment (Best, 2012:685). As a result, the need for flexibility in order to adapt and incorporate the Bank's ever changing interest and agenda has contributed to the Bank's rather open and broad interpretation of good governance. As well, this has limited the Bank's ability to truly target democratization; this is due to the fact that currently the Bank's interest is to remain apolitical and neutral, as that is how they receive much of their source of power.

Those within the Bank that want to continue the culture of being apolitical and neutral, have been a major roadblock in any attempts to add democratization or regime change to the

concept of good governance (Broad, 2006: 398). These individuals within the Bank have continued to highlight the importance of the Bank as an apolitical organization, and have such, pushed this concept as the foundation for its understanding of good governance (Best, 2012: 679). In analyzing good governance, this faction pushed the Bank to draw a clear distinction between the political and economic dimensions of the concept (World Bank, 1994). They did this by highlighting that the Bank's mandate is the promotion of sustainable economic and social development, and not political stability or change (Broad, 2006: 398). As well, this faction pointed out that the Bank's Articles of Agreement explicitly prohibit the institution from interfering in a country's internal political affairs and require it to take only economic considerations into account in its decisions. As a result, this has forced the Bank to limit their definition of governance to the manner in which power is exercised in management of a country's economic and social resources for development (World Bank, 1992).

In addition, discussions within the Bank have always revolved around creating the necessary environment for private sector development (Bebbington et al., 2004). As a result of the open interpretation of the Bank's definition of good governance, certain staff and directors within the Bank have been able to use the concept to target private sector development in developing countries (World Bank, 1992; World Bank 1994). As such, good governance has been applied, and continues to be applied in a more specific sense, such as corporate governance—the framework of laws, regulatory institutions, and reporting requirements that condition the way the corporate sector is governed (World Bank, 1994).

Another faction within the Bank has argued that politics is an important facet that the Bank must utilize in order for projects in developing countries to succeed. Politics—including stakeholders and their power, incentives, skill, and capacity to organize—gets in the way and

inevitably shapes the dynamics of reform. They also argue that the Bank's lending practices are not only used to provide help to countries in economic distress but also to achieve the political objectives of the Bank (Dreher et al., 2009: 2). However, this faction within the Bank also cautions that a country's economic, social, and political institutions cannot be re-engineered from scratch (Levy, 2011). As such, this faction has argued that political structures must be targeted in order for good governance to be achieved in developing countries. These internal debates within the Bank have shaped the Bank's official definition of good governance being promoted by the Bank.

Characteristics of the World Bank's Good Governance Framework

The Bank uses a variety of both outcome and rule based indicators to measure their definition of good governance in developing countries. The World Bank's definition of good governance breaks up the concept into four dimensions. These dimensions are, Public Sector Management, Accountability, The Legal Framework for Development, and Information and Transparency. The four dimensions highlight the core principles the World Bank views as requirements of good governance should entail in a country. With its institutional power in the international sphere, the Bank has been able to socialize developing countries to accept and develop these four concepts as the foundations of good governance.

Public sector management is the most visible of the Bank's four dimensions of good governance; since 1950s, the World Bank focused primarily on providing technocratic solutions to development-related problems (Kulshretha, 2008: 558). The Bank describes this dimension as one that has to do with the capacity of governments to make and implement public policy, the effectiveness of public programs, and the strength of public institutions (World Bank, 1994: 1).

Consequently, public sector management is seen as the ability to effectively and efficiently manage public funds, money, and personnel under government control.

In addressing issues with poor public sector management, the Bank targets practices that permit inefficient deployment of resources, including weak budgeting and accounting, excessive public sector employment, and loose controls over the parastatal sector (Moore, 1993: 7). This dimension has become important in the World Bank's understanding of good governance because it is believed that when the capacity of the public sector to manage the economy and deliver public services is weak, the prospects for development are poor (World Bank, 1992: 12). As such, structural adjustment programmes have been used in developing countries to address some of these issues in order to improve development. Structural adjustment loans were designed to resolve balance of payment issues by requiring indebted nations to institute a variety of economic policy reforms in return for the money (Peet, 2003). The underlying logic behind structural adjustment is an attempt to generate hard currency for debt repayment by boosting exports and cutting government spending (Glover, 1995; George and Sabelli, 1994; George, 1992). Moreover, it was believed that developing countries could learn from the sound financial policies pursued by governments in developed economies during this period and therefore, strengthen their own financial policy frameworks (Kulshretha, 2008: 559).

In the 1980s, the World Bank began to focus on improvements in overall public sector management, and the improvement of sector wide institutions and service delivery in developing nations (World Bank, 1992: 12). The Bank has argued that reforming public institutions and improving governance is instrumental to all successful development and poverty-reduction work (Kulshretha, 2008: 559). Also, decentralization and tax reform have become other areas where the World Bank supported government efforts to improve public sector efficiency (World Bank,

1992: 13). As a result, the World Bank was been able to use its power as a leader in development to shape the definition of good governance; through the programs they offer developing countries.

The next dimension in the World Bank's good governance framework is accountability. 'Accountability, at its simplest, means holding public officials responsible for their actions' (World Bank, 1992: 13) Government accountability is not the only form needed in good governance; accountability throughout the economic system is also extremely important in the World Bank's definition. To this end, the World Bank points out that, governments have an important role to play in ensuring accountability in the private sector (World Bank, 1992: 14). As such, good governance in the World Bank's perspective does not stop with the public sector but, developing countries are mandated through this definition to go further by facilitating private sector development in the country.

The power in this dimension is evident because of the simplicity of the concept of accountability, as well as the positive connotations associated with this term. Since accountability is a positive action, the World Bank's push for more is considered constructive, and thus, the more of it the better. For example, one can argue that public servants who are given positions and public resources without any kind of oversight will rarely be honest or efficient (Moore, 1993: 8). As such, accountability becomes extremely important in the economic development of developing countries; as it can help provide better oversight for those in key positions, and thus, improve governance in the country.

However, since accountability is a highly abstract concept, sometimes it can be interpreted in formalistic and legalistic terms, and sometimes can be used in a more concrete way to refer to the social, economic or political mechanisms through which some agents become

responsive to other agents (Moore, 1993: 8). Changes in the international political economy have contributed to an increase in demand for greater accountability and in the procedures and structures of policy making (Park, 2010: 13). As well, the concept has been defined broadly enough to allow different interpretations as to whom individuals must be accountable to and what mechanisms should be used to attain accountability.

The third dimension in the Bank's notion of good governance is the legal framework for development. This dimension focuses on the rule of law; which refers to the content of the law and concepts such as justice (for example, due process), fairness (the principles of equality), and liberty (civil and political rights) (World Bank, 1992: 30). Laws have been given a pre-eminent role in confining the state to its proper place in the new neo-liberal dispensation (Tshuma, 1999: 76). Again, this dimension highlights the importance placed on private sector economic development by the Bank. For example, in the early 1990s the lack of a legal system conducive to private sector development in Eastern Europe was a severe impediment to the Bank's efforts at privatisation and attracting new investments to the region (Moore, 1993: 12).

The importance of commercial law in this dimension has been due to the Bank's efforts to stabilize developing countries adjusting to recent radical change of politico-economic regime; as well as, help developing countries formulating new economic policies which involve rapid integration into the global economy (Moore, 1993: 13). Furthermore, there has been an increase in law reform projects in the Bank's lending programmes, particularly project or sector investment loans containing funds for legal technical assistance tasks (Tshuma, 1999: 79). However, the World Bank leaves this definition rather open ended, which allows developing countries in many instances to formulate their own laws that address the core values of justice and freedom. The only implicit messages the Bank makes with this dimension is that law is a

good thing, the more the better, and that there is little difference between different legal systems (Moore, 1993: 13).

The last dimension in the Bank's idea of good governance is information and transparency. In defining this dimension the Bank points out that, access to information for the various players in the market is essential to a competitive market economy (World Bank, 1992; World Bank, 1994). The importance of economic development is stressed again in this dimension with the Bank's argument that the improved information and greater transparency are beneficial to economic efficiency. A good example of the importance of this is seen in the improvement of information in developing countries in order to enable markets to function more efficiently (World Bank, 1992: 39). As well, the Bank argues that transparency should be used as a means of preventing corruption, while also stressing the importance of improved information in the analysis, articulation, and acceptance of policy choices.

However, the development of the Bank's notion of good governance has not halted the internal debates on how good governance should be understood, and used by the Bank. As highlighted by Ghani (2009), since the NATO led invasion of Afghanistan, there has been growing calls within the Bank to adapt the definition of good governance to encompass an emphasis on stronger civil societies within developing countries. As well, others within the Bank have started to use open interpretation of good governance, to advocate for country specific governance reforms (Levy, 2011). The argument is that, not all countries are ready for massive good governance reforms, and as such the Bank's definition of good governance should be adapted towards a country's specific views of political order in order to be effective (Ndulo, 2003: 318). This interpretation of the Bank's approach distinguishes between two sharply contrasting paths to good governance and growth, based on a country's experiences and current

socioeconomic position, and knowing where a country fits in this model can shed light on how to approach reforms (Levy, 2011: 61).

It must be acknowledge that the type of political regime within a country have become increasingly important to how good governance is understood by many within the Bank (Ndulo, 2003). To account for different regimes conversation within the Bank has been shifting towards developing a way of understanding how to tailor governance reforms to individual countries; as a result, Levy (2011), advocated placing developing countries into two categories. The first category is a Dominant States, which is defined as states in which coordination among elites is relatively straightforward. Rulers base their claim to legitimacy on an implicit promise that their decisions will serve the public interest. The second category is a Competitive Clientelist, which is defined as states in which elite groups compete for power through elections. As a result, there has been a push within the Bank to adopt a 'just enough' good governance approach to policy reforms, which is defined as 'policy options that do not confront directly the interests of powerful existing stakeholders who want to sustain the status quo' (62).

However, there are others within that Bank that argue against the idea of 'just enough' good governance. This faction within that Bank has argued that the Bank's definition of good governance must be implemented with an emphasis on targeting liberal democratic values in developing countries. As a result, they advocate for a 'big-G governance' reform style to strengthen national institutions that hold governments accountable such as, elected legislatures, the judiciary, centralized auditing authorities, ombudsmen, a free and vigorous media (Levy, 2011: 63). The emphasis is placed on identifying a number of factors which impede the effectiveness of the Bank's projects and investment operations (Tshuma, 1999: 79). As a result, this faction has highlighted the need for the explicit addition of liberal democracy in the Bank's

definition of good governance. This need has been predicated on the liberal democratic values that have been promoted as needed reforms to achieve good governance in developing countries.

Despite the World Bank's ability to legitimize its view of good governance, critics have highlighted that the World Bank's approach does not go far enough in its ability to tackle true governance reforms in developing countries (Mkandawire, 2007; Moore, 1993; Lemi, 2008). Mkandawire (2007) argues, the major governance issue in developing countries is the fracture of state-society relations. As such, the policy statements aid donors, especially governments of major bilateral donors, tend to be relatively militant and provocative in asserting that multi-party democracy and civil liberties are essential components of good government, and conditions for aid (Moore, 1993: 3). However, the inherent apolitical nature of the World Bank- as outlined in its own constitution the Bank is prohibited in engaging in 'politics' - has effectively forced the Bank to draw the line at its current position on governance (Moore, 1993: 4).

As such, the apolitical nature of the Bank and its quest for neutrality has forced it in many ways to exclude a major component of good governance. Democratic values have always been the underlying principle in the understanding of good governance. Even as early as 400 BCE, Kautilya emphasised the importance of anti-autocratic measure in the definition of good governance. As such, the idea of good governance has been historically tied with democracy. However, more importantly as seen by the efforts to democratize developing countries at the end of the Cold War, without democratic institutions most investors seem to shy away from developing countries. As a result, the presence of democratic institutions is considered an important element to attract more genuine foreign capital (Lemi, 2008: 2).

However, the inability of the World Bank to explicitly advocate for democratization has limited the effect of its definition of good governance. Without liberal democracy, many of the

World Bank's dimensions of good governance merely become words on a paper; while, programs they administer could do more damage than good. For example, aid increases corruption either because donors do not distinguish between corrupt and other governments when they provide official aid or some governments use aid money to stay in power and hence use the money inappropriately (Lemi, 2008: 2). As such, if democracy is not tied to good governance, the aid and economic help will not create the long term economic growth needed to improve the lives of the citizens.

As well, a sustainable definition of good governance should help in addressing and creating long term economic growth. To this effect, the Bank has succeeded, by ensuring that its four dimensions force governments to create better conditions for the private sector in their countries. This was ensured by introducing institutional reforms that effectively increased the authority of policy technocrats, which created in many instances autonomous authorities in order to facilitate economic development (Mkandawire, 2007: 681). As such, ensuring democratic values, coupled with the promotion of sustainable policies to protect economic development are instrumental in what true good governance should be.

In order for the Bank to effectively and explicitly incorporate liberal democracy into its definition of good governance, there must be some reform within the Bank itself. First, the Bank cannot ask developing countries to be accountable to its citizens, when the Bank itself is struggling with accountability issues of its own. The Bank is accountable to a full time executive board but, there are some loose links in this accountability, as the Bank is only accountable to specific agencies within the government of a particular country (Stiglitz, 2003: 118). This in essence means that, the Bank is not truly accountable to the common people in these developing countries they are trying to help but rather, the elite groups in these countries that control the

specific agencies. As a result, the Bank requires developing countries to be accountable to their citizens, while the Bank remains unaccountable to the citizens their policies effect the most.

As well, if poverty reduction is the main goal of the Bank, and not lending, then developing countries should be in the driver's seat on the board of directors, or at least have a far larger vote there (Stiglitz, 2003: 125). Currently, at the World Bank nearly 50 Sub-Saharan African member countries are represented by just two directors, while eight rich countries enjoyed a director each and the US maintained veto power by holding more than 15 percent of the votes (Bond, 2004: 92). This creates a power imbalance within the Bank, as those who are most affected by the Bank's policies and projects have the least say in how the Bank is run. As a result, the Bank will inevitably have trouble meeting the needs of developing countries if these countries are not adequately represented within the Bank.

Furthermore, this creates another dilemma for the Bank, in that they cannot effectively advocate for liberal democratic reforms in developing countries if the Bank itself is perceived to not hold true democratic principles. Many developing countries have complained about the dictatorial orientation of Washington financial technocrats and their allied donor governments. A Princeton based survey commissioned by the Bank in 2002 to poll leading opinion-makers across the world, found that the major complaints by developing nations about the World Bank was that the institution was arrogant and excessively bureaucratic. 'The Bank's recommended reforms were often said to do more harm than good, with more than 60 percent of respondents in South Asia and Latin America saying they were unhelpful' (Bond, 2004: 94).

The Bank has been criticized for not being transparent, despite its promotion of transparency as an important aspect of good governance in developing countries. For example, the Bank has been found to be applying inappropriate timelines for information release, and

failing to provide translation of many key documents (Bond, 2003: 94). This in turn, has frustrated the key process of citizen participation in the Bank's activities. As a result, the Bank's issues with transparency have been instrumental in the calls for the Bank to reform in order to gain legitimacy in its promotion of good governance values in developing countries.

The World Bank's Good Governance Approach: Implications for Developing countries

Although, the underlining principles of good governance are ideal, the Bank's approach to good governance is very much shaped by and centered on Western economic doctrine. As a result, the Bank's approach on good governance presents critical implications for developing countries around the world. In an attempt to follow the Bank's model and develop better governance for citizens, many countries have adopted economic policies that appear to hurt these same citizens. This argument has been informed by the belief that actions such as the downsizing of the state insisted upon by the Bank addresses only the short-term issues of stabilization, while undermining long-term developmental capacities of developing countries (Mkandawire, 2007: 680). As such, the World Bank plays an instrumental role in maintaining the dominant Western economic model; by developing parameters around the concept of good governance that narrowly focus on the economic and structural problems of developing countries.

The heavy emphasis on economic development within the Bank's approach to good governance has been consistent with the historical framework of the Bank's mandate. For instance, after World War II the World Bank was primarily to take care of the economic as opposed to the political dimension of the post-war world (Swedberg, 1986: 377). But, in doing

this, the Bank has always seen developing countries as having the central role in constructing and protecting the conditions under which the achievement of liberal ends is possible (Williams, 2010: 408). As a result, it is not surprising that the Bank's promotion of good governance has been heavily focused on the ability of developing countries to attain economic efficiency and growth. As such, the economic dimensions of the Bank's approach on good governance have been utilized to reinforce the Bank's main objective- economic development- in development countries.

Ultimately, the Bank has used its approach on good governance to promote its economic doctrine of neutrality. The World Bank has consistently referred to their legal obligation to remain politically neutral and exclusively base their decisions on economic grounds to answer those who criticize their economic policies (Swedberg, 1986: 377). As a result, the Bank has tried extremely hard create the perception that all their policies are neutral and based solely on economics. As such, the Bank's inability to target political reforms in its approach to good governance seems deliberate and fits directly with the Bank's economic policy of neutrality.

However, undertaking this economic doctrine has in many ways pushed the Bank to confine itself to more neoliberal economic policies. To show their prime focus is on economics the Bank has in many instances ignored social, political, and historical contexts of a country when implementing development policies. For example, many of their projects in developing countries have focused on the enhancement of stakeholder participation and civil society involvement in the area of economic management (Williams, 2010: 414). However, the political pressures the Bank exerts on developing countries have been often disguised as motivated exclusively on economic grounds (Swedberg, 1986: 383). As such, phrases like economic efficiency, and government effectiveness have become hallmarks of the Banks many

development policies and projects. This can even be seen in the Bank's approach on good governance, where developing countries are required to maintain a smaller more efficient public service.

The Bank's approach on good governance implicitly advocates for a more effective and efficient public service in developing countries. This in turn has led to the Bank's promotion of policies emphasizing less government spending in order to balance government budgets and reduces deficits and debts (Williams, 2010; Nanda, 2006, Stokke, 1995). As a result, austerity measures have become an important feature in the Bank's economic doctrine. In order to ensure that countries implement these policies the Bank has consistently attached conditions to their loans, which on the surface still falls within the area of economics. The belief is that aid can foster international security if it is used to develop democratic institutions (Zanger, 2000: 295). In reality, however, these conditions have important consequences for the politics of the debtor country as it acts as a tool to exert indirect political pressure (Swedberg, 1986: 384). This is extremely important considering that the only countries that the Bank has power over are developing countries (Swedberg, 1986: 383). For example, the outcome of many of the Bank's policy decisions heavily impact aid-allocation in developing countries (Arndt, 2008: 276). As such, the Bank's promotion of good governance has been perceived as another tool to promote its doctrine of government efficiency through austerity.

However, simply developing the concept of good governance is not enough to reinforce the economic policies of the Bank in developing countries. Developing countries must first accept this policy as legitimate in order for the Bank to have power to use this policy as a tool in their quest to promote efficiency and effectiveness in the public sector. Once a concept or norm is developed, the ability to exercise power is still needed in order to spread and legitimize norms.

As such, legitimacy has played an instrumental role in the ability of the Bank to socialize developing countries to follow its approach on good governance. In order to achieve the goal of spreading norms one can use social relations of joint action through mutual agreement and interactions in which one actor is able to convince another actor to alter voluntarily and freely its beliefs, interests, or action (Barnett & Duvall, 2005: 42). As such, international organizations, such as the World Bank are influential in this aspect as they have the ability to coordinate mutual agreements between states, and reinforce any rules created to keep states from undermining the universality of the norm. As a result, the World Bank has been able use this influence to compel developing countries to accept its approach on good governance.

The ability to have this notion of good governance accepted as a legitimate requirement for development, ultimately rest in the World Bank's reputation as a foremost expert in developing countries. The Bank's neutrality and its apolitical technocratic decision-making style, has given the World Bank an authoritative voice with which it has successfully dictated the content, direction, and scope of global development over the past fifty years (Barnett & Finnemore, 1999: 710). In essence, the Bank has been able to contribute to the construction and reconstruction of good governance through its perception as an impartial expert organization, and not solely based on its material resources. What has become evident in recent years is that even when other international organizations lack the material resources held by the World Bank, they are still able to exercise power as they constitute and construct the social world (Barnett & Finnemore, 1999: 700).

The authority the Bank carries in developing countries is ultimately derived from its power as a legitimate international organization. International organizations can become autonomous sites of authority, independent from the states who may have created them, because

of power flowing from at least two sources; the legitimacy of the rational-legal authority they embody, and control over technical expertise and information (Barnett & Finnemore, 1999: 707). As well, the autonomy an organization like the World Bank enjoys is derived from its specialized technical knowledge, training, and experience that are not immediately available to other actors (Barnett & Finnemore, 1999: 708). This ultimately gives institutions like the World Bank power over developing countries who struggle to develop the needed institutional capacities for sustainable development.

However, there are further implications for developing countries due to the nature in which the Bank exercises its power. For starters, the very impersonal, rule-bound character that empowers a bureaucracy like the World Bank also dehumanizes it. For example, “bureaucracies often exercise their power in repressive ways, in the name of general rules because rules are their reason to exist (Barnett & Finnemore, 1999: 709). As such, developing countries become targets to the rules established by the Bank, which in turn only expands the Bank’s power and authority. For example, developing countries are asked to follow good governance or risk losing aid and loans from the Bank (World Bank, 1992; World Bank, 1994).

Furthermore, developing countries have been hurt further by the establishment of the Bank’s approach on good governance, as other multilateral lending institutions have started using the World Bank term in the same way (World Bank 1994). As such, the assistance aid and loans provided by the Bank and other donor countries become tied directly to the ability of the developing countries to follow the rules set by the World Bank. But, what is even more worrying is the fact that these sources of assistance aid and loans are the very instruments these developing nations need in order to build their institutional capacity to achieve good governance.

As well, institutions like the World Bank have continued to use their power to construct and reconstruct concepts in order to further increase their power over developing countries. For example, as examined earlier, the World Bank's ability to establish its concept of good governance has allowed it to exert further control over developing countries. One consequence of this exertion of power is that they legitimize and even require increased levels of intervention by institutions like the World Bank in the domestic affairs of states-particularly developing countries (Barnett & Finnemore, 1999: 712). As a result, developing countries following the rules established by an institution like the World Bank lose some form of its sovereignty.

Also, the World Bank and other development institutions have established a web of interventions that affect nearly every phase of the economy and politics in developing countries. This has been done by establishing rules that permit them, and in many instances even required them to become intimately involved in the domestic workings of developing countries by posting in-house "advisors" to establish and manage the policies being implemented (Barnett & Finnemore, 1999: 712). This in turn, reinforces the power dynamic created by the Bank's structure. As a result, the Bank represents a power bloc, which is described as "a dictatorship of nameless, faceless, and unaccountable technocrats obsessed with private market-driven growth that sees the masses of impoverished people as incidental to the wealth creation project" (Bond, 2004: 86).

Ultimately, the World Bank is able to exercise power over development policies because of its expertise. The World Bank continues to be a magnet for the best and brightest among development experts (Barnett & Finnemore, 1999: 709). Moreover, the World Bank has continued to employ individuals with impressive credentials from the most prestigious universities in the world (Barnett & Finnemore, 1999: 710). As such, the World Bank is able to

use this impressive human capital to develop and legitimately spread a norm such as good governance. In spreading this norm, the World Bank has reinforced the ability of international organizations as actors in the international sphere to use resources to control the behavior of others (Barnett & Duvall, 2005: 41).

As a result, the Bank has been able to use its expertise and authority to socialize developing countries to accept its economic ideal of effective government through austerity. Austerity measures which are often designed to target deficits; have instead in many cases not altered the negative growth patterns of many developing countries leaving them further behind their global economic counterparts. For example, the Bank's assistance to developing countries in Africa has been dominated by the collapse of public sector capacity in many countries brought about by state overextension (World Bank, 1994: 9). As a result, austerity measures have been a major tool in addressing the overextension of developing countries in Africa.

However, Public Service employees are the back bone of the many developing countries in Africa, as the wages paid to them is an important component of the money available for economic use within the country. For example, in Botswana 46% of the population are government employees (Government of Botswana, 2010). Although, austerity measures have been an instrumental tool in the Bank's work within developing countries in Africa, they can also hurt the monetary gains of a large set of the population in many of these developing countries. As a result, implementing austerity measures in a country like Botswana would in effect hurt the economic development of the country, as a significant number of the population would be in jeopardy of losing their means of income.

Furthermore, the power and authority an institution like the Bank exerts is the leading factor in its ability to socialize developing countries to accept the austerity measures that have

become synonymous with its approach of good governance. Coercion has been one of the major tools the Bank has used in order to socialize developing countries to follow these austerity measures. Although, the Bank continuously argues that its role is apolitical, many critics have pointed out that they have used coercion tactics in the past in order to assist the political agendas of some of the dominant actors within the Bank. For example, opening capital markets remain a crucial tool of US imperialism; thus, the World Bank's continual usage of this tool appears to support the American imperialist agenda. "This is the paradox of economic globalization, it looks like 'powerless' expansion of markets but works to enhance the ability of the United States to harness the rest of the world to its own economic rhythms and structure, to fortify its empire-like power status" (Bond, 2004: 96). As such, the financial liberalization that has come to be associated with the Bank's policies seems to be at the behest of one of its most dominant actors.

The perceived dominance of the American political agenda in the Bank's policies fits with Gramsci's theory of hegemony. James Martin explains Gramsci's theory of hegemony as a:

tool of social analysis and political strategy...denoting the ideological domination of one social group over others". It is "the exercise of a degree of intellectual and moral leadership over subordinates that diminishes the need for direct, coercive measures to ensure compliance", or "a generalizable theory of consent in developed capitalist societies (Martin, 1997: 5).

As such, the persistent hierarchy within the World Bank seems counterintuitive to the Bank's goal of global economic integration and unity. But, Gramsci's theory illustrates that these problems persist precisely as a result of the structural arrangement, not despite it. In this view, institutions like the World Bank solidify certain power arrangements that benefit certain actors but not others. These arrangements are successful because weaker actors, such as developing countries who need assistance from the World Bank voluntarily sign onto the institutional framework. Initially, it appears beneficial to them when in fact it is not, since developing

countries are placed at the bottom of the hierarchy. For example, the voting power within an institution like the World Bank perpetuates hegemony with the United States and its Western European counterparts at the top and developing countries at the bottom (Glenn, 2008).

In recent decades, to consolidate the power of the more developed countries within the Bank there has been a shift from coerced consent to persuasion. Institutions by their nature are complex and generally do not have enforcement mechanisms. As such, they need to obtain the consent of their members through persuasion. Weaker actors sign into an international institution arrangement because they believe that it is beneficial, or at least, they perceive a greater opportunity cost in remaining outside of the arrangement as opposed to joining it. These benefits may be immediate, or they may occur in the long-term following initial sacrifices. The World Bank, as well as its dominant Western countries have expected the integration of the global economy to push weaker countries into a higher level of industrial development (Glenn, 2008: 218). This would benefit developing countries in that it would enable them to participate more extensively in exchange and reach a level of economic and political development more in line with Western countries.

As well, many critics of the Bank's policies towards developing countries have argued that they have used these austerity measures as another tool of the hegemonic system they have created through persuasion of weaker states. For instance when there are organic crises, state authority is compromised because of austerity measures, the state cannot provide for the basic needs of civil society. In the case of the developing countries, austerity measures in many instances have hurt their ability to provide adequate services for their citizens. However, austerity prescriptions, as the condition for loans, are arguably a necessary measure to keep many of these developing countries economically solvent. But, more than this, it is a hegemonic tool

for the World Bank and its more developed members to exert their power over developing countries. For instance, austerity measures have crippled the economies of many developing countries, by reducing growth. For example, despite economic reforms and the implantation of austerity measures in the early 1990s, half of the Latin American countries experienced financial crises during the same period (Miranda & Molina, 2011). As well, austerity measures have also been the cause of further division within developing countries, as citizens protested drastic cuts to wages and the public sector.

Also, austerity measures have served to further create a greater gap between the economic development of developing countries and their more powerful Western counterparts. This has further entrenched hegemonic structure instead of helping developing countries to develop or grow out of their current economic conditions. For example, austerity measures and conditional loans can be said to have been the means by which the ends of debt reduction, growth, and successful modernization and Westernization would become possible. However, these means have had the opposite effect, as discussed above. As Krugman (2012), highlights the suffering of citizens within countries going through economic crises tends to be greatly magnified by harsh spending cuts; and these spending cuts are a case of inflicting pain for the sake of inflicting pain. As well, there is evidence that austerity can worsen a deficit. “Research by the IMF suggests that spending cuts in deeply depressed economies may reduce investor confidence because they accelerate the pace of economic decline” (Krugman, 2012).

Another aspect of the persistent hegemonic structure of the World Bank is a loss of sovereignty for subordinated developing countries. As mentioned earlier, integration into the global economic structure for developing countries involves a cost-benefit calculation. One significant cost to cooperation is the compromises that need to be made in order for every actor

to sign onto one common set of regulations and responsibilities (Keohane & Martin, 1995: 44). This is manifested in sacrifices in each country's sovereignty. As such, participation in the World Bank's structure has come at cost to the sovereignty of countries.

This would initially seem to affect the powerful members within the World Bank structure more, as they would be seen to benefit less from integration than smaller peripheral members. For example, there is a perception that more powerful states that join institutions give up more relatively, whereas the smaller members would seem to gain by being catapulted to the same level as their more influential counterparts (Keohane & Martin, 1995: 45). However, in truth the less powerful members give up more. In signing onto an international arrangement, smaller countries have a higher learning curve than bigger members, and their sovereignty is conditional upon meeting contracted standards, such as reducing government deficits and meeting 'good governance' standards. As a result, developing countries that do not possess the capacity to maintain these contractual conditions face the choice of declining the assistance from the Bank, or giving up a significant amount of sovereignty in control over its economy, at the behest of the World Bank.

Furthermore, giving up sovereignty is not the only issue developing countries have to deal with when accepting the World Bank's approach on good governance. By virtue of trying to implement the Bank's approach, many developing countries find themselves developing and promoting contradicting policies. Firstly, the Bank's inability to develop a clear governance plan leaves developing countries trying to follow the Bank's approach confused. For example, the Bank's insistence on having developing countries with little to no institutional capacity try to implement accountability in their institutions without having democracy is nearly impossible. As a result, not having politicians accountable to the citizens of the country, the Bank's insistence

on accountability within state institutions becomes mere words, and in many instances unachievable.

Ultimately, the Bank's approach on good governance leaves developing countries in limbo, as the very nature of globalization and liberalization the Bank is preaching pushes states towards democracy (Lemi, 2008: 3). Without democracy being explicitly incorporated within the Bank's approach, developing countries can choose to keep or create authoritarian regimes. However, developing countries that choose to ignore the need to democratize have the added implication of creating tensions between citizens and the state. As Lemi (2008) further explains,

globalization promotes democracy through mass access to information technology and thereby loosening the control of the traditionally hegemonic groups. This makes people to become more independent actors, with democratic aspirations, in the political arena. The link also comes through economic development and prosperity, which is caused by globalization and in turn causes the urge for democracy. On the other hand, globalization constrains democracy by limiting the revenue source (as countries liberalize trade and capital flows) and hence limits spending on social programs, which help promote democracy. If one considers foreign borrowing to fill this spending gap, this will compromise the degree of autonomy of a country. (Lemi, 2008: 3)

As such, one can argue that the World Bank's current approach to good governance leaves developing countries confused, in that it pushes developing countries to develop democratic institutions without providing provisions for them to transition into democracy. As a result, this becomes a major problem as citizens see the policies that promote democratic values, yet see no democracy in their countries. For example, for the African contributors of the Bank's approach, good governance related to the larger issues of state-society relations and not just to the technocratic transparency-accountability mode that it eventually assumed in the international financial institutions (Mkandawire, 2007: 681).

The major reason for this disconnect between the ideals of good governance and what is actually, has actually been implemented in many countries is that many developing countries feel

they cannot adequately compete in the global market when following the rules laid out by institutions like the World Bank.

‘For example, Taiwan’s relatively generous access to Western markets for its exports over a long period of time was obtained in part by an extremely non-transparent system of import licensing that both disguised the true extent of restrictions and provided incentives and mechanisms for would-be importers to identify local potential suppliers.’ (Wade, 1990: 130)

As a result, in many instances it is to the disadvantage of the developing country to follow the rules and norms established by institutions like the Bank. For instance, some developing countries might find that there are greater implications for following the World Bank’s approach to good governance, than ignoring them. For example, implications like the inability for the political elite to reward patronage systems due to decreased corruption and better public service management could undermine political stability in many emerging democracies.

A larger issue with the Bank’s approach is its consistent punishment of developing countries with less institutional capabilities. For example, the finding that development aid could lead to higher growth only if sound policies and institutions are in place, has led to greater selectivity in the direction of Bank aid flows; directing more aid to countries that had good policies and institutions (Stiglitz, 2003: 124). As a result, those countries that already have institutions closer to the Bank’s approach of good governance tend to get more support for building good governance institutions.

As well, it is indicative that countries with higher income per capita experience higher level of governance. Initial governance level has also positive contributions to the current level of governance in sample countries (Lemi, 2008: 9). As such, many developing countries that do not currently possess the economic capabilities seen as signs of development tend to be ignored by the Bank and other aid donors. These lower end developing countries in essence have the

potential to become trapped in a poverty cycle. This poverty trap can be characterized by the exercise where, development aid goes to countries perceived to be doing well. For example, states that have higher development indicators such as GDP per capita, tend to receive more assistance for their development. While on the hand, developing countries that tend to have lower development indicators get punished by receiving less assistance.

As such, those countries that are already excelling and developing better are able to continue to improve their governance capacity and their economic output, by receiving further assistance. For those developing countries that are unable to show development improvements, assistance from institutions like the Bank become harder and harder to obtain. As such, those developing countries that are considered fragile and/or conflict states become embroiled in a poverty trap. This is due to their inability to attract assistance due to their inability to show improvements in their development indicators. As a result, one can argue that developing countries that are perceived to be unable to successfully implement the Bank's approach to good governance tend to receive less help from the Bank in creating good governance institutions.

But, even when those developing countries that need assistance the most are able to receive it from the Bank, the assistance is still too focused on outcome based indicators. As such, the same system predicated on development indicators that has trapped these countries financially and economically is being used to try and help them out of poverty. For example, rather than seriously addressing the formidable structural challenges of Third World debt and financial speculation, the 2000 UN Millennium Development Goals have been turned into a process of merely throwing more monies (\$54 billion per year) at development problems (Bond, 2004: 87). As well, research has shown that countries did not move to better policies if promised or given increased aid. Also, if policies were imposed, the government worked hard to get

around them, and opposition parties quickly dismantled such policies when they came into office (Stiglitz, 2003: 124).

Conclusion

The source and form of power in international politics has been an interesting debate over the years. The ability to construct and re-construct norms in the international arena has been used as an example of a major source of power. As a result, the World Bank's ability to develop its approach to good governance as a major definition to the development of developing countries has been seen as an illustration of their power. As well, many have attributed the role of the World Bank in constructing and reconstructing norms like good governance to their ability to wield power in the international realm; especially in regards to developing countries. As such, the ability to set norms has been used as a prime example of the importance of international institutions in international politics.

The increased involvement of international organizations such as the World Bank in developing good governance has been instrumental in the ability of developing countries to provide better governance for its citizens. This development has also forced many governments to re-examine their responsibilities to their citizens, with an emphasis on improving governance within their countries. Re-examining these responsibilities, have in many ways forced developing countries to adopt economic policies that are intertwined with the good governance ideas being promoted by organizations such as the World Bank. As such, the World Bank's concern with good governance has been an important example of the power international organizations have in the international sphere to create norms.

It is often argued that different countries may have different norms regarding what does or does not constitute corruption (Kaufmann & Kraay, 2008: 17). As a result, many have found the narrow focus of the World Bank approach appropriate, in that it allows states to develop on their own culture of good governance. The major argument here is that the concept of good governance should not signify a change in government, but rather, should focus on developing conditions for ordered rule, or a new method by which society is governed (Rhodes, 1996: 653). As such, regime change and democratization are no longer the major ingredients in good governance.

As such, the Bank's definition of good governance has been set rather ambiguously, in many ways to allow states to adjust good governance to their own culture and practices. As well, the way the Bank has defined good governance has allowed those working within the Bank to adapt the definition to their interest and the environments of the countries they are working in. As a result, regime change and democratization have become less important for developing countries in their ability and efforts to attain good governance. But, despite this, the World Bank's inability to target political reforms in its definition of good governance has limited its effectiveness. Without liberal democracy many of the World Bank's dimensions of good governance become unenforceable; while, many of the programs they administer could do more damage than good. For example, providing aid to non-democratic countries that hardly demonstrate accountability will only increase corruption.

The Bank's power and authority as a leader in the development of developing countries has been instrumental in making its approach on good governance essential to developing countries. As a result, there has been an importance placed on good governance for development assistance for developing countries. In light of this, many developing countries have been forced

to accept the Bank's approach on good governance. As a result, the development of the Bank's approach has created some negative implications for developing countries. As examined above, these implications have resulted from the Bank's ability to use its power as a dominant actor to socialize developing countries to accept this concept. As well, the Bank has been able to use the creation of this approach to further push its underlying economic doctrines. But, ultimately, the Bank's inability to explicitly include democracy as one of its dimensions in its approach has left policy makers in developing countries confused.

But, even if the World Bank was to explicitly include democracy as a key element of its approach, there would still be further implications for developing countries. Although the inclusion of democracy would alleviate some of the confusion; the current approach creates for policy makers in developing countries; by now advocating regime change with the incorporation of democracy, the Bank would run the risk of engaging in the kinds of politics and policies that would be regarded as an unacceptable form of neo-colonialism. As such, developing countries would be forced to either accept a loss in sovereignty or allow the Bank to dictate the type of regime that would be best for their own citizens; or these countries would risk losing the essential assistance aid needed to improve the lives of their citizens.

However, since democratic principles have always been a fundamental feature in good governance extending the Bank's definition to explicitly include democracy could work. For instance, the definition of good governance created by those outside the Bank has often included democracy as a feature of good governance. As explained by Mkandawire (2008),

African intellectual circles then was that the main challenge of development was the establishment of state-society relations that are (a) developmental, in the sense that they allow the management of the economy in a manner that maximises economic growth, induces structural change, and uses all available resources in a responsible and sustainable manner in highly competitive global conditions; (b) democratic and respectful of citizens' rights; and (c) socially

inclusive, providing all citizens with a decent living and full participation in national affairs (Mkandawire, 2008: 680).

As such, those most affected by the lack of good governance in their countries have found the need to incorporate democracy as a dimension of good governance.

As well, civil society groups have clamoured for the need to incorporate democracy as a dimension of good governance. The urgency of the democratic aspect of good governance was highlighted by the clamour for democracy by social groups that had opposed misgovernment and the imposition of policies by unelected institutions - national or foreign (Mkandawire, 2008: 680). As a result, it would be in the Bank's best interest to incorporate democracy as one of its dimensions for its approach on good governance; this would mean the Bank would have instrumental support from key civil society groups in the developing countries they work in. But, ultimately, to gain more support within developing countries and lessen the implications these countries face, the Bank should focus its approach on the individual country context. As such, the Bank should allow for a more flexible definition of good governance in developing countries in order to maximize its effectiveness to providing long term sustainable economic growth in developing countries.

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