

**An analysis of the World Bank's Development Knowledge:
The case of South Africa's partnership with the World Bank 2008 - 2012**

By

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ABSTRACT

This study is situated within an International Political Economy (IPE) approach and centres on an analysis of the World Bank's 'development knowledge'. This is a term used in the dissertation to describe the pool of knowledge and understanding linked to development which the World Bank produces. The study also incorporates a case study of the World Bank's development partnership with South Africa, particularly through the 2008 - 2012 Country Partnership Strategy (CPS). The World Bank- South Africa partnership is characterised by a knowledge sharing approach.

Importantly, the study aims to provide an understanding of the ideology and norms that underpin the World Bank's development knowledge. Reviewed literature points toward a preferred neo-liberal ideology of development knowledge in the Bank; this is the departure point for this study's analysis. The study is based on two levels of analysis, examined through a critical theoretical framework and discourse analysis as a methodological tool. The first level of analysis considers the structural power dynamics in the international arena which influence the ideology of development knowledge in the Bank. This study categorises these power dynamics as internal and external levers of power. The former has more to do with the Bank's financial clout and intellectual leadership, while the latter considers the influence of powerful states, particularly the United States of America (USA), over the production of development knowledge in the World Bank. The dissertation suggests that these levers of power establish the transmission mechanisms which diffuse the ideas of powerful actors into the development knowledge of the Bank, while limiting the influence of less powerful actors.

The second level of analysis, which is the South Africa case study, aims to ascertain the presence or lack of a 'normative convergence' on development ideals between the World Bank and South Africa. Normative convergence means shared or unified beliefs relating to how development is conceptualised between South Africa and the World Bank. The aim of this level of analysis is to identify how the presence or lack of normative convergence bears upon the efficacy of the Bank's knowledge sharing approach in the case of South Africa. The study concludes that there is evidence which points to a neo-liberal paradigm of development within the World Bank and South Africa. A normative convergence on development ideals between the World Bank and South Africa thus exists.

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LIST OF ABBREVIATIONS AND ACCRONYMS

AAA	Analytical and Advisory Activity
ASGISA	Accelerated and Shared Growth Initiative for South Africa
BRICS	Brazil Russia India China South Africa
CAS	Country Assistance Strategy
CPS	Country Partnership Strategy
DEC	Development Economics Vice- Presidency
DRG	Development Research Group
DTC	Developing and Transition Country
ESW	Economic and Sector Work
EU	European Union
FDI	Foreign Direct Investment
GEAR	Growth Employment and Redistribution Strategy
GEF	Global Environment Facility
GNP	Gross National Product
IBRD	International Bank of Reconstruction and Development
ICSID	International Centre for Settlement of Investment Disputes
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Cooperation
IFI	International Finance Institution
IMF	International Monetary Fund
IPE	International Political Economy
IR	International Relations
MFMTAP	Municipal Financial Management Technical Assistance Project
MIC	Middle Income Country
MIGA	Multilateral Investment Guarantee Agency
NGO	Non-Governmental Organisation
ODA	Overseas Development Assistance
PRSP	Poverty Reduction Strategy Paper
RDP	Reconstruction and Development Program

SA	South Africa
SAP	Structural Adjustment Program
SA - PPA	South Africa – Participatory Poverty Assessment
SME	Small and Medium Enterprises
SMME	Small Medium and Micro Enterprises
UN	United Nations
US	United States
USA	United States of America
WBG	World Bank Group
WBI	World Bank Institute

Chapter 1

THE WORLD BANK'S DEVELOPMENT KNOWLEDGE AND PARTNERSHIP WITH SOUTH AFRICA: AN INTRODCUTION

1.1 Introduction to the Research Theme

The World Bank¹ has been widely written about for a long time within International Political Economy (IPE) studies and within development literature. Analysis on the Bank has particularly ranged from its development assistance through structural adjustment lending, debates concerning its governance structure, and since the mid-1990s, the subject of the World Bank's role as a 'knowledge bank', which has received much attention. With this, have come efforts to better understand the function of the World Bank as a knowledge bank and the nature of the knowledge produced by the Bank.

This study will examine and analyse the nature of the World Bank's development knowledge² within its role as a knowledge bank, and how effective this approach to development has been in the Bank's development assistance to South Africa (SA). Accordingly, the study will review the outcomes of the Bank's 2008 - 2012 Country Partnership Strategy (CPS) with SA. More specifically, the dissertation will assess the extent to which the two partners share the same ideals on development. The starting point is that the longevity of the Bank's relationship with South Africa, dating back to the initial stages of South Africa's democracy, suggests the existence of a shared development ideology between the two. It is the nature of this development ideology that the research is most interested in.

The study draws upon a definition of 'development knowledge' as given by the Bank itself. The World Bank's publication, *The state of World Bank knowledge services: Knowledge for development*, highlights that the Bank's definition of development knowledge has evolved from knowledge which is solely linked to lending. It now includes "data on global development issues and broad engagement with societies to provide reliable knowledge in support of development debates" (World Bank 2011a: 21). Development knowledge in the

¹ The term 'the Bank' or an abbreviated version, 'WB', is used in this dissertation.

² This term is used interchangeably with 'knowledge for development' and 'knowledge' in this study.

context of the study will therefore refer to the pool of information, policy advice, and understanding on development issues that the World Bank possesses and generates³.

In the context of this study, knowledge is understood within the framework of the Bank's conceptualisation of their knowledge. It is defined as follows: "data on broad development issues, knowledge linked to lending, research related to development, and practical knowledge related to development issues" (World Bank 2011a: 21).

The study aims firstly, to analyse the development knowledge produced by the Bank in order to reach an understanding of the *nature* of the Bank's knowledge and what it constitutes. The ideology, norms, and ideals espoused in the Bank's development knowledge are what the study is concerned with in this regard. In analysing the knowledge of the World Bank, the research will pose and answer questions relating to which organisations, persons or states, and processes shape the nature of the Bank's knowledge. The implication of these factors on the perception and identity the Bank has attained as an authority in the field of development knowledge is also important here.

Storey (2000: 361) points out that much of the World Bank discourse "offers little or no political analysis of the state, instead focusing on 'technical' issues of economic adjustment". Storey further states that, although there has now been a shift in World Bank discourse to acknowledge the role of various actors (including the state) in the economic development process, "there is still a widespread absence of *political analysis* which means that dominant power relations will still not be fundamentally acknowledged or challenged" (2000:361). Storey's (2000) argument is generally centred on the need for an analysis of developed countries' interests that have influenced and framed the Bank's discourse on neo-liberal economic reform for development⁴. Wade (2002) and Cammack (2004) have also noted that the Bank has, whether implicitly or explicitly, spearheaded the cause of neo-liberalism and

³ See the World Bank's publication: *The state of World Bank knowledge services: Knowledge for development* (Chapter 1) for a detailed discussion of the World Bank's development knowledge. Development knowledge in the Bank has changed since the 1960s and 1970s when it consisted mainly of technical advice on improving physical infrastructure in its client countries. The Bank's context of development knowledge now includes policy advice and expertise which tackles more complex development issues, most especially those relating to markets (global and local) and the global economy.

⁴ Storey's (2000) argument also investigates how self-interested leaders in developing countries have benefited from the neo-liberal adjustment approach. This is an aspect of analysis the author deems important and suggests is neglected within the literature. However, it is Storey's focus on how developed countries' interests influence a neo-liberal discourse within the Bank that is of concern for this study.

free-market principles over the years as the best approach to poverty reduction and economic development. The authors suggest that this has been more to the advantage of the Bank and the Western⁵ hegemonic powers, particularly the United States of America (USA), than to the advantage of developing countries. Perspectives such as this, have framed the notion that the Bank adopts a particular ideological position relating to development.

Ideology is an important concept for this study and needs clarification as well. Elster (1994: 238) defines the concept as “as a set of beliefs or values which can be explained through the (non-cognitive) interest or position of some social group”. On the same subject, Terry Eagleton (1994: 5) observes that:

“A dominant power may legitimate itself by promoting beliefs and values congenial to it; naturalising and universalizing such beliefs so as to render them self-evident and apparently inevitable; denigrating ideas which might challenge it; excluding rival forms of thought, perhaps by some unspoken systematic logic; and obscuring social reality in ways convenient to itself”.

It is worth noting that many conceptualisations of ideology exist and the subject is contested⁶. However, an important thread runs through the various notions of ideology. It is an understanding that the ideology held by dominant groups in society or the ruling class of a particular era are often diffused throughout society as ‘universal’ or ‘eternal’; they become the standard ideas which are to be followed by subordinate groups (Eagleton 1994: 3). Consequently, the ideology (the values, ideas, beliefs) of ruling classes, or those who hold specific forms of power in society, will usually be upheld as the dominant ideas of the age, making subordinate groups compliant receivers of the ideology of the ruling class. Ideology is therefore, used in this study to refer to the core beliefs and ideas that underpin development knowledge and development as they will be studied in this dissertation.

In the international arena, the ways in which other countries are socialised into the dominant power’s way of thinking tends to be less coercive so as to make them effective and self-evident. The nature of power relations between two different countries or institutions pre-determines whose ideas or values become ‘hegemonic’ or accepted as conventional. IPE

⁵ The ‘West’, ‘Western’ or the ‘North’ are used at various points in this dissertation to refer to the demarcation of developed or most developed countries.

⁶ See Freedman (2003) and Eagleton (1994) for an overview of the various ways ideology has been conceptualised over the years.

scholars such as Susan Strange refer to this as “structural power” or “agenda-setting authority” (Strange 1994: 24). The study is therefore also concerned with an analysis of the power relations in the international arena that have influenced the Bank’s discourse on knowledge for development as well as the neo-liberal⁷ principles that may underpin the Bank’s ideology on development knowledge. The study will analyse the discourse of development knowledge in the World Bank through a critical discourse analysis. This is a methodology employed as a heuristic device to understand the knowledge of the World Bank better; the dissertation is, however, not a discourse analytic study in itself. This approach is further elaborated in the research methodology section.

Secondly, this dissertation will analyse the Bank’s development partnership with South Africa as a case study. The Bank’s development partnership with South Africa is an example of the Bank’s knowledge services approach for development assistance in middle-income countries (MICs). The Bank’s 2008 - 2012 CPS and the 2008 - 2012 CPS Completion Report will form the main departure points for the analysis.

The starting point of this case study is that there is a broadly shared normative ideal between the World Bank and the critical layer of the South African government, which informs significant aspects of the country’s approach to development. The research is aware that there are multiple streams of thought within the South African government around the notion of development, for example at the local and national government levels. As such, government may not always act as a rational unitary actor. Emphasis in this study is placed on the National Treasury as it is the Bank’s main intermediary in SA. The National Treasury therefore plays a role as a transmission channel of the ideas of the World Bank to the important stakeholders in the South African government. Significantly, the National Treasury is the co-custodian alongside the World Bank of the CPS.

The research will analyse the presence or lack of a normative convergence in the development ideals held between the Bank and SA. By analysing normative convergence between the Bank and South Africa, the research intends to answer questions pertaining to

⁷ A neo-liberal ideology is a set of beliefs emanating from neo-liberalism as a form of economic organisation. Neo-liberalism and the neo-liberal ideology maintain principles of trade liberalisation, de-regulation of economies, privatisation of state owned enterprises, strong policy focus on financialisation, and a pushing back of state intervention in the market. (See Kanbur & Vines 2000). See section 6.3.1 in this dissertation for a list of the neo-liberal principles.

whether or not the Bank and South Africa share the same ideas on development, and the ways in which development can be best achieved.

Background

The World Bank was formed in 1944 as one of the Bretton Wood Institutions, along with the International Monetary Fund (IMF), after the Second World War. Initially called the International Bank for Reconstruction and Development (IBRD), the Bank's core mandate at the time was to help European countries recover economically from the War (World Bank 2012a: 2). Whilst the Bank has made a name for itself as an international organisation, pioneering the cause of development and poverty reduction globally, its primary tools in achieving this overall objective of a "world free of poverty", have changed over the years (Stone & Wright 2007: 3; St Claire 2006: 77, 83). Between the 1970s to late 1990s the Bank was well known for its development assistance to poor countries through financial lending, project loans, Structural Adjustment Programs (SAPs), and the Poverty Reduction Strategy Papers (PRSPs). These mechanisms re-oriented the Bank's emphasis on 'ownership' of loan recipients in the development assistance process (Onwuka 2006: 109).

The SAP and PRSP initiatives were unpopular amongst most recipient countries because of the conditions they came with. These conditions had the classical neo-liberal elements of the Washington Consensus, which included privatisation of state-owned enterprises, trade liberalisation, and deregulation of the economy (Adejumobi 2006: 21 & Onwuka 2006: 113). Important to note here is that, for some time, the Bank's main asset was its finances and what it could offer to countries in monetary value. This altered in 1996 when the World Bank President at the time, James Wolfenshon, announced the Bank's commitment to becoming a 'knowledge bank' in addition to its traditional role as a financial lending institution (Cummings 2003: 1).

From a Lender to a Knowledge Bank

The role of the World Bank as a knowledge bank meant that the Bank was to play the role of a knowledge producer and become a repository of ideas on development. Knowledge and ideas, this study contends, are not value-free. They always embody one particular assumption (ideology) or another. Wolfenshon's vision for the knowledge bank had four elements: The

creation of knowledge through economic and sector work evaluation; knowledge sharing within the organisation and with partners, clients and countries; the application of acquired knowledge; and continuous and consistent knowledge creation over time that would build up the Bank's knowledge base and credibility as a knowledge institution (Laporte 2004). The assumption held by Kapur (2006) and Gilbert and Vines (2000) is that, although the World Bank pursued an ideal of being a creator and disseminator of knowledge while its partners would be consumers, the main issue was less a matter of knowledge sharing but rather the creation of opportunities for the Bank to diffuse what has always been its main asset: its ideas. The landscape of power relations was thus configured.

One of the motivations for the World Bank's shift to emphasising its services as a knowledge bank, according to Kapur (2006: 159), was due to "the relative decline in the importance of the Bank's financial role [especially in emerging markets], which was partly a result of the high transaction costs of borrowing from the Bank". As a result, the Bank's lending services are now of more value to the Bank's low-income country clients who would not be able to undertake certain projects without loans from the Bank. In contrast, the Bank's knowledge services are of more value to its high middle-income country clients, South Africa being a case in point (Cohen & Laporte 2004; Stone & Wright 2007: 3).

While extensive literature exists on the knowledge bank and its functions, the knowledge bank's existence has not been without critique. Some authors (Stone & Wright 2007: 2; Einhorn; 2001) argue that the introduction of the knowledge bank is a confirmation of the Bank's "mission creep", which signifies the Bank's tendency to increasingly focus on other areas of operation outside its original function as a lending institution. Still, others have focused on studying the knowledge and research outputs produced by the knowledge bank (See Dethier: 2007; Rao & Woolcock: 2007). This study lends itself more to the latter area of enquiry.

Justification of the Research

Increasing scholarship on the WB focuses on critiques of the Bank's development discourse and the claim that a neo-liberal economic paradigm is maintained in the Bank's approach to development. The writings of authors such as Wade (2002) and Broad (2006) shed light on

the diffusion of the Bank's neo-liberal ideas related to its view of development. These debates are examined further in the literature survey. An increasing amount of literature has also been dedicated to studying the World Bank's policies and functions from an ideological perspective. Three studies in particular are noteworthy examples of such literature, in the context of this research, as they are centred on a common theme of examining where the Bank's thinking on development issues comes from.

The first of these is an article published by Sridhar (2007) titled *Economic Ideology and Politics in the World Bank: Defining Hunger*. Sridhar's work is a short project aimed at studying "the interlacing of economic ideology and politics" in the World Bank's nutrition policy of the 1970s, essentially studying the political and ideological factors that influence the Bank's lending for nutrition (Sridhar 2007: 499). Sridhar's article revealed the difficulties associated with introducing a nutrition policy in the Bank in the first place, because it seemed far removed from economic development. It also revealed the means through which economic ideas and incentives finally permeated the process of framing a nutrition policy.

Another study by Ngugi (2006: 2) focuses on demonstrating how the Bank's attitudes toward their "development reform agenda" in developing countries can be considered "ideological"⁸. The author presents his case from a 'law profession' point of view, his main argument being that the Bank disguises the motives behind their attitudes toward development by presenting their approach as "scientific" and "universal" (Ngugi 2006: 17). The work of Park and Vetterlein⁹ (2010) is a valuable resource within the World Bank literature. Their work examines the processes through which certain norms and ideas influence policy formation in the World Bank and the IMF. Their work is conducted within a constructivist framework, and centres around determining the normative basis on which ideas and norms are taken up by the IMF and the Bank, and consequently turned into "globally applicable approaches to economic growth and development" (Park & Vetterlien 2010: 4). The authors acknowledge that this is an important exercise given that the policies of the Bank and the IMF have a global impact; their policies are often diffused into the global economy, especially into developing countries.

⁸ Ngugi's article, *The World Bank and the Ideology of Reform in International Development Discourse*, employs a definition of Ideology that means: "a set of beliefs and attitudes that are a mechanism for legitimating a particular type of society" (Ngugi 2006: 8)

⁹ See Park and Vetterlein (2010) *Owning Development: Creating Policy Norms in the IMF and the World Bank*

In light of the new areas of interest in World Bank scholarship, what is important to note is that studies have become substantially concerned with *where* the Bank's knowledge, ideas and discourses come from. Sridhar (2007: 500) aptly notes that "there is an increasing interest in the use of anthropological methodologies to study the World Bank". A similar point is made by Geuss (1994: 260-262) in his discussion of the connection between socio-cultural studies, anthropology, and ideology. The point of enquiry for a number of studies on the World Bank is therefore increasingly on ideological and political factors that influence the Bank's development discourse in some way or the other. This study hopes to add to this existing literature by carrying out a discourse analysis on one key development knowledge document of the Bank titled *The World Bank Group Goals: End Extreme Poverty and Promote Shared Prosperity* in order to understand the ideological underpinnings of the Bank's development knowledge. Whilst this theme in the literature is growing, there has not been any concise discourse analysis study on what constitutes the ideology of the Bank's development knowledge¹⁰. This study aims to fill that gap in the existing literature.

Regarding the World Bank and South Africa partnership through the 2008 - 2012 CPS, the Bank describes South Africa as "a unique client for the Bank within the Africa region as it is a large middle-income country with sizeable own revenues and no need for significant external financing" (World Bank 2007: 16). Literature reveals that the Bank's lending in South Africa has not been centred so much on the traditional PRSPs or SAPs, although South Africa has received development project loans from the bank in the past and recently a large development loan from the Bank for the Eskom Investment Support Project (World Bank 2007: 15-16).

The Bank's development assistance to South Africa based on the last Country Assistance Strategy (CAS) in 1999 and the current CPS 2008 - 2012 has rather placed emphasis on 'knowledge sharing' and 'knowledge services'. In fact, the Bank acknowledges that, since 1994, the South African government has been cautious about expanding aid programmes, being aware of the risks of aid dependency and conditionality, and therefore has tried to avoid these (World Bank 2007: 17). As a result, the "Bank's program[me] [to South Africa] over the past decade has focused almost exclusively on efforts to create and share knowledge and

¹⁰ In Sridhar's (2007) study, a discourse analysis was carried out on the Bank's nutrition policy.

assist in building implementation capacity. The Bank Group's activities under the new partnership (CPS 2008 - 2012) will continue in this mode" (World Bank 2007: 17).

South Africa therefore presents a suitable case to assess the efficacy of the Bank's development partnership with a high middle-income country through knowledge sharing. Given that the Bank has had a development partnership with South Africa in the past, it is essential within this study to examine how this partnership has evolved in the 2008 - 2012 CPS, and whether the Bank and South Africa share the same ideals regarding their approach to development. In assessing a normative convergence between the Bank and South Africa, what is of importance is gaining an understanding of whether the development ideals embodied in South Africa's development plans are similar to those held by the Bank and exemplified in their development approach.

In summary, the research seeks to analyse the discourse of development knowledge within the World Bank. Specifically, analysing the inherent ideology of the Bank's development knowledge and the process through which certain actors influence the development knowledge produced by the Bank. In line with this, the research aims to uncover whether the Bank's knowledge can be accepted as credible and objective or whether it is a product that serves the interests of hegemonic powers in the world and those who hold structural power in the global knowledge structure. Against the background provided in this section, the research will evaluate the efficacy of the Bank's knowledge service approach to South Africa, focusing on the existence or non-existence of a normative convergence on development ideals between the Bank and South Africa. The efficacy of the knowledge services and knowledge products offered by the Bank to South Africa will also be considered.

This study is located within the discipline of International Political Economy (IPE) as it seeks to understand the World Bank's knowledge in terms of who determines and legitimises knowledge in the world today, as well as the hidden social and political influences that possibly underpin knowledge production. The research employs a critical theoretical framework since its overall objective is a concentrated analysis of the World Bank's knowledge and the efficacy of the Bank's knowledge sharing approach. It also seeks to probe existing knowledge-power relationships in the global knowledge structure - an aspect that

needs to be taken into consideration to understand the world today from an IPE perspective (Tooze: 2000).

1.2 Literature Survey

Since the late 1990s, the “knowledge debate” has been one of the main theoretical debates, along with globalisation, that has shaped the development policy discourse and has even been described as the “key to development” in some formulations (King & Mcgrath 2000: 1; King 2002: 313). The concept of knowledge sharing is situated mainly within the discipline of knowledge management, but also cuts across other fields, namely the field of technology transfer and innovation, as well as the strategic management field.

Knowledge management refers to how “organisations create, retain and share knowledge... [and] to the procedures and techniques used to get the most out of an organisation’s tacit and codified know- how” (Cummings 2003: 1). The World Bank has adapted knowledge management as *knowledge sharing*¹¹ to suit the context of the Bank and its work with partners and clients (King & Mcgrath 2000: 2). The idea of generating, accessing, disseminating and, above all, managing information and knowledge which are integral to knowledge management, still remain a part of ‘knowledge sharing’ in the Bank. This is applied internally within the Bank and externally with its clients and institutional partners.

Susan Strange in *States and Markets* defines structural power as “the power to shape and determine the structures of the global political economy within which other states, their political institutions....and other professional people have to adhere to” (1994: 24). Strange proposed that there are four sources of power in the global economy which emanate from the finance, security, production and knowledge structures in the global political economy (Strange 1994). The knowledge structure “comprehends what is believed (and the moral conclusions and principles derived from those beliefs); it comprehends what is known and perceived as understood and the channels by which beliefs, ideas and knowledge are communicated, including some people and excluding others” (Strange 1994: 119).

¹¹ Knowledge sharing is “the means by which an organisation obtains access to its own and other organisations’ knowledge” (Cummings 2003: 1). In the context of knowledge sharing, ‘knowledge’ is not limited to ideas and approaches related to economic and social development. It includes technological and skills development as well. See Cummings (2003) for an exhaustive review of the literature on knowledge sharing and management.

Understanding the global knowledge structure in this way, and the structural power the World Bank has within the knowledge structure is therefore an important element for this research. This discussion is dealt with in more detail in the literature review chapter.

The World Bank's development knowledge approach has come under much criticism in terms of the nature of the knowledge produced by the Bank and the values inherent in the Bank's knowledge which has a global reach and impact. The main concerns among many writers in this area are two-fold. Firstly, a concern with the inherent neo-liberal ideology of the Bank's knowledge and secondly, concerns over *who* determines the production of knowledge, which *interests* mould the Bank's knowledge for development and *what* knowledge becomes accepted as legitimate (Bebbington *et al.* 2004; Pincus & Winters 2002; Plehwe 2007: 517; Stone 2002; Storey 2000; Wade 2002).

Stone & Wright (2007: 10-11) and Bebbington *et al.* (2004: 38) describe the Bank as a "battlefield of knowledge". In this 'battlefield' there are different arenas; those within the Bank and its different departments, and those that are external, from which ideas arise and vie for the position of codified and authoritative knowledge. From these avenues of ideas, the process of sifting takes place to select those ideas that will form the core development knowledge base of the Bank and of the global knowledge structure generally. It is *how* knowledge becomes legitimate and credible and *which* knowledge becomes legitimate that is of concern from an IPE perspective. Moreover, how is knowledge conceptualised and what constitutes knowledge? The existence of political, social, and ideological influences here are what scholars in this area have deemed necessary to probe (Pincus & Winters: 2002; St Claire: 2006).

Within the scholarship of World Bank research and knowledge, a number of authors have cited that the knowledge for development produced by the Bank is not entirely apolitical (Kapur 2006: 189; King & McGrath 2000: 5; Stone: 2002, Wade: 2002). Within this area of critique, Wade (2002) has been a strong proponent of the view that the USA as a hegemon in the global system wishes to, and to an extent does, exert influence over multilateral organisations like the World Bank and the IMF so that they promote US (United States) foreign policy objectives.

Wade (2002: 215) points out that the USA's "foreign economic policy since at least the Reagan administration in 1980 has aimed to convince the world of the truth of liberal free market ideology", and that it is the best way to organise an economy. He explains further that the USA has influence over the Bank's ideas in a number of ways. Firstly, the USA is the largest shareholder on the Board of Executive Directors and hence has the largest share of votes (17%) when voting for the Bank president. To support this, the Bank's president has always been a US citizen (Wade 2002: 217). In addition, the Bank's headquarters are located in Washington, DC, the capital city of the USA, and a majority of the Bank's economists have been trained in the USA or other western institutions. Wade (2002) suggests that through such positions, the USA and other hegemony in the global system are able to exercise hegemony over ideas and promote the free market ideals of neo-liberal ideology as the 'best'.

Cammack (2004) and Broad (2006) both offer an analysis which supports the notion that the Bank's research outputs on development have aimed to promote and reinforce the neo-liberal ideology. Cammack (2004: 191) points out that the Bank's publication, *The World Development Report of 1990* titled *Poverty*, opened with a statement that explained the strategy pursued by the Bank for poverty reduction¹². His view is that the statement prioritised increasing labour productivity, a practice consistent with neo-liberal economic principles, over catering for the needs of the poor through basic social services. Cammack's argument here is that, from the presentation of this statement, one gets a sense of which approach to poverty reduction the Bank privileges over the other.

For Broad (2006: 387-388), the Bank's research has historically leaned toward reaffirming and strengthening a neo-liberal agenda. He draws on Robert Wade's earlier work: *Japan, the World Bank and the Art of Paradigm Maintenance: The East Asian Miracle in Political Perspective*, to describe the Bank's "paradigm maintenance" of neo-liberal ideology which informs its research and which is implicitly applied in its development approach. The Bank, according to Broad (2006: 387- 388), is a "maintainer and projector of the neo-liberal economic paradigm which came into prominence in the 1980s and 90s".

¹² See the World Bank's World Development report *Poverty* (1990:3) for the opening statement referred to by Cammack (2007).

The Bank maintains this paradigm in a number of ways within the Bank. Some of these include close monitoring of the Bank's research outputs to ensure that they are in line with neo-liberal principles, and at times a rejection of discourses and outputs that strongly oppose the neo-liberal agenda, hiring of staff that are conversant with Anglo-American economics, and an understanding within the organisation that promotions are based on one's "regularisation" with the Bank's ideology (Broad 2006: 397-410). The knowledge produced by the Bank, therefore bears heavily on the organisational and professional culture of the Bank as well. This theme will also be analysed further in the following chapter.

This study employs a critical theoretical framework for analysis. Critical international theory and critical IPE perspectives drawn from the work of Susan Strange and Robert Cox, proponents of the critical IPE approach, will be used for their contributions towards understanding the knowledge-power nexus in IPE and their conceptualisation of structures and structural power in the global¹³ political economy.

Critical theory, as it applies in the context of this research, will be discussed in detail in the theory and methodology framework chapter- chapter three. For now, it is important to note that critical theory employs a method of analysis which questions existing structures within the international arena and probes their historical formation. Critical theory also attempts to uncover whether the prevailing social structures are in the process of change, and whether change is at all possible. Tooze (2000:184) also states that "critical theory of whatever mode problematizes the actual production of knowledge". It therefore probes the process of knowledge production, including the influence of material resources, systems of domination, systems of allocation, and power dynamics. Cox (1996: 98- 99) proposes that three forces interact within the international system, these being: material capabilities, ideas, and institutions. Each 'force' holds certain power within the international system. Institutions can wield influence in the international system as well as play the role of agents of change, serving particular interests and acting as the battleground for competing or opposing interests (Moolakkattu 2009: 447).

¹³ 'Global' and 'international' are used interchangeably in this dissertation to refer to the arena occupied by state and non-state actors. Within IPE literature, the former is often perceived to include both state and non-state actors and hence an extension of 'international' which some analysts perceive to refer to state actors exclusively.

As this study aims to understand the nature of development knowledge produced by the Bank and the social and political dynamics involved in its knowledge production process, critical theory provides a relevant framework for the study. It recognises the need for the world order and structures in the international political economy to be critically examined socially and politically, bringing to the fore some important questions for IPE: who benefits and whose interests do the prevailing orders and structures serve? (See Cox & Jacobsen 1973: 371)

Cox observes that international institutions “perform an ideological role...they function as the process through which the institutions of hegemony [in the world] and its ideology are developed” (Cox & Sinclair 1996: 138). He furthermore states that within institutions there is “an informal structure of influence reflecting the different levels of real political and economic power which underlies the formal procedures for decisions” (Cox & Sinclair 1996: 138). Regarding those who have decision-making power in the global knowledge structure, like the Bank, it is important to recognize how they have arrived at having such power and hegemony over the production of what is regarded as authoritative and acceptable knowledge, and how they maintain such power. It is also important to understand the process of domination which makes it difficult for developing countries to wield power in the global knowledge structure (See Cox & Jacobsen 1973: 19-20 & Strange 1994). The contributions of critical theory and that of authors like Robert Cox and Susan Strange become useful to this study in its attempt to engage such issues.

Critical theory therefore provides a useful framework for this study, as the knowledge produced by the World Bank necessitates closer evaluation based on the competing claims levelled against global knowledge production in the world today, and the means through which norms and ideas shape policy decisions. It is important to understand the nature of the knowledge produced and the social and political influences that bear upon knowledge production. An important proposition can be derived from critical theory: *the production of knowledge is not void of political or ideological interests*, be this on a ‘minor scale’ in terms of the interests and pursuit of researchers, or on a ‘larger scale’ in terms of maintaining prominent ideological positions in the international political economy.

1.3 Formulation and Demarcation of the Research Problem

The specific research questions for this study are set out below.

The main research question is as follows: What constitutes the nature of the World Bank's knowledge in terms of the ideology, norms, and ideals that inform its knowledge for development? A sub-question is posed here: What are the transmission mechanisms through which certain interests shape the Bank's knowledge and some do not?

The second set of questions the study poses is in regard to the Bank's partnership with South Africa through the 2008 - 2012 CPS: What are the elements of the 2008 - 2012 CPS that exhibit normative convergence between the Bank and South Africa regarding a conceptualisation of development?

At its core, this study argues that the formation and content of development knowledge in the World Bank conforms to the agenda of hegemonic Western powers. Scholars such as Cammack (2004) and Vetterlien (2012: 36), who write on the World Bank's understanding of poverty, point out that views on how poverty should be reduced and development achieved "remains an intense source of political controversy". The World Bank has its own ideas about how best to achieve development and poverty reduction. South Africa has its own frameworks as well.

The goal here is to explore what these ideas are for the Bank and South Africa, and to ascertain whether there is convergence in their conception of development. This question is also useful to help understand how effective the knowledge bank's role is in MICs, and whether a lack of normative convergence may pose challenges to the efficacy of knowledge sharing. This is important since after all, the recipients have to present their needs to the Bank and, in turn, be willing to accept the Bank's knowledge content.

Under the second set of questions, the study seeks to gain a better sense as to whether the 2008 - 2012 CPS objectives were in line with South Africa's development objectives through the Accelerated and Shared Growth Initiative for South Africa (ASGISA). ASGISA was South Africa's development policy which was in place during the 2008 - 2012 CPS

implementation period. This enquiry thus leads to the following question: was there normative convergence between South Africa's development goals through ASGISA and the World Bank's 2008- 2012 CPS specifically?

The CPS has two main pillars/objectives, which are urban and rural development and regional integration. Sectoral technical assistance and World Bank Institute (WBI) programmes form the cross-cutting pillar of the partnership strategy (World Bank: 2007). The outcomes of the 2008 - 2012 CPS have been published by the World Bank in the CPS completion report. In the completion report, the Bank gives an overview of the partnership's outcomes in the three pillars as well as a self-evaluation of its own performance and programmes delivered by the Bank in the South Africa Program[me] (See *South Africa 2008 - 2012 Country Partnership Strategy Completion Report (Draft version)*). However, it does not provide an assessment of if and how the South African government has used these programmes in practice. Establishing this area of enquiry would have been challenging for this study, given that the research was conducted shortly after the CPS implementation period. Data on how the South African government implemented the knowledge shared through the partnership was not readily available. Hence a different area of enquiry, ascertaining a normative convergence between the programmes offered by the World Bank and the ASGISA objectives, was proposed under the second set of research questions.

The objectives of the research are therefore as follows:

1. To analyse the discourse of development knowledge in the World Bank so as to provide an understanding of the nature of the development knowledge in terms of the ideology, norms, and ideals that it espouses.
2. To ascertain the presence or lack of normative convergence on the conceptualisation of development between the Bank and South Africa.
3. To evaluate the World Bank - South Africa development partnership in terms of normative convergence between South Africa's ASGISA programme and the 2008 - 2012 CPS specifically.
4. To explore the influence of structural power within the global knowledge structure, providing an understanding of if and how hegemonic states mould World Bank discourse

on knowledge for development and what is eventually projected as ‘right’ and ‘acceptable’ in the international system.

1.4 Research Methodology

This research will form a descriptive- analytical and exploratory study. A qualitative research approach is used and the analysis of the Bank’s development knowledge will be carried out through a discourse analysis approach. Discourse analysis is introduced briefly here; however the concept is unpacked in more detail in chapter three.

Discourse analysis has been described by Gee (2011: 9) as a means to consider how language, what is written and what is said, enacts or endorses social and cultural perspectives and identities. He further explains how Critical Discourse Analysis does more than describe how language works and how it forms social and material realities, it also speaks to and intervenes in social or political issues as well as problems and controversies in the world. In essence, critical discourse analysis allows one to analyse the content of spoken and written language as well as the social and political implications of what is being communicated. He suggests that “seven areas of reality”¹⁴ are built up through spoken or written communication and these areas of reality “accomplish actions” and “enact identities” (Gee 2011: 18-20).

Referring specifically to politics or “social goods”¹⁵ as a reality which is built through language, Gee states that the following questions should be key for the discourse analyst:

“What perspective on social goods is this piece of language communicating? What is being communicated as to what is taken to be ‘normal’, ‘right’, ‘good’, ‘correct’, ‘proper’, ‘appropriate’, ‘valuable’, ‘the way things are or ought to be’” (Gee 2011: 19).

It is questions of this nature that the proposed research intends to ask about the discourse of development knowledge in the World Bank. What exactly does the Bank’s discourse on knowledge for development portray to be ‘right’, ‘correct’ or ‘proper’ development knowledge and does this work for its developing country partners, particularly South Africa?

¹⁴ According to Gee (2011: 18-20) The seven areas of reality that are built or constructed through spoken or written language are referred to as the ‘seven building tasks’ of language and include the following: Significance; Practices; Identities; Relationships; Politics; Connections; Sign Systems and Knowledge.

¹⁵ A social good is ‘anything some people in a society want and value’ (Gee 2011: 5)

More importantly, through the discourse analysis approach the research aims to identify which ideology one finds most embedded in the Bank's development practice and whether such an ideology re-affirms or disputes the claims of a predominantly neo-liberal approach to development in the Bank. Given that the research will employ discourse analysis as a methodological tool, the study will follow a mode of deductive reasoning.

Primary and secondary sources of data have been used to inform the research output. The 2008-2012 CPS and the CPS Completion Report are important documentary sources for the research. These documents will form the basis of my assessment of the Bank's partnership with South Africa as they provide the specific objectives and target areas for the partnership as well as the outcomes. Other key documentary sources include the following: The Bank's *The State of World Bank Knowledge Services* (2011) report; WB World Development Report (1998) *Knowledge for Development* and other selected WB World Development Reports; WB Articles of Agreements. The World Bank's *The World Bank Group Goals: End Extreme Poverty and Promote Shared Prosperity* (2013), is used for the discourse analysis in chapter three. These documents are available in the public domain and from the World Bank country office in Pretoria, South Africa.

Policy documents produced by the South African government, particularly the National Treasury, the Presidency and the Department of Finance, will be used to gain further insight to determine normative convergence or divergence between the Bank and South Africa. The following policy documents will also be used as key resources in this study: The ASGISA, the Growth Employment and Redistribution Strategy (GEAR), and the Reconstruction and Development Program (RDP). These will be sourced from the websites of the above mentioned government departments.

The use of interviews has been valuable for this study to gain insight into areas of enquiry that are not readily available in the CPS and CPS Completion Report. For example, the interview responses provide expert and professional views relating to the World Bank- South Africa development partnership and how the two partners pursue development. These insights differ from theoretical views and hence contribute an alternative view to the study.

For the reasons highlighted above, primary data collection for the study has been carried out through semi-structured interviews and field notes were taken for purposes of data documentation. The interviews were voice recorded only when the consent of interviewees was obtained. Interviews have been carried out with the following stakeholder groups in the Bank- South Africa partnership: The World Bank, South Africa country office and the South African National Treasury.

1.5 Demarcations and Delimitations of the Study

This study has two main demarcations. Regarding the 2008 – 2012 CPS pillars, it would be far too extensive for the study to focus in-depth on all the three pillars mentioned earlier. Only one pillar will form the focus area with which the ASGISA programme initiatives will be analysed for normative convergence in chapter five. The urban and rural development pillar has been selected for this purpose.

Regarding the interviews, a total of three officials were interviewed. The number of interview respondents was kept minimal firstly, due to the accessibility to experts who have worked in the afore-mentioned partnership and secondly, due to the fact that the study focuses on ascertaining normative convergence within the partnership. With this, the study is not concerned as much with an evaluation of implemented programmes but rather, with understanding the ideological orientations to development held by the Bank and South Africa. As such, the need to interview a large number of officials linked to various programmes within the partnership, did not present itself. Lastly, the interview respondents have chosen to remain anonymous and in abiding with the ethical procedures for interviews, this request has been granted in the writing of this dissertation.

1.6 The Structure of the Research

Chapter one serves as the introductory chapter. The purpose of this chapter is to explain what the research topic is about and the justification for the research. The chapter also demarcates the aims and objectives of the research, the research questions, and methodological aspects as they relate to how the research will be undertaken.

Due to the vast amount of literature available on the topic of the World Bank, chapter two is dedicated to reviewing the relevant literature relating to this research. The chapter begins with a presentation of the World Bank as a development institution; the functions and operations of the Bank are highlighted here. Following this, a review of the debates surrounding the governance of the World Bank is provided. The concepts of development, development assistance, and poverty reduction are unpacked within this chapter. Through the review of extensive literature, the purpose of this chapter is to introduce the notion of a predominantly neo-liberal ideology that is presumed to underpin the Bank's development knowledge and internal culture.

Chapter three will map out the theoretical and methodological framework for the study. The chapter explains the theoretical approaches of critical international theory and the critical IPE perspectives that will guide the study. Concepts and ideas derived from Robert Cox and Susan Strange's discussions on power, structures, ideas, knowledge, and hegemony in the international political economy will form part of this chapter. The methodological approach of discourse analysis will also be unpacked.

The fourth chapter provides an overview of the 'knowledge bank' and its function as a producer of development research and development knowledge. This chapter addresses the structural power dynamics that give pre-eminence to certain actors and ideas in the production of development knowledge within the World Bank. The chapter proposes that there are *internal* and *external* levers of power that influence the production of development knowledge in the Bank. These are discussed within the chapter. Finally, this chapter applies the method of discourse analysis to a reading of one of the Bank's most recent texts on poverty reduction and development. Ultimately, this chapter aims to answer research objectives one and four, establishing whether or not the development knowledge of the World Bank is laden with features of the neo-liberal ideology, and how power relationships influence the Bank's development knowledge production.

Chapter five reviews the Bank's relationship with South Africa from the post-apartheid era of 1994 to the 2008 - 2012 CPS period. The chapter aims, firstly, to provide a historical overview of the Bank's development partnership with South Africa and how this has evolved with South Africa's changing development landscape from the post-apartheid era until 2008 -

2012. Taking the history of the Bank-South Africa relationship into account is important from a critical theory point of view. Secondly, the chapter establishes a pattern of the *type* of development assistance the Bank has provided to South Africa through the knowledge services or knowledge sharing approach. The chapter probes the efficacy of the knowledge sharing approach.

The sixth chapter assesses whether South Africa and the Bank share the same conception of development; it probes the presence or lack of normative convergence on development ideals between the two. The chapter moves from a broad analysis of normative convergence on development ideals, between SA and the World Bank, to a narrow focus on the 2008 - 2012 CPS and its convergence with the ASGISA goals.

Within chapter seven, the summative findings of the research are presented. The chapter provides a summary of each chapter's findings as they relate to the research questions and objectives, the contributions of the study, recommendations for future research, and a brief note on the limitations encountered during the research.

Chapter 2

A REVIEW OF THE LITERATURE

2.1 Introduction

The purpose of this chapter is to review a selection of representative literature on the theme of the World Bank's development knowledge. Literature on key debates surrounding the World Bank's governance reform, are also reviewed. Secondly, this chapter offers a conceptual discussion on the foregoing theme. Aspects of conceptual discussion include the subject of development and the different paradigms through which it has been and continues to be understood within the development community in the world today. A broad concept on its own and part of the main business of the World Bank, development deserves special mention and elaboration in this chapter.

Poverty and poverty reduction are the other concepts that will be discussed in this chapter, especially since they have always formed a key part of the World Bank's function, including both its lending support and knowledge services. This chapter therefore proceeds with the following: an introductory overview of the World Bank, its functions and institutions, key debates surrounding governance reform in the Bank, critical literature as it relates to the Bank's development knowledge, and finally a clarification of relevant concepts for this study, as mentioned above.

2.2 An Introduction to the World Bank

The World Bank, or the 'Bank', has become widely recognised as a development Bank and an institution committed to the cause of development around the world. The World Bank can be described as a multilateral development agency whose mission is "fighting poverty with passion and professionalism for lasting results" and does so "by helping people to help themselves" (World Bank 2005: 11). In line with its mission, the Bank has set two goals it wishes for the world to achieve by 2030, and these are:

“To end extreme poverty by decreasing the percentage of people living on less than \$ 1.25 a day to no more than 3%, and to promote shared prosperity by fostering the income growth of the bottom 40% for every country” (World Bank: 2013a).

As a development agency, the Bank carries out three main activities or functions that are central to its goals of achieving development and poverty reduction in its client countries, namely: *lending*, *development research* and *development assistance* (Gilbert *et al.* 2000: 44). All of the Bank’s main activities are vitally important and make the Bank the institution that it is today. The Bank’s lending function involves financial loans with lower interest rates and lengthened repayment periods compared to commercial loans. The development research function of the Bank includes the Bank’s role as a producer, customizer, disseminator, and connector of development knowledge in the world today, whilst its function as a provider of development assistance is closely tied with both its lending and development research activities (World Bank 2011a: 12-14). Development assistance is the result when financial lending or development research outputs are provided to a country.

This study takes particular interest in the types of development assistance offered by the World Bank, specifically knowledge sharing, and the Bank’s development research function. These are key areas of examination in this study. The Bank’s development research activities are important because this process produces development knowledge that informs the Bank’s development approach, development policies, as well as the Bank’s own contribution to knowledge as a global public good¹⁶ (See Gilbert *et al.* 2000).

Gilbert *et al.* (2000: 51-53) point out that the Bank carries out its three main activities through two different roles as a development agency. It operates firstly as a traditional development agency. In this capacity, the “Bank does not just lend money and produce ideas: it packages the ideas and the money together...In this mode the Bank provides development skills, including skills in project management, bundled together with its loans in a package, which would otherwise be unavailable to the Bank’s low- and middle- income client countries” (Gilbert *et al.* 2000: 51). The authors’ view here is in line with those put forward by Kapur (2006) who observes that the Bank’s ideas have always been its core product over

¹⁶ A global public good is defined as a good whose benefits in the form of profits cannot be captured by its creator but instead leak out to society at large, without the creator receiving compensation (World Bank 1999).

and above its lending. The Bank's ideas are seen to always accompany its financial lending, lending being the motor to move the Bank's ideas on development into its client countries (Kapur 2006: 159).

The Bank carries out a second kind of role as a development agency: "This is as a provider of global public goods, and, in particular, as a contributor to the solution of externality problems which arise at a super-national level" (Gilbert *et al.* 2000: 52). This can be summed up as the Bank's role as a provider of development knowledge in the international arena. Development knowledge has also been described as part of the 'global commons' in some formulations. To a significant degree, the Bank's research outputs, and hence the type of development knowledge that it produces, have a wide-reaching impact that spans the global development community, the global knowledge structure, its member countries, and, most importantly, its borrowers that consist largely of developing countries.

The World Bank is also one of the International Financial Institutions (IFIs) in the global economy. Its governance and representation system has come under much critique within existing literature. Although not the main focus of the study, this is of importance in this chapter for reasons explained in the following section.

2.3 World Bank Governance and Reform Debates

The World Bank has made a name for itself as a key multilateral organisation in the development community. However, the Bank's existence has not been without pressures and criticism of its governance structure. This section highlights the governance structure of the World Bank, and proceeds to provide key debates within existing literature on the governance of the Bank and the calls for reform made within the development community and academia. Lastly, it provides an overview of the outcomes of the voice reform process in the World Bank that took place from 2007 to 2010.

A review of literature related to the World Bank's governance is of importance within this study for two reasons. Firstly, given the World Bank's status and influence in the development community, its governance, and therefore its effectiveness over the coming years, is highly important for development policy makers and development practitioners in

rich and poor countries (Ahmed 2006: 1). The World Bank is one of the IFIs whose decisions and actions impact the developing world greatly, and a shared consensus among various authors is that the improved legitimacy of the Bank among developing countries will require improved and more representative governance within the Bank itself.

Secondly, this section is deemed important for the study as the governance structure of the Bank represents power relations in the global economy. These in turn influence voice and representation within the Bank. Voice and representation in the Bank allows those who possess ‘more’ of these attributes to influence many aspects of the World Bank’s functioning as well as its policy choices. A closer examination of this dynamic can lay a foundation for the subsequent analysis of which actors within the global political economy influence what is produced as authoritative knowledge for development and development practice in the Bank.

2.3.1 Governance of World Bank Group Institutions

The World Bank is made up of five institutions that together form the World Bank Group (WBG). These five institutions are: the International Bank of Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Cooperation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID). Both IBRD and IDA are part of what is referred to as the ‘World Bank’ or the ‘Bank’ because these two institutions constitute the *investment bank* aspect of the World Bank Group (World Bank 2005: 14).

The table below provides an overview of the institutions’ functions.

Table 1: The World Bank Group Institutions

Institution	Function
International Bank of Reconstruction and Development (IBRD)	Lending to <i>middle income</i> and <i>low income</i> countries Promoting sustainable development to middle income and low income developing countries through: guarantees, risk management products, and Analytical and Advisory Activities (AAAs)
International Development Agency (IDA)	Lending only to the Bank's <i>poorest low income</i> countries Providing interest free loans (credits) ¹⁷ to the governments of the world's poorest 82 countries which have a Gross National Income (GNI) of \$1.953
Multilateral Investment Guarantee Agency (MIGA)	Promoting Foreign Direct (FDI) Investment in developing and emerging market economies Encouraging foreign investment by providing guarantees against losses caused by non- commercial risk ¹⁸
International Finance Cooperation (IFC)	Promoting economic growth in developing countries through private sector development Investing in the growth of Small Medium and Micro Enterprises (SMMEs) in such countries Direct lending to businesses and investing in sustainable enterprises, unlike the IDA and IBRD, which only lend to governments
International Centre for Settlement of Investment Disputes (ICSID)	A specialised institution of the World Bank Provision of international facilitation for conciliation and arbitration of investment disputes between states and foreign investors

Source: World Bank (2013 a, b); World Bank (2013c) & World Bank (2005), Compiled by Author.

The WBG institutions are each comprised of member countries. The number of members varies across the institutions, but the IBRD maintains the highest number of members currently at 188 (World Bank 2013b). Members of the WBG are considered “owners” of the institution (World Bank 2005: 12). However, some members have more ‘ownership’ than others due to their economic weight in the global economy and their quota shares or shareholding value in the World Bank¹⁹. The governance structure of the World Bank

¹⁷ These are loans are provided at zero per cent interest with a ten year grace period and maturities of up to 25-40 years (World Bank 2013c).

¹⁸ Non-commercial risks include: “expropriation, currency inconvertibility and transfer restrictions, war and civil disturbance or breach of contract” (World Bank 2005: 18).

¹⁹ Each member of the World Bank group is given 250 basic votes which is equivalent to a 2.86% share of total votes. In addition to the basic votes, members who have shares in the World Bank are allotted quota shares based on their economic weighting in the world economy and financial contribution to the Bank (Vestergaard 2011: 7 & 31).

includes a Board of Governors, a Board of Executive Directors, the president, and World Bank managing directors.

The Board of Governors is the main structure under which the World Bank operates. It is the highest decision-making body of the World Bank as stipulated in the Bank's Articles of Agreement (World Bank 2014a). Each member country is represented by one Governor and one Alternate Governor; these individuals are usually government officials at the ministerial level in the nation which he or she represents (World Bank 2014a). The Board of Governors serve in this position concomitantly in the IBRD, IDA, IFC, and ICSD. MIGA is the only WBG institution that elects a separate Board of Governors (World Bank 2014a). The World Bank's Board of Governors consists of 188 members currently.

The Board of Executive Directors is a smaller group of representatives, currently consisting of 25 executive directors who have a delegated authority over specific operations of the Bank (Vestergaard 2011: 17; World Bank 2013a). These include taking key decisions "on proposals made by Bank Management on IBRD loans and guarantees, IDA credits and grants, IFC investments and policies that impact on the World Bank's general operations" (Vestergaard 2011: 19). Another delegated authority held by The Board of Executive Directors is the ability to elect the president of the Board – who also serves as the president of the World Bank Group – as well as to remove a president from office (World Bank 2005: 12). Within the existing literature on the World Bank, it is disagreed that the Executive Board can exercise the latter authority in reality, given the immense influence of the USA over the Bank in several ways (See Wade 2002; Cammack 2004; Broad 2006).

The World Bank president is, by informal agreement, always a US citizen and a strong choice of the US congress (Wade 2002). There is a long-standing tradition between the US and the Europe Union (EU) that, whereas the head of the World Bank will come from the US, that of the IMF will originate from Europe. Vestergaard (2011: 19) makes his point clear that, "although it is in principle within the powers of the Board to hire and fire the president, in fact he is appointed by the US and at the end of the day he is only accountable to the president of the United States and the US Congress".

Shareholding members of the WBG and particularly of the IBRD can be members on the Board of Executive Directors. The largest shareholders in the IBRD are currently the USA, Japan, China (since after the 2010 voice reform), Germany, France, and the UK (Vestergaard 2011: 48 & World Bank 2013b: 2). Each of these countries is represented by an executive director of their own. Other shareholding members are grouped into constituencies with one executive director representing them; the executive director in this case, is elected by other members from his or her constituency. A constituency could be as small as three member countries, for example the Angola, South Africa, and Nigeria constituency, or as large as seven member countries, such as the constituency comprising of Argentina, Bolivia, Chile, Paraguay, Peru, and Uruguay (World Bank 2010: 22). Executive directors have voting power based on their shareholding value in the IBRD. The largest shareholders therefore have the most ‘voice’ when it comes to decision-making on major issues in the World Bank, whilst constituencies with lower shares have the least decision-making power.

The president and Managing Directors of the World Bank work hand in hand. The president serves as president over all the Bank Group institutions whilst oversight responsibility is delegated by the president to the managing directors. Managing directors oversee World Bank operations as well as the effective functioning of certain organisational units (World Bank 2005:14).

Figure 1 provides a representation of the lines of hierarchy among the Board of Governors, Executive Directors, Bank Group President, and the Managing Directors in the Bank’s governance structure.

Figure 1: Line of authority in the World Bank’s governance structure



Source: World Bank 2014b, Compiled by Author.

2.3.2 Critiques of the World Bank’s Voice representation

The system through which voting and representation takes place in the World Bank has come under much critique and has been the subject of serious debate in the past few years. The 2008 global financial crises sparked greater debate regarding the need for governance reform in the Bretton Woods Institutions. There was an identified need for more accountable and transparent governance of the global economy through the key IFIs: the World Bank and the IMF. This section provides an overview of the major critiques within existing literature on voice representation in the World Bank.

A major issue discussed among authors on the World Bank’s governance and representation is the waning legitimacy of the World Bank. It is argued that this is caused by a lack of equal representation of the Bank’s member countries, most especially less developed countries. This discrepancy is mostly expressed in terms of decision-making through the ‘power of the vote’. This allows the Bank’s largest shareholders (mainly Western states) to dominate decision-making in the Bank, whilst less developed countries with the least shareholding power act as ‘takers’ and not ‘partakers’ of policy or decision-making in the Bank. For many

analysts, this factor is believed to greatly undermine the legitimacy of the World Bank (Birdsall 2008; Vestergaard 2006; Woods 2008).

The argument put forward by Ahmed (2006: 87) is that “voice, legitimacy and effectiveness are mutually reinforcing attributes for an international development organisation”. He argues that these are the attributes the Bank needs instead of competing interests which have been claimed to characterise the Bank. His argument flows that, for the World Bank to be accepted as a credible and legitimate source of advice within the development community and in developing countries, their governance needs to be more representative of these countries and of their interests. This should be done by giving voice to developing countries so that they can influence policy decisions that affect them most (Ahmed 2006: 87-88). Ahmed’s argument can be summed up in this statement: “It is not simply good enough to have the right policy advice; that advice is more likely to be accepted if it comes from an institution that is seen as representative of the interests of the borrowing countries” (Ahmed 2006: 87).

Woods (2008) also expresses the same concern over the Bank’s legitimacy in the international community. She observes that emerging market economies, whose voice and collaboration is important for cooperation in the globalised world economy, are under-represented in the World Bank and IMF structures. Woods also points out that, in the meantime, emerging countries are finding other alternatives, such as the creation of multilateral groupings for themselves, as well as organising aid programmes (Woods 2008: 2). More importantly, the main problem affecting the legitimacy of the WB and IMF is that neither of these institutions has ‘globalised’ its governance (Woods 2008: 2). Instead, “the IMF and the World Bank are ostensibly global institutions but each is run by a small directorate of industrialised countries who cling to their influence over each organisation” (Woods 2008: 2).

Factors such as those discussed above bear heavily upon the World Bank’s legitimacy in the international system and in developing countries especially. The Bank cannot be viewed as acting in the best interest of ‘all’ if their governance does not equally represent ‘all’, and if the interests of those who hold decision-making power by share of their votes are not clearly ascertained as interests that equally favour the minority.

Nancy Birdsall in her article *The World Bank: Toward a Global Club*, places the ‘blame’, so to say, of the World Bank’s poor legitimacy and representation on the fact that it fashioned for itself a structure representative of a *global club* instead of a development agency. She argues that this was done by the Bank agreeing that “voting power would be related to member’s ‘dues’ (deposits or guarantees) and that the dues would be broadly related to members’ financial capacity” (Birdsall 2008: 53). The technicalities surrounding the governance of the Bank have therefore become a very contentious issue. Whilst debates about the representation of member countries on the World Bank’s Board of Executive Directors have taken place extensively in academic circles and on paper, actual reforms on governance within the Bank have been minimal and have led to less than substantive changes in reality.

Besides the calls for voice reform within the academic community which have been highlighted above, the debates have nudged international organisations towards action. A call for voice reform was made at the United Nations (UN) International Conference on Financing for Development which was held in Monterrey on 22 March 2002. This was done through the ‘Monterrey Consensus’, and proposed a commitment to work toward improving the voice and participation of developing countries in multilateral organisations (Vestergaard 2011: 20 & World Bank 2010: 1).

Unfortunately, efforts to enhance voice and participation among developing countries did not take place for a long time after the Monterrey Consensus. As mentioned previously, it was rather the 2008 global economic crises that brought the effectiveness and the legitimacy of the IFIs into question and catalysed serious pressures for reforming the IFIs. The crisis shed light on the fact that the countries of the world needed more cooperation, and a means to achieve this was through strengthening the participation of all countries through multilateral organisations. The process of voice reform was therefore necessary.

The voice reform process in the World Bank took place in two phases. Phase one began in 2007 and was characterised by a proposal to increase the basic votes of all member countries in the Bank. The purpose of this exercise was to improve the voice of poorer countries in the World Bank. Three options were laid on the table for the increase of basic votes. These were to: double basic votes to a value of 5.55% of total share, to triple them to 8.1%, or to restore the basic votes to 10.87% which was the original value at the formation of the World Bank

(Vestergaard 2011: 31). The decision reached during phase one of the reforms was to double basic votes for each member. Some authors have agreed that this was the safest and least progressive option (Vestergaard 2011; Vestergaard & Wade: 2013).

Phase one of the voice reform process was completed in 2008. Phase two involved the process that promised to bring about change; a realignment of IBRD shareholding and voting power that would be based on each member's economic weighting in the global economy. This was promising, given that a number of World Bank member countries were now categorised as transition and emerging market economies. It was hoped that their improved economic weight would reflect substantially on their shareholding and voting power in the Bank. However, controversies surrounded this process as the options and indicators used to determine each country's economic weighting, and consequently their voting power, was met with much critique²⁰.

Vestergaard (2011: 33-35) explains that the shareholding power realignment was eventually based on three criteria. The first criterion was economic weighting measured by GDP which would count for 75% of quota shares. The second was past and present contributions to the IDA which carried a 20% weighting, and finally "contributions to development" which was based on a country's history of Bank borrowing and would count for 5% of quota shares. Essentially, each country would receive a certain amount of quota shares on the basis of the above mentioned criteria. The more favourably these criteria were met by a country, the more quota shares they would receive.

Although this section does not delve into the technical side of arguments surrounding the voice reform process, it highlights a few conclusions from the debates about the World Bank's voice reforms. Firstly, it is important to acknowledge that some changes were made in the shareholding power of some member countries. The results of the reform process are recorded to have produced a change of 42.60% - 47.19% in the share of voting power of Developing and Transition Countries (DTCs) (Vestergaard 2011: 40). Developing and Transitions Countries included only countries that were classified as low and middle income countries according to the World Development Indicators. High-income countries were not

²⁰ See Vestergaard, J. 2011. *The World Bank and the Emerging World Order: Adjusting to Multipolarity at the Second Decimal Point* for a full discussion on the details of the 2007- 2008 voice reforms in the World Bank.

classified as DTCs, but as developed countries. The reform process also resulted in a change of voting shares for developed countries from 57.40% to 52.81%. At first glance it can be assumed that a reasonable compromise was reached through the voice reforms. There was definitely change.

However, both Vestergaard and Wade have pointed out in their publications that these outcomes were less promising than they seemed at first sight (see Vestergaard 2011; Vestergaard & Wade 2013). A closer inspection of the composition of the DTCs referred to in the voice reform process, reveals that it included some high income, developed countries that became classified as developing and transition economies due to the way the economic weighting was calculated. The effect was that such countries who do not, in fact, borrow from the World Bank were the beneficiaries of more voting power shares instead of developing and middle-income countries. The voting share of developing countries consisting of low and middle-income countries only increased from 34.64% to 38.38% in reality, and this left developed countries with about 60% of the voting shares in the IBRD (Vestergaard & Wade: 153). The main point then is that the change in voice representation provided through the DTC calculation is elusive and, more importantly, not much voting power has been transferred to developing countries in real terms.

Two points are considered important from the view point of this study. Firstly, literature explaining how the shareholding of each member would be weighted reveals that the countries with the most power and voice in the Bank initially had control over the procedures. The outcomes of the weighting criteria therefore played into their favour as well, and consequently the outcomes of the voice reforms. This reveals the continuing dominance and power of the USA and other powerful states in the global economy. Secondly, the change in voting power share that resulted from the voice reform process, no matter how small, should be acknowledged. However, assessing whether the reforms had the effects on the group for which it was purposed should not be neglected. This group consisted of developing countries *and* countries in transition (World Bank 2010: 1). The answer to this question appears to lean towards a partial fulfilment, in that developing countries' voice, much less that of African countries, did not increase substantially. On the other hand, some transition economies were the 'big gainers' in the reform process. These include China, Brazil, India, Mexico, and Turkey.

2.4 Critiques of Development Research at the World Bank

This section provides a review of existing literature on the dynamics of the research department at the World Bank and the Bank's internal organisational culture.

A special issue released by *Global Governance* journal in 2007 dedicated itself to articles focusing on the changing role and significance of the World Bank in poverty alleviation and human development in the 21st Century. A collection of articles in this special issue were authored by current or former World Bank staff, as well as recognised authors who have written extensively about the World Bank. Vijayendra Rao and Michael Woolcock, both research staff at the Development Research Group (DRG) of the Bank, published an article in this special issue titled *The Disciplinary Monopoly in Development Research at the World Bank*, in which they put forward the argument of a dominant discipline influencing the World Bank's research and the research outputs produced by the DRG. The Development Economics Vice-Presidency (DEC) is the main research and knowledge production arm of the World Bank while the DRG exists as a research department within the DEC.

In their article, Rao and Woolcock make a point that development is a “diverse field” and that, being the Bank's main business, the diversity of the field should be evident and reflected throughout the Bank and in the ways it approaches development. This includes the type of training it provides for its research staff, the type of research staff the Bank hires, and the research agenda put forward by the Bank (Rao & Woolcock 2007: 479). They argue that this is currently not the case in the World Bank and that, on the contrary, the Bank's research department is characterised by a disciplinary monopoly of development economics with little appreciation of the contributions that could come from other disciplines, in particular the social sciences. Their argument follows that “by promoting economics as the sole lens through which to understand and respond to the development process, [the DRG] restricts what is studied, delimits how those issues are analysed and thereby offers clients an unnecessarily narrow menu of policy options and strategies” (Rao & Woolcock 2007: 479).

Jean-Jacques Dethier, quoted in Weaver (2007: 505), confirms the disciplinary bias of the Bank's research department toward economics and states that “an overwhelming majority of researchers at the DEC are economics PhDs, despite a general interdisciplinary trend in

global development theory and practice over the past decades”. It is possible that such singular disciplinary orientation lends strong weight towards more neo-liberal modes of thinking. There is weighty evidence that shows disciplinary bias. At the time of publication of Rao and Woolcock’s article in the special issue of *Global Governance*, approximately 83 full time research staff were employed by the Bank, and only three out of these were PhD holders in a discipline other than economics (Rao & Woolcock 2007: 484). Currently, from an examination of the Bank’s DEC webpage, out of the extensive pool of Bank staff, only two Bank researchers have PhDs in social science disciplines. These researchers are Michael Woolcock, who holds a PhD in Sociology and is the lead Social Development specialist in the Bank’s research department, along with Varun Gauri, who holds both a Master’s and PhD in Public Policy even though he holds the position of a Senior Economist at in the DRG (World Bank 2013d). All other research staff are trained and grounded in either a purely economics discipline or disciplines very closely related. Apart from the full-time staff, it is common practice within the Bank to engage or employ, for a certain period of time, a number of visiting researchers and consultants who assist in the Bank’s research.

The argument that the Bank’s staff are schooled predominantly in economics disciplines and are conversant with a neo-liberal outlook to development is highlighted by a number of prominent authors on the World Bank (see Wade: 2002; Kapur: 2006 & Weaver 2007). The consequence of the disciplinary monopoly in the Bank is that it affects the Bank’s “disciplinary demography” as well, as the staff base is not only made up of economists, but entry is difficult for non-economists. A social scientist within the Bank will often have to align their viewpoints more readily with the existing development economics paradigm of the Bank’s research in order to receive promotions or the acceptance of their research work for publication in World Bank research outputs (Rao & Woolcock 2007: 480-481).

At the heart of Rao and Woolcock’s argument is not necessarily an attempt to refute the usefulness of economics as a discipline in approaching development. The two authors agree that regarding certain issues related to development, such as dealing with financial crises and economic and sector work, the strength of economics as a disciplinary approach is evident and likely a stronger alternative than social science approaches. In line with this, the Bank’s appreciation of the development economics approach can also be justified by acknowledging

that economic development is an essential and necessary part of the development process within a country.

Rather, the view expressed in their article is an attempt to shed light on the reality that development in the world today encompasses many areas and aspects which economics *alone* cannot solve. Such aspects include governance, culture, sustainable development, gender issues and participatory development. Such aspects of development, according to Rao and Woolcock (2007: 480), are best studied through social sciences, such as political science, sociology, anthropology and psychology to name a few. At the moment, such disciplines are not as well represented in the Bank as economics is. The result is that the state of affairs in the Bank's research department "both reflects and perpetuates a disciplinary monopoly that manifests itself in the fact that development policy at the Bank tends to reflect the fads, fashions, controversies, and debates of one discipline", this discipline being economics (Rao & Woolcock 2007: 480).

The World's Bank and the Bank's World is one of the articles published in the Global Governance journal special issue and is authored by Catherine Weaver. Her expression that the World Bank has an 'intellectual culture' is useful in tying together the points discussed above. The arguments put forward by Rao and Woolcock, although termed differently as the case of a disciplinary monopoly within the Bank, culminates in a similar view of a dominant intellectual culture within the Bank, which Weaver puts forward.

Weaver describes the Bank's 'intellectual culture' as one that is characterised by an "economistic, apolitical and technical rationality" (Weaver 2007: 494). The view of the Bank's intellectual culture being 'apolitical' is contestable as seen in the writings of some authors on the World Bank such as Robert Wade (See Wade 2002). However, the view that the Bank's intellectual culture is 'economistic' and laden with 'technical rationality' is shared by Andy Storey (2000). As mentioned in the previous chapter, he suggests that the Bank's discourse on development has, in the past, focused more on "'technical' issues of economic adjustment" than on political analysis which questions the formulation of particular development discourses within the Bank (Storey 2000: 361).

An important question stems from the issues discussed above, regarding where the Bank's intellectual culture comes from. Weaver's article again provides a partial answer and explanation to this. She states that some of the "distinct bureaucratic characteristics, such as the ideologies, norms, language and routines that are collectively defined as the Bank's culture have emerged as a result of a dynamic interaction over time between the external material and normative environment and the interests and actions of the Bank's management and staff" (Weaver 2007: 494).

It is to this dynamic of the Bank's external normative and material environment and its internal organisational culture that this section now turns to, in order to understand where the Bank's intellectual culture comes from. The concept of the Bank's intellectual culture is important for this study as, understandably, it affects the way the Bank and its staff understand and conceive of development and what is 'right' and 'best' when it comes to development policy. The Bank's intellectual culture will essentially have an impact on the Bank's development knowledge ideology. The approaches and views of Weaver (2007) are chosen for discussion here as they adequately capture the main arguments of what constitutes external and internal influences on the Bank's intellectual culture.

Weaver's article illustrates two approaches that have been used in conjunction with International Organisation theory to understand international organisations such as the World Bank and their relationship with their external environment, made up of states and non-state actors, and their internal organisational environment. These two approaches are Principal-Agent (PA) models drawn from the economics discipline and Sociological Organisation (SO) theories (Weaver 2007). These two theories have differing utilities.

The PA theory has a comparative advantage in that it "explain[s] the dynamics *among* the principal member states (both creditors and borrowers), third party NGO²¹ watchdog organisations, and the Bank as a unified actor... PA models are designed to examine the delegation of authority and tasks from principals (primarily member states) to agents (IOs)" (Weaver 2007: 495-496). The overriding rationale of PA theory is that the external influence on the Bank as an agent comes from its relationship with its donors and member states. More specifically, the PA theory suggests that the *interests* and *power* of the Bank's most powerful

²¹ Non-Governmental Organisation.

donors and member states are the most important external factors to consider in understanding the development practice and development policies pursued by the Bank (Weaver 2007: 496).

To take this further, the PA models can contribute to understanding some of the external sources or influences of the Bank's intellectual culture. As mentioned already, an external influence over the World Bank is the power and influence held by its most dominant donor and client states. It is widely agreed that the USA is the Bank's most dominant donor; it is the largest shareholder on the Board of Executive Directors and controls the largest amount of votes in both the IBRD and IDA, 17% and 13.44 % respectively (Wade 2002: 217 & Weaver 2007: 499). As mentioned in the previous chapter, the USA wields influence over the Bank in a number of ways, some of which, one can argue, are quite coincidental.

Geographically, the location of the World Bank's headquarters in Washington DC favours a US disposition over the Bank. The same goes for the fact that a majority of Bank staff are trained either in the USA or European countries. It is through such circumstances that Wade (2002) suggests that the USA and other hegemony in the global system are able to exercise hegemony over ideas, both within the Bank and in the global system, while also promoting the free market ideals of the neo-liberal ideology as the 'best'. Bearing this in mind, one identifies that the Bank's dominant donors, particularly the USA, become a source of its intellectual culture.

Sociological Organisation theory, on the other hand, "refocuses the level of analysis toward internal culture and politics, which ultimately allows us to say something substantive about how the Bank thinks and what it wants" (Weaver 2007: 498). SO theory considers how bureaucratic culture influences an organisation's policies and how the organisation operates. Weaver (2007) states succinctly that through SO theory "the explanations of IO policies and practices are thus framed not in terms of external politics but rather in the embedded ideologies and norms, processes of socialisation, and the internal struggle over ideas and resources" (Weaver 2007: 498). The SO theory brings the level of analysis of the Bank's intellectual culture down to internal factors and takes two main aspects into consideration. Weaver (2007) refers to these aspects as the internal and bureaucratic culture of an organisation.

The bureaucratic culture of the Bank includes the influence of its leaders over the Bank's operations and agenda. This has seen different trends over the years with the Bank's presidents. Special mention can be made to the reign of Robert McNamara (see Vetterlien (2007)) who sought to bring in more social aspects to the Bank's approach and thinking towards development and poverty reduction. This impacted the Bank's view of the 'social' in development; to be seen as a complementary goal pursued alongside economic growth, and not just a hoped for outcome of the latter. This is quite in contrast to James Wolfensohn, who advocated the knowledge bank and hence set the tone for an intellectual culture within the Bank that was more cognisant of the role of technology and communications in the development and poverty reduction nexus. The internal bureaucratic culture of the Bank therefore also has an influence on the Bank's intellectual culture.

This section has discussed both external and internal influences on the World Bank's intellectual culture. This study suggests that the sources of the Bank's intellectual culture also have a bearing on the development knowledge produced by the Bank. This will be explored in more detail in the subsequent chapters. The following section deals with conceptual definitions which are important for this study.

2.5 Defining Poverty

A world free of poverty is the World Bank's dream and overarching goal through development assistance; the eradication of this global problem is the Bank's mission. It becomes necessary in this chapter to look into what poverty means within the global community and for those that experience it. This section unpacks the concept of poverty, discussing it in relation to the World Bank.

There is a broad scholarship on the subject of poverty and various definitions of poverty exist. Goldin and Reinert (2006), state that there are different dimensions through which poverty can be measured. Each dimension represents deprivation of a certain kind, in relation to the poor. With this, the measures that have commonly been used to assess poverty are: income, health, education, empowerment, and working conditions (Goldin & Reinert 2006: 3). These are measures which have been used to assess the standard of living in a country. Where these are substantially lacking, poverty is preeminent.

Kanbur and Vines (2000: 94) have made an important point by stating that “the particular importance of poverty is not just as a state of having little, but also of being vulnerable to lose the little that one has”. In this case, the poor experience not only minimal basic needs or a lack thereof, but also a lack of security in their state of being poor. As a result, they form the most vulnerable group in society. Gender also plays a role here, with women and children being considered the most vulnerable. The World Bank’s *Voices of the Poor* series provides further justification of this view point. It states that “poverty never results from the lack of one thing but from many interlocking factors that cluster in poor people’s experiences and definitions of poverty” (Narayan *et al.* 2000: 27).

Income has been the most common way of measuring poverty within a nation and is termed income poverty. Income poverty is understood to be a condition where a lack of goods consumption is experienced “due to a lack of necessary income” (Goldin and Reinert 2006: 4). The income poverty measure is the most well-known way of defining poverty as the condition in which a human being lives on less than \$1 or \$2 a day (World Bank 2012c & Goldin & Reinert 2006: 4). The \$1 poverty line is the average of the national poverty lines in the poorest 20 countries, whilst the \$2 poverty line is the average poverty line for developing countries. While the \$1 a day poverty line is synonymous with those classified as “extremely poor” or living in “extreme poverty”, the \$2 a day poverty line refers to the “poor” (Goldin & Reinert 2006: 3).

Each of the dimensions of poverty can be defined in absolute or relative terms. Absolute poverty is defined by De Beer and Swanepoel (2006: 3-5) as “a situation where incomes are so low that even a minimum standard of nutrition, shelter and personal necessities cannot be maintained”. He also provides a definition of relative poverty. It is the “state of people whose basic needs are met but who, in terms of their social environment, still experience some disadvantages” (De Beer & Swanepoel 2006: 3).

There has been a shift in the writings on poverty to move beyond monetary or income based methods of understanding poverty. The concept of poverty being ‘multidimensional’ has become increasingly popular and seen as a necessary means of understanding poverty. Tjonneland *et al.* (1998: 7) highlighted that “what is needed is a more multidimensional conceptualisation that can address issues of livelihood, resources, knowledge and rights”. He

points out that these are all essential aspects to consider and are necessary conditions for a human being to live free of poverty. Poverty as a multidimensional phenomenon is characterised by a lack of income or access to productive activities that can yield income for an individual, as well as a lack of access to social services, including healthcare, education, and the supply of safe water. The concept of multidimensional poverty takes into consideration the notion that poverty is also manifested by a low level of political participation, voice, and representation of the poor, especially in political processes (Kankwenda *et al.* 2000: 3).

The various dimensions of poverty will inevitably be tackled in different ways. It is also the Bank's concern to alleviate poverty in all its different dimensions. The way poverty is conceptualised and understood in the global community is important for the Bank and the approaches to development assistance that it adopts in achieving its mission of eradicating poverty. Kanbur and Vines (2000: 87) have rightly explained that “the World Bank is not independent of either the intellectual world or the political world in which it operates” and therefore “the Bank's thinking on poverty closely parallels academic concerns with poverty, and its actions with regard to policy relief reflect the political priority afforded to poverty in the World at large”. Through its project lending and financial loans, the Bank seeks to play its role in alleviating poverty in all dimensions. So how has poverty reduction been conceptualised in the academic community and consequently in the World Bank?

The understanding of poverty reduction in the global community has evolved in what Kanbur and Vines (2000: 87-92) have identified as four distinct phases. The following sections discuss these different phases. The manner in which the Bank has responded to these different phases, through its development assistance, will be incorporated in the discussion. Firstly a few definitions of development are provided to set the context for the explanations that follow.

2.5.1 Defining Development

Three definitions of development are provided here and come from different time periods. The different definitions have been selected as they exemplify diversity in the understanding of development from the various authors and, more importantly, an evolution of some sort, in the way development has come to be understood.

Meir (1989) and Iwayemi (1993) have been quoted in Onwuka (2006: 106) as describing development as follows:

“Development entails increases in real per capita incomes of a country over a long period of time coupled with equitable distribution of the same, in order to achieve improvement in the standard of living of the population”.

Onwuka (2006: 106) himself expounds on this, borrowing from Stiglitz (2001) and Torado (1992), by stating that:

“Development involves the acceleration of economic growth and changes in structures, attitudes and institutions with a view to achieving the reduction of inequality and poverty... Thus development is modernisation with a human approach as the emphasis is on distributive justice as basic needs are satisfied through the income generated and the fruits of development shared equitably among the different segments of society”.

Joseph Stiglitz, former World Bank Chief Economist, has also provided what he proposes as the meaning of development within the ‘new development paradigm’ at the turn of the new millennium:

“Development entails changes in ways of thinking, in economic and social organisation, entailing among other things, an acceptance of change” (Stiglitz 2000: 2).

The first two definitions of development, influenced by accounts of development from the late 1980s and early 1990s, place quite an emphasis on increasing economic growth and per capita income as a means to development. Common to both definitions is the assumption that development should result in improved standards of living as well as reduced inequality. The definition of development provided by Stiglitz, takes on a more holistic conceptualisation of

what development means as it grapples with the notion that development is not merely about the outcomes that result from increased per capita incomes or GNP²² growth. Rather, it suggests that development is a process, a phenomenon if one could add, that brings about a positive advancement in ways of thinking which eventually should spur on new ideas about how to make improve a nation's economy and its society.

Stiglitz (2000) suggests that a new development paradigm should include both country and local ownership and involvement in the development process. The result is then indeed a 'new paradigm of development' as Stiglitz puts it. This new paradigm of development is envisaged as that which the development community has been faced with since the new millennium and brings to the fore some previously neglected issues, such as participation, corruption, efficient institutions, and good governance, which are now considered important issues that affect both development and underdevelopment.

This study recognises that an essential element of development is the resulting outcomes of reduced poverty and inequality; improved standards of living essentially. All three definitions of development which have been provided in this section are relevant in this study. However, development in this study will refer in most cases, and unless stated otherwise, to attaining the outcomes of reduced poverty and inequality which are a result of development. The meaning of the concept for this study is therefore not restricted to economic, social, or human development specifically, but refers to a holistic view of development and its outcomes as mentioned above.

Now that the concept of development has been defined, the following section reviews the nexus between poverty reduction, development, and the Bank's approaches to these over the years.

2.5.2 Poverty Reduction, Development, and Practice at the World Bank

Kanbur and Vines (2000) provide a brief history about the thinking on poverty and poverty reduction held in the global arena, which in turn has influenced the Bank since the end of the Second World War. The first phase identified by the authors ran from 1945 – 1955. This

²² Gross National Product.

phase was characterised by an approach that saw economic growth as the key to development and poverty reduction; this phase was commonly known as “growth does it all” (Kanbur & Vines 2000:88). Kapur *et al.* (1997:115) explain that “it was the common sense of American board and seminar rooms that economic growth was the indispensable and principal tool for reducing poverty in developing countries and that effort to short circuit this by raising expenditure on welfare would be counterproductive”.

The late 1940s and 1950s was generally a time in which the main development objective for less developed countries and Europe, which was in the process of recovering from the war, was economic growth and growth in GNP. Development theories and buzz-words such as the ‘Big-push’ advocated by Rosenstein-Rodan (1943), and ‘Take-off into sustained growth’ popularly formulated by Rostow (1956), were well known within the development community (Thorbecke 2007: 5). The upheld notion was that economic growth, once achieved, would lead to a decline in social and income inequality (Kanbur & Vines 2000: 88). Economic growth would then essentially lead to a trickle-down effect of development, causing reduced levels of poverty in society.

For most developing countries, especially those in Africa, this period was marked by decolonisation and the new preoccupation of the newly independent states to build their economies and promote development within their states (Thorbecke 2007:3-5). As a result and in line with the intellectual common ground of the time, the World Bank’s development assistance to developing countries, especially African countries, in its early years of the 1940s, right through to the 1960s, was characterised by project lending more than anything else. The Bank was heavily involved in projects that funded the building of roads, power and electricity plants and anything that would build up the infrastructure of developing countries. These were considered at least as physical signs of development or advancement within states. Between 1961 - 1965, 75% of the Bank’s lending to Africa was for electric power projects and transportation (Onwuka 2006: 109). Such projects were given more priority than lending linked to social development and human well-being projects.

The second phase of thinking on poverty reduction within the global community was ushered in from the 1950s and all through the 1970s. This phase was characterised by a questioning of the trickle-down approach of the previous phase (Kanbur & Vines 2000: 89). The reason for

the scepticism toward the trickle-down approach was due to the evidence in some developing countries that economic growth did not actually lead to a trickle-down development effect in other areas of society, but rather it showed effects of worsening income inequality.

Kanbur and Vines (2000: 89) cite Fishlow's work of 1972 and his studies on Brazil in the 1980s, pointing out that his work confirmed this idea. During the 1960s Brazil's economic growth grew steadily at 6% or 7% per annum, but the result was increased inequality. The argument and consensus within the global community at this time was that increased economic growth would require good income distribution in order for the positive effects of economic growth (poverty reduction primarily) to be realised. By the 1970s there was already a marked lack of confidence in the trickle-down or 'Big-push' approach to development and poverty reduction throughout much of the global community, with the exception of the USA and many European countries. Kapur *et al.* (1997: 225) state that "outside the small but powerful development establishment centred in Washington and in the prestigious Anglo Saxon Universities, intellectuals and officials were more inclined to scepticism than belief in the proposition that market-based economic growth would equally spread to the masses".

During this time the Bank adopted an approach to poverty reduction that in a way sought to correct this characteristic of development outcomes experienced during the 1950s through the 1970s. The Bank set out to tackle poverty reduction directly during the 1970s by lending for specific social projects targeted at rural development, basic education, healthcare delivery, and housing. This feature of the Bank was spear-headed by Robert McNamara, Bank President from 1968 - 1981 (Kanbur & Vines 2000: 96).

The third phase of poverty reduction thinking took place from the beginning to the end of the 1980s. This era was characterised by macroeconomic shocks in the global economy which included the energy crises, oil price hikes and the global recession which occurred at that time. The result was poverty or lowered standards of living, which resulted from economic instability. The conceptualisation of poverty reduction that existed in the global community at that time was one of restoring economic stability and growth, which would in turn lead to poverty reduction. This era became known as the 'adjustment decade'. It was met by the presence of prominent global leaders from the USA and UK; the 'Thatcher-Reagan' administrations, as it became popularly known as.

Margaret Thatcher and Ronald Reagan were strong proponents of a free market and neo-liberal economic development approach. The rationale behind poverty reduction thinking during this time was that liberalisation of markets and openness would lead to growth. This era birthed the ‘Washington Consensus’ and the growth of the neo-liberal development agenda. It was then as though there was a return to the poverty reduction thinking of the 1950s: economic growth leads to poverty reduction (Kanbur and Vines 2000: 91). Whilst in the 1950s this was believed to take place through the big-push, the 1980s advocated that economic growth and hence poverty reduction would take place through trade liberalisation, deregulation of economies, privatisation, and any economic principle consistent with the Washington Consensus.

The bank shifted its emphasis on development assistance to the SAPs which were deemed necessary for borrower eligibility. This was a means to get other countries to adopt the neo-liberal principles, consistent with the Washington Consensus, which was supposed to deliver results of economic growth and poverty reduction eventually. These were unpopular amongst most recipient countries because of the conditions they came with, and the evidence that they did not, in fact, reduce poverty or even lead to economic growth in many African countries (Adejumobi 2006: 21 & Onwuka 2006: 113).

Kanbur and Vines describe the fourth phase as the phase that the world currently finds itself in since the 1990s. The authors argue that this phase “involves a reaction against the neo-liberal agenda” (Kanbur & Vines 2000: 92). They do this by suggesting that: “at least to some extent a form of reverse causation is important: that poverty and inequality in turn has an effect on growth” (Kanbur & Vines 2000: 92). Their analysis follows that economic growth is not sufficient in itself and that the social aspects of development are as well necessary. These include health and education, security, and reduced income inequality. These are all important for sustainable growth. They state that if inequality and poverty are too severe, sustainable growth cannot be possible (Kanbur and Vines 2000: 92). Their view point on this last phase is quite consistent with Berg *et al.* (2102) who also states that rising inequality in the presence of development efforts may ultimately undermine development and poverty reduction.

Although there have been calls for more ‘all-inclusive’ approaches to development in the global arena, neo-liberal tenets are argued to still have an influence over the Bank. This informs the point of inquiry for this study as the ideological underpinnings of the Bank’s knowledge for development and what consequently is found in its development approach, is analysed. The Bank’s approach to development and poverty reduction in the present day will remain a focus area for the fourth chapter.

2.6 Conclusion

This chapter has mainly provided a review of literature relating to the World Bank’s research on development knowledge, as well as its governance and voice representation. The chapter began with a brief introduction to the World Bank as a development agency.

The discussion and review of literature on the debates about the World Bank’s reform process revealed how decision-making power and voice representation is established in the Board of Executive Directors, based on the quota shares held by member countries and their economic weighting in the world economy. More so, the review made clear the link between the governance of the IFIs and their perceived legitimacy among the development community and developing countries.

In the case of the World Bank, poor legitimacy stems from a lack of broad representation of all members (particularly developing countries) in its governance mechanism. Key observations of the 2010 WB voice reforms include the minor enhancement of voice and representation that was achieved for low and middle income countries and how the voting share power has remained more or less the same, with the major change being that China is now the third largest shareholder in the IBRD. The reform process was believed to be laden with unfair techniques of determining a country’s economic weighting in the world. The striking bottom line lies in the fact that countries that had the highest shareholding value, maintained this status even after the reform. The reforms are not thought to have yielded impactful results for developing countries, and much less so those in Africa.

There is a general consensus within existing literature on the World Bank’s development research that the World Bank is subject to a dominant ‘economistic’ intellectual culture

through which it operates. The impact this has on the Bank is that it tends to favour modes of thinking about development, development assistance, and development research that have an economic and neo-liberal bias. This economic bias is also seen in the Bank's staff composition. The influence of the USA on the Bank's intellectual culture is also highlighted in existing literature. Another important observation in the literature is how social science approaches to development and within development research are lacking and find no easy points of entry into the Bank.

This chapter has also provided an explanatory discussion of key concepts of importance to this study, namely poverty and development. A descriptive analysis of the nexus between poverty and development debates and poverty reduction practice in the Bank has been provided as well. A key observation here is how a social and economic approach to development in the Bank has been attempted and followed at various points in years past. However, the economic approach appears to have more favour and staying power within the Bank.

It is hoped that this chapter has provided a sufficient review of relevant literature relating to this study. The following chapter will map out a methodological and theoretical framework through which the World Bank's knowledge for development, and furthermore its development partnership with South Africa, will be analysed.

Chapter 3

A THEORETICAL AND METHODOLOGICAL FRAMEWORK FOR THE RESEARCH

3.1 Introduction

A critical theoretical framework is used as a method of analysis in this study in order to analyse the power dynamics at play in the World Bank's production of knowledge for development, as well as the ideological underpinnings of the knowledge produced. Critical international theory and critical IPE perspectives drawn from the work of Susan Strange and Robert Cox, proponents of a critical approach to both IPE and International Relations (IR), have been used for their contributions towards understanding the knowledge-power nexus in IPE and IR. Their conceptualisation of structures and structural power in the global political economy, is also important in the context of this study. The object of analysis for this study - the development knowledge produced by the World Bank - is located in the knowledge structure of the global political economy. An explanatory discussion of the four sources of structural power in the global political economy is discussed in the following section, and the value and relevance of critical theory as a theoretical framework for this study is addressed in the subsequent sections.

Following the above, the methodological approach of discourse analysis is unpacked in section 3.5. The concept of discourse analysis will be explained. Textual analysis has been selected as the method of discourse analysis in this study for the reason that it accommodates the use of various analytical components in combination with studying a given text. The purpose of this is to enhance the analysis of a particular text.

3.2 The Four Sources of Structural Power in the International Political Economy

The aim of this section is to provide an explanation of the four sources of structural power in the international political economy, as identified by Susan Strange. Strange's contribution to the critical study of IPE and power relations within the international political economy has had an immense impact within the subject of IPE, given the real interactions of power in the international system. Her work therefore provides a synthesis of ideas relating to how power

can be understood in the global political economy. A definition of structural power according to Susan Strange is in order before any explanation of the sources of structural power can take place.

Susan Strange in *States and Markets* defines structural power as “the power to shape and determine the structures of the global political economy within which other states, their political institutions, their economic enterprises, and (not least) their social scientists and other professional people have to operate” (1994: 24). She further explains that “structural power, in short, confers the power to decide how things shall be done, the power to shape frameworks within which states relate to each other, relate to people, or relate to corporate enterprises” (1994: 25). Structural power essentially entails the influence and authority held by certain members of the international system to determine the way things will be done within each structure of the system.

Strange (1994) conceptualises that there are four main structures of power²³ in the international arena, which in turn are sources of structural power. These are: the finance, security, production, and knowledge structures (Strange 1994). What follows is a description of the four sources of structural power.

3.2.1 Finance as a Source of Structural Power

Finance as a source of structural power confers power on those who are “able to control the supply and distribution of credit and finance” (Strange 1994: 30). The finance structure itself is defined by Strange (1994: 90) as “the sum of all the arrangements governing the availability of credit plus all the factors determining the terms on which currencies are exchanged for one another”. Within the financial structure interaction takes place between two main parties: governments and banks. Finance as a source of structural power then entails the ability to create credit, the power to determine who can have access to borrowing credit and paying it back, as well as power to manage currencies in which credit is denominated (Strange 1994: 90).

²³ According to Strange’s publication: *State and Markets*, The Finance, Security, Production and Knowledge structures are considered as the main structures of power whilst Transport Systems, Trade, Energy and Welfare constitute secondary power structures in the World Economy.

3.2.2 Production as a Source of Structural Power

For the production structure, power is the ability to decide and control how goods and services are produced and made available in the international arena. This includes the power to determine in what quantity such goods and services will be made available for utility by others. The production structure is defined by Strange (1994: 64) as “the sum of all the arrangements determining what is produced, by whom and for whom, by what method and on what terms”. The production structure is of importance in the global economy as it is through production that wealth is created within the political economy (Strange 1994: 64). The modes of production, whether technologically advanced or not, also matter for states in the political economy. Of importance is also what states produce and the demand and competition that exist in relation to what they produce. These are avenues through which power can be derived within the production system.

3.2.3 Security as a Source of Structural Power

Security as a source of structural power is described as the power held by “those who are in a position to exercise control over people’s security, especially from violence” (Strange 1994: 29). This power is described in a positive way in Strange’s analysis and is in essence a power to protect and preserve people’s security rather than the power to threaten it, although the latter conveys a sort of power as well. Strange focuses more on the power of ‘protectors’ in the international system. She explains that “the protectors - those who provide the security - acquire a certain kind of power which lets them determine, and perhaps limit, the range of choices, or options available to others”. A state’s military clout in times of warfare can be used as an example of such power. Often the type of warfare is determined by the military or security strength of the most powerful states in the war; this determines and can indeed limit the options available to other states. Strange simply defines the security structure in a political economy as “the framework of power created by the provision of security by some human beings for others” (Strange 1994: 64). It is then a power derived when one party has the ability to provide protection for another in a way that the one in need of security, or others states, cannot provide.

3.2.4 Knowledge as a Source of Structural Power

Finally, structural power can also be held and exercised by those who possess knowledge. The knowledge structure “comprehends what is believed (and the moral conclusions and principles derived from those beliefs); it comprehends what is known and perceived as understood and the channels by which beliefs, ideas and knowledge are communicated, including some people and excluding others” (Strange 1994: 119). Strange explains that the knowledge structure regulates what kind of knowledge is formulated, made available and retained within the international arena. The knowledge structure regulates who has access to knowledge and how knowledge is disseminated and to whom (Strange 1994: 121).

Understanding the place of the World Bank, as a producer of development knowledge within the global knowledge structure, is important for this study. The study aims to understand the power held by the World Bank and states within its circle of influence that have hegemony over ideas and knowledge within the development community and the processes that make it difficult for states without such power to influence development discourse. Tooze (2000) explains that “within each structure, entities, notably not just states, wield structural power by constructing the framework (norms, rules, imperatives) within and by which power is exercised”. Following this, the research aims at examining the structural power the World Bank has within the global knowledge structure and what framework (norms, ideology, imperatives) for development it has managed to construct within the global knowledge structure. The discussion on knowledge as a source of power is continued in more detail in the next chapter where the areas of enquiry mentioned above will be analysed.

3.3 Critical Theory

The emergence of a critical approach to international relations dates as far back as the 1930s and more prominently, the 1980s, when the discipline of International Relations was subjected to much “radical critique”, in the words of Devetak (1996: 145). The entry of critical theory into the subject of IR meant that “the most basic, unquestioned assumptions about knowledge claims and the order of things were now placed under scrutiny as International Relations felt the impact of critical theory” (Devetak 1996: 145). Critical theory therefore introduced an approach to IR that challenged theoretical and practical assumptions within the discipline that had previously been taken as a given.

Critical theory finds its origins within the Enlightenment era, with theorists such as Kant, Hegel, and Marx being closely associated with early accounts and theorising that have shaped and influenced critical theory. Many writers agree that critical theory finds its roots more predominantly within the Frankfurt School of thought, and it is therefore with this school of thought that critical theory is most closely associated with. Theorists such as Jurgen Habermas, Max Horkheimer, Theodor Adorno, Herbert Marcuse, and Walter Benjamin are well known as more contemporary critical theorists that emerged from the Frankfurt School of thought (Hobden & Jones 2008: 153; Devetak 1996: 145).

The underlying principle of the Frankfurt School's critical theory was to "comprehend the central features of contemporary society by understanding its historical and social development, and tracing contradictions in the present which may open up the possibility of transcending contemporary society and its built-in pathologies and forms of domination" (Devetak 1996: 146). Critical theory consequently is an exercise at understanding historical influences that have shaped the present order of societies and the possibility for change within the existing order and for social transformation. Devetak (1996: 151) further explains that "Critical theory views the prevailing order of social and political relations as a historical production which must be explained".

Horkheimer (1972: 206) notes that "Critical theory intends not simply to eliminate one or other abuse but to analyse the underlying structures which result in these abuses with the intention of overcoming them". Critical theory therefore also maintains a concern with the emancipation of subordinated social classes and the possibility of change within the structures that sustain processes of subordination and domination. It essentially seeks alternatives to the existing order. As a result of this preoccupation, critical theory is understood to have a normative character and interest as well.

Within critical theory, 'society' remains the main focus of analysis; the result being that it fails to address the international level within its theorising and critique. Devetak (1996: 147) highlights that the Frankfurt School of critical theory "never addressed international relations in its critiques of the modern world" and that critical theory generally takes society as the main focus, the result being "to neglect of the dimension of relations *between* and *across*

societies”. The gap in critical analysis at the international level is one that critical international theory is positioned to fill. More specifically, the task of critical international theory is an expansion of the Frankfurt school critical theory framework, from the domestic, to the global arena (Devetak 1996: 148).

Whilst critical theory concerns itself with understanding the historical development and origins of prevailing social and political configurations within societies, critical international relations theory takes the global configuration of power relations as its object, in addition to understanding historical features and processes in the global arena. It probes issues relating to how the present configuration of power relations came about, the costs it brings with it (essentially questions of who benefits), and what features are immanent in history; that is, what trends have inherently existed throughout history and are likely to continue similarly (Devetak 1996: 151).

Although critical international theory is still an evolving theoretical approach, it has been useful in theorising and extending critique beyond the parameters of what traditional approaches to IR would focus on, such as the state, anarchy, and sovereignty. The critical theory of Robert W. Cox lends itself especially to the critical international theory school of thought (Cox 1981; Devetak 1996 & McLean 1981). Steven Roach (2008: 267) suggests that Cox’s seminal article of 1981 titled *Social Forces, States and World Orders: Beyond International Relations*, is one of the first endeavours to introduce critical theory into the study of IPE. A discussion of the input of Robert W. Cox to critical theory and critical international theory is provided below, whilst explaining the usefulness of the critical theoretical approach for the study.

3.4 Critical Theory in the Context of the Research

The distinction made between critical theory and problem-solving theory by Cox in his seminal article of 1981 is arguably the distinguishing feature of Cox’s work, and is a significant contribution to explaining the types of theorising prevalent within international relations (Roach 2008: 267). For Cox, critical theory is critical “in the sense that it stands apart from the prevailing order of the world and asks how that order came about” (Cox & Sinclair 1996: 89). He further explains that, unlike problem-solving theory, critical theory

“does not take institutions and social and power relations for granted, but calls them into question by concerning itself with their origins and how and whether they might be in the process of changing” (Cox & Sinclair 1996: 88-89).

In the same way, the topic of this study is aimed at analysing and calling into question the World Bank’s knowledge for development and the influence that structural power within the global knowledge structure has over the Bank’s development knowledge. A critical theory approach is therefore useful in ‘standing apart’ from what one could call the prevailing order within the global knowledge structure in which the World Bank has been influential as a promoter of certain approaches in development knowledge, and asking how the Bank has come to have the influence it has over development ideas.

An important preoccupation for critical theory, as stated earlier, is with identifying and seeking out possibilities for change within existing social and political configurations of power in society. For the purposes of staying within the parameters of the objectives of the study, this study does not delve much into identifying possibilities for change within the existing configurations of power in the global knowledge structure.

Critical theory rejects the notion of ‘value free’ or ‘objective’ social analysis and instead suggests that the social order and cognitive processes taking place within the social order are subject to political interests and shaped by norms, values, ideology, and beliefs (Devetak 2009: 157- 160). Robert Cox, quoted in Devetak (2009: 159), is noted to have famously stated: “knowledge is always for someone and for some purpose”. This refers to theoretical knowledge that serves some purpose and interest. Applied as an analytical framework in the context of this study, the aim is to in a sense ascertain who the knowledge for development produced by the Bank is really ‘for’ in terms of whose interests it predominantly serves and caters for.

It is important to point out that critical theory privileges the use of *immanent critique* in analysing the international and global world order. This mode of critique starts from and within existing political communities, and critiques the prevailing political order in terms of the principles presupposed by and embedded in its own legal, political, and cultural practices and institutions (Devetak 2009: 160). Such an approach makes it possible to offer a critique

of the World Bank's knowledge for development in terms of its own underlying principles, such as country ownership and the transfer of good examples or practices related to its comparative advantage in development.

Critical theory therefore provides a useful framework for this study as the knowledge produced by the World Bank necessitates closer evaluation based on some competing claims levelled against the production of knowledge in the world today and the international knowledge structure. It is important to understand the nature of the knowledge produced and the social and political influences that bear upon knowledge production.

This section has mapped out the critical theoretical approach which will be used in analysing the World Bank's development knowledge in this study. The following section maps out the methodological approach of discourse analysis which this study uses.

3.5 Introducing Discourse Analysis

This section provides an explanatory discussion of discourse analysis. Although a general introduction to discourse analysis is provided in chapter one, this section aims to build on that foundation by providing more insight into the use of discourse analysis within IR specifically. This section therefore begins with an explanation of the term 'discourse' itself before proceeding to shed light on 'discourse analysis'. It is important to define what the parameters of discourse are and what could constitute a discourse before an attempt can be made toward analysing discourses.

3.5.1 Defining 'Discourse'

In providing the following definitions of 'discourse', a selection has been made from the contributions of two authors, who have made a substantial impact on the contemporary study of discourse analysis approaches and methods in social science. According to Fairclough (2003: 2), the term discourse "signals the particular view of language in use as an element of social life which is closely interconnected to other elements".

Fairclough (2003: 26) furthers his explanation of discourse by highlighting the ways in which it can be used.

- Firstly, the term discourse can be used “in abstract, as an *abstract noun*... this means as language and other types of semiosis, as elements of social life”.
- Secondly, it can be used more concretely as a *count noun*, meaning particular ways of representing parts of the world. Due to the reference of a ‘count noun’, this signifies the use of more than one way of representing particular features of the world. One could speak of the political discourse of ‘new labour’ for example, or the neo liberal ideology which possibly underpins the World Bank’s development knowledge discourse.

For elaboration, semiosis in the first use of the term ‘discourse’, refers to the process of producing *signification* or meaning through literature or language, and how this in turn represents social life or social practices (Locke 2004: 13). The interplay of texts and representation of social life and practices forms a core element of ‘discourse’ and discourse analysis. The second use of discourse described above can be used to refer to a particular way of representing the World Bank’s development knowledge.

For Gee (2011), the term discourse is used for “ways of combining and integrating language, actions, interactions, ways of thinking, believing, valuing and using various symbols, tools, objects to enact a particular sort of socially recognisable identity”. From the uses listed in Gee’s interpretation of discourse, it becomes clear that discourse is not only language. This forms an essential part of Gee’s understanding of discourse and he simply notes that “discourses include much more than language” (Gee 1996: viii).

Since discourses can refer to ways of believing, thinking, and even speaking, they can include spoken or written representations of development or development knowledge. These can be treated as discourses given that they present an opportunity to analyse different ways in which social phenomena can be represented or enacted. Development, for example, allows one to think of particular ways in which living conditions can be improved, poverty reduced and employment created.

Discourse used as a count noun - signifying more than one way of representing particular features of the world - can be applied to the discourse of development or development knowledge in the World Bank. In line with this, a researcher could look out for ways in which the discourse of development knowledge is represented through the World Bank's texts, speeches, and even campaigns if necessary.

An important aspect for this research is to determine what ideology or ideologies underlie the discourse of development knowledge in the World Bank. The concept of discourse is also closely interwoven with ideologies in that a discourse often constitutes or is moulded by a certain ideology or ideologies. Locke (2004: 1) sums up that critical discourse analysis will inevitably view a discourse as “coloured by and productive of ideology”. Ideological premises of a discourse often have to be considered when studying a particular discourse.

The following section will unpack the term discourse analysis and elaborate on the method of analysis that will be used in analysing the World Bank text: *The World Bank Group Goals: End Extreme Poverty and Promote Shared Prosperity*.

3.5.2 Unpacking Discourse Analysis

Discourse analysis is an analytical approach to the study of language (spoken or written) originating from the field of linguistics and has been adopted across various social science disciplines, including International Relations. Fairclough (2003: 2) highlights that most discourse analysis in the social sciences has been influenced by the work of French philosopher Michel Foucault. Foucault's scholarly influence ranged from discourse studies and discourse analysis to the history of ideas, the relationship between power and knowledge, as well as the effect these had on society. His work, stemming from the 20th century, was and still is a key theoretical influence within the social sciences, and political studies particularly (See Foucault 1984 & Foucault 1986).

The above notwithstanding, discourse analysis has been adapted in different ways among the different schools of IR theorising. Milliken (1999: 225) states that discourse theorising within IR cuts across various schools of thought, and can be applied to diverse theoretical paradigms, including post- structuralism, post-modernism, feminism, and social

constructivism. This makes for divergent claims, approaches, and understandings of discourse and discourse analysis within IR alone.

Below is a selection of definitions of discourse analysis from scholars considered to be key contemporary contributors to discourse analysis.

According to Gee (2011: 9), “Discourse analysis considers how language, both spoken and written, enacts social and cultural perspectives and identities”. For Fairclough (2003: 26), discourse analysis is an exercise in analysing how language, spoken and written, influences social structures, social realities, events, and the meanings given to all things that constitute a social reality.

Milliken (1999: 229) highlights that discourse analysis mainly studies the “politics of representation”. Representation in her analysis takes the form of sign systems, social practices, and language. The common thread that runs through most descriptions of discourse analysis and the underlying *purpose* of discourse analysis is well summed up by George (1994: 191). For him it is:

“To illustrate how textual and social processes are intrinsically connected and to describe, in specific contexts, the implications of this connection for the way we think and act in the contemporary world”.

Finding a connection between the presumed neo-liberal ideology which the World Bank pursues through its development approach, and also what is portrayed through key texts which say something about the Bank’s approach to reaching development targets, such as the one chosen for this study, is an important focus for the discourse analysis that is carried out in this section.

3.6 Method of Discourse Analysis for this Research

The chosen method of discourse analysis for this research is Textual Analysis. This is a method proposed by Norman Fairclough which can be used to focus on the analysis of a few selected features of texts or on many features simultaneously. Three main techniques for practicing “good discourse analysis”, as proposed by Fran Tonkiss, will also be used in the

discourse analysis (Tonkiss 1998: 103). These are: identification of the main themes and arguments within the text, identifying variations in texts, and taking note of themes which are not explicitly expressed. Whilst the textual analysis approach is explained in more detail below, it is important to note the key features of texts that can be analysed in any given discourse analysis.

In line with Gee's (2011) account of discourse analysis, discourse analyses may focus either on the *content* of language found in a text or on the *linguistic characteristics* of language such as grammar, semantics, and how language structures function to make meaning in specific contexts. Fairclough (2003) provides a similar classification of the elements of a text that can be analysed, which he calls 'levels of analyses'. These include, but are not limited to, grammar, vocabulary, phonology, representations implied through texts, social structures, and practices built up through texts. The discourse analysis will focus mainly on the content of the World Bank text which will be analysed.

3.6.1 Textual Analysis

Underlying Fairclough's approach to textual analysis are two main assumptions:

Firstly, that textual analysis is a resource for social research which can enhance it provided that it is used in conjunction with other methods of analysis. Secondly, there is an involvement of texts in *meaning making*, the *causal effects of texts*, and the *ideological effects of texts*.

In assessing meaning making in a text, the goal is to search out the interpretations of texts and how or if they give meaning to particular areas of social life. In order to assess the causal and ideological effects of texts, what Fairclough (2003: 14) recommends is a framing of "textual analysis within, for example, organisational analysis... [thus] linking the 'micro' analysis of texts to the 'macro' analysis of how power relations work across networks of practices and structures". This highlights the nature of textual analysis as a flexible form of discourse analysis which can be combined with other methods of analysis deemed necessary for any given analysis.

Fairclough (2003) suggests other approaches that textual analysis can be used with, including ethnography and organisational analysis as highlighted above. Textual analysis therefore does not depend on the analysis of texts in isolation but suggests a broader reading of texts through which the text is understood together with other elements of reality. In the analysis which follows in chapter four, textual analysis is used in conjunction with references to other studies which speak to the World Bank's ideology of development, as well as insights from the interviews conducted during field work for this study.

This research does not aim to analyse the ideological *effects* of World Bank texts. Rather, it sets out to ascertain whether ideological underpinnings can be found in key World Bank texts relating to development knowledge. The method of combining the 'micro' analysis of texts with the 'macro' analysis of power relations in the global knowledge structure and how these play out in the production of development knowledge in the Bank is applicable for the research. Fairclough's textual analysis as a method of discourse analysis therefore compliments the theoretical framework used in this research as power configurations as they appear in the World Bank and the international system, will be incorporated in the analysis.

A key feature of textual analysis is that it is very selective and, as such, should take into consideration issues of reliability, objectivity, and validity. Fairclough (2003:14) explains that this selectivity manifests in the sense that in any given analysis the discourse analyst chooses to ask certain questions about the text under examination, and not others. In essence, the analyst selects what he/she wants to draw out from the text and there can be more than one option within a given text. Bearing in mind that the discourse analyst sets out on their enquiry with particular motivations for the textual analysis, Fairclough's (2003: 14) argument is that there cannot be an 'objective' analysis of texts if by 'objective' we mean an analysis which simply describes what is there in the text without being biased by the subjectivity of the analyst. Although his methodology does not provide any measures for overcoming the issue of subjectivity on the part of the analyst, the means through which caution is exercised in this research to avoid subjectivity is explained below.

3.6.2 Methodological Reliability

This research is aware of the need for methodological reliability and validity in research. To overcome the issue of researcher subjectivity, it must be mentioned that the study is intended to bring about a better understanding of the World Bank's development knowledge. In critically analysing this aspect of the Bank's function, the research uses the existing literature that suggests a neo-liberal stance toward development in the World Bank, as a starting point. The motivation for the discourse analysis is simply to search out whether this is a valid claim or not.

3.6.3 Selection of Texts

For the purpose of this research, the researcher has chosen to provide an analysis of one key World Bank document: *The World Bank Group Goals: End Extreme Poverty and Promote Shared Prosperity*. It is intended that this will serve as a representative account of the Bank's development knowledge. The discourse analysis will serve as an example, although not as a comprehensive discourse analysis of the World Bank's development knowledge. Being aware of the possible limitations of this, the reasons for such an approach must be highlighted.

Given that this research comes together in two parts, a discourse analysis of the development knowledge of the World Bank and an evaluation of the World Bank's development partnership with South Africa through the 2008- 2012 CPS, a discourse analysis on a vast amount of texts would not be feasible within the scope of the research. This limitation has also influenced the selection of textual analysis as a method of discourse analysis. Textual analysis provides an opportunity to overcome the challenge posed by analysing one text, given that it can be used in combination with other methods of analysis. Relevant literature, previous commentaries on the World Bank's development ideology, and interview data will be used to strengthen the analysis. Nonetheless, the usefulness of the selected text is highlighted below.

The method of text selection borrows from Hansen's (2006: 82) framework which suggests that text selection should consider: texts which are representative of the timeframe covered by the study, historically relevant texts, texts which are recognised as flagship documents,

frequently quoted documents in the field and texts that function as key references within the body of relevant literature. The abovementioned text has therefore been selected due to the fact that it is a document of the World Bank's most recent (2013) goals and strategies outlining their development and poverty reduction targets for the next fifteen years. Given the brief nature of the discourse analysis provided in this chapter, this document is comprehensive in that it speaks to the World Bank's development outlook presently and the trajectory for the next fifteen years. Reference will also be made to relevant World Development Reports as these are flagship publications of the Bank which report annually on the latest development issues and innovations. A review of World Bank literature reveals that one of the most commonly cited World Development Reports is *Knowledge for Development* which was published as the 1998 World Development Report. This text will also be referred to in the discourse analysis.

Development texts are important because they are the platform through which the Bank airs its most important views, stances, opinions and suggestions on how best to pursue development. It is through such documents that their ideological stance, if any, can be gleaned and sought through a discourse analysis.

3.7 Conclusion

This chapter has provided a theoretical and methodological framework through which the research study will be analysed. The chapter locates the object of analysis of the study, the World Bank's development knowledge, within the global knowledge structure according to Susan Strange's four sources of power. A critical theoretical framework which stands apart from the prevailing order of society while calling into question global configurations of power, and how these influence social reality, is drawn upon for its utility in the aforementioned ways. It provides a useful framework to analyse the relationships of power which influence the development knowledge produced by the World Bank. The discourse analytic method provides a framework through which the Bank's development knowledge can be better understood, identifying key themes and ideals which persist in the Bank's conceptualisation of development knowledge.

The succeeding chapters will focus on the application of the analytical framework set out in this chapter in order to answer the research questions, starting with chapter four. The next chapter deals with the issue of the nature of the Bank's development knowledge and the power dynamics which determine the transmission mechanisms through which certain ideas are diffused into the Bank's development knowledge and some are not.

Chapter 4

THE KNOWLEDGE OF THE KNOWLEDGE BANK: BACKGROUND AND DISCOURSE

4.1 Introduction

The previous two chapters reviewed a selection of literature on the World Bank and mapped out a theoretical and methodological framework for analysing the research topic. Chapter two included key debates on the Bank's governance structure, as well as critiques regarding the nature of development research and knowledge production in the World Bank. The concept of development, which is integral to the Bank's work, was also unpacked with three varying definitions and an explanatory discussion. The reviewed literature suggests that the World Bank's development research and knowledge leans more towards an 'economistic' approach, much in line with a neo-liberal ideology of development.

This chapter will undertake a more narrow focus on the development knowledge of the World Bank. The presumed neo-liberal ideology of development in the Bank will be analysed closely through a discourse analysis of the Bank's most recent strategy document on poverty reduction: *The World Bank Group Goals: End Extreme Poverty and Promote Shared Prosperity*. Textual analysis is the chosen method of discourse analysis in this chapter and accommodates the use of other analytic components in combination with studying a given text. The purpose of this is to enhance the analysis of that particular text. The discourse analysis will remain simple for the purpose of this research since it is not a discourse analytic study in itself. Rather, discourse analysis is used here as a heuristic tool to understand the development knowledge of the World Bank better and contribute to providing a comprehensive analysis of the nature of the Bank's development knowledge in terms of the ideology, norms, and ideals that it espouses. This is aimed toward answering the first research question the study poses: what constitutes the nature of the World Bank's knowledge in terms of the interests, ideology, norms, and values that inform its knowledge for development? Discourse analysis will also help in addressing the sub question: what are the transmission mechanisms through which certain interests shape the Bank's knowledge and some do not?

The discourse analysis will be carried out according to Tonkiss' (1998: 103) prescription for carrying out "good discourse analysis". It includes: identifying key themes in a text, looking out for variations in the text, and paying attention to silences.

Before carrying out the discourse analysis of the World Bank's strategy document, a factual overview of the knowledge products produced by the World Bank is provided in order to further contextualise 'development knowledge' as it exists in the Bank. This representation will shed light on the function of the research department in the World Bank - a key organ in the Bank's production of development knowledge. The overview will also elucidate the Bank's comparative advantage as a producer of development knowledge within the global economy and more so within the global knowledge structure. This exercise is deemed necessary for this study given the notion within critical theory that the production of knowledge is influenced by social and political factors; knowledge is always for someone and for some purpose (Devetak 2009: 159). In essence, this chapter aims to provide a factual representation of information regarding knowledge production in the World Bank as well as an analytical representation which examines the influence of power and hegemony over the ideas and development knowledge produced by the Bank.

It is important to mention at this point that the available literature on the theme of development knowledge in the World Bank, as well as the interviews that have been carried out for this research, will be included in this chapter's attempt to provide a concise analysis of the nature of the Bank's development knowledge.

4.2 Research Activities at the World Bank

The overarching purpose of research activities in the World Bank is to produce empirical and methodological research that contributes to development policy and approaches throughout the world (Dethier 2007: 473). Through their research activities, the World Bank and the Development Research Group (DRG) specifically, focus on initiatives that will address the most pertinent development questions facing the global economy. Dethier's line of argument suggests that influencing development policy is an important criterion for World Bank research because policy is a means through which research contributes to development (Dethier 2007: 473).

Research at the World Bank is carried out under the direction of the Senior Vice President and the Chief Economist, a dual post held by one individual (Dethier 2007: 470). The post of Chief Economist in the World Bank is held by an individual who is an internationally recognised Development Economics Scholar, with responsibility for setting the Bank's research agenda and directing Bank management on development policy issues (World Bank 2013e). Under the leadership of the Senior Vice President and Chief Economist of the Bank, the Development Economics Vice-Presidency (DEC) exists as the main research and knowledge production arm of the World Bank.

The DEC pursues the following three 'business lines' which are central to its purpose as a unit within the World Bank: *Development Research*, which deals with research and knowledge production; *Development Prospects*, which is concerned with monitoring global trends and predictions; and *Development Data*, which focuses on compiling and strengthening the Bank's pool of global data and statistics, "statistical capacity building", and evaluation of results (World Bank 2013e & World Bank: 2011). The DEC plays a major role in the production of knowledge within the World Bank and carries out more than 80% of the Bank's research (World Bank 2011a: 23). The DEC's purpose is to facilitate poverty reduction and the achievement of the Millennium Development Goals (MDGs) by creating knowledge which can contribute to better policy choices, and furthermore, making this knowledge available to the Bank's client countries (World Bank: 2013f).

The Development Research Group (DRG) exists within the DEC. The DRG functions as the Bank's in-house research department (World Bank: 2013g). Broadly speaking, its mandate is much like that of the DEC. The DRG, however, is run by specific research managers and focuses on nine programmes through which research is conducted across various sectors and countries. The function of the DRG is to produce research findings and ideas that will have a global impact and address development concerns throughout different country regions. The nine programmes of the DRG are as follows: "Agriculture and Rural Development; Computational Tools; The Development Impact Evaluation Initiative; Environment and Energy; Finance and Private Sector Development; Human Development and Public Services; Macroeconomics and Growth; Poverty and Inequality; Trade and International Integration" (Dethier 2007: 470).

4.2.1 Funding of Research Activities in the World Bank

Research activities at the World Bank are funded by the Bank's administrative budget, external trust funds, and by the Research Committee, which was founded in 1971 (Dethier 2007: 470). The amount of Bank spending allocated to research has been on the rise for at least the past ten years. According to *The State of World Bank Knowledge Services 2011* report, the Bank's allocated administrative budget to research and knowledge work increased from 24% in 2002 to 31%, and to approximately US \$606 million in 2011 (World Bank 2011a: 2).

Similarly, Bank trust funds have also increased their contribution to funding core knowledge products in the Bank. As of 2011, external trust funds were supporting 40% of core knowledge in the Bank (World Bank 2011a: 31). Given the increase in Bank expenditure on research and knowledge products, it is important to note here that the Bank's role and influence as a knowledge Bank has become increasingly recognised. Consequently, for a majority of its MIC clients, the Bank's knowledge products and services have become of more value to them than its financial lending.

4.2.2 The World Bank's Knowledge Products

To contribute to a better understanding of the Bank's knowledge production, it is useful to describe the Bank's knowledge products which are a result of its research efforts. Knowledge activities in the World Bank are divided into three main categories which are core knowledge activities, non-core Knowledge activities, and core-like partnership knowledge activities (World Bank 2011a: 22). The Bank's knowledge *products* are then classified as part of any of these three main knowledge activities.

Core knowledge activities in the World Bank refer to knowledge activities which are funded by the Bank's administrative budget or by trust funds; they are also referred to as Analytical and Advisory Activities (AAAs) (Reigner 2013: 14; World Bank 2010: 10) . These activities are also submitted to processes of quality assurance in the Bank. Core knowledge "consists of explicit knowledge products that are codified and tracked in the Bank's management information system and whose aim is producing or disseminating knowledge" (World Bank

2011a: 22). In its *State of World Bank Knowledge Services*, the Bank identifies nine knowledge products that fall under the category of core knowledge. They are as follows: Economic and Sector Work, Technical Assistance, External Client Training, Global Monitoring, The World Development Report, Capacity Development, Research, Impact Evaluations, and New Product Development (Reigner 2013: 15).

Non-core knowledge activities are those produced for external clients and for Bank management purposes (World Bank 2011a: 22). Non-core knowledge informs the Bank's strategies for its operations and includes Country Partnership Strategies, sector strategies, and evaluations by the Independent Evaluation Group (IEG). Non-core knowledge activities also include knowledge-producing activities generated through the Bank's partnership with clients and global partners (World Bank 2011a: 22). Finally, core-like partnerships are described as being similar to the Bank's 'core' knowledge products except that they are not "governed by the Bank's quality processes or captured in the Bank's reporting system because they are not considered as the Bank's products" (World Bank 2011a: 22). Core-like Bank products are also similar to non-core products since they are produced through partnerships and knowledge sharing. However, they are not codified in the Bank's knowledge systems since they are not explicitly the product of World Bank research efforts.

Within the scope of this research, the Bank's core knowledge products are most relevant and will form part of the analysis in subsequent chapters. Economic and Sector work and Technical Assistance, for example, are the main knowledge products offered by the Bank to South Africa in the 2008 - 2012 CPS (see *South Africa 2008- 2012 Country Partnership Strategy*). Core knowledge products are grouped further into three categories. Economic and Sector Work, Technical Assistance, External Training, and Impact Evaluation are grouped as [core] *Knowledge for External Clients*. Research, the annual World Development Report and Global monitoring are grouped as [core] *Knowledge as a Public Good*. Internal knowledge products and new product development both fall under [core] *Knowledge for Internal Use* (World Bank 2011a: 23; World Bank 2010: 10). Box 1 below provides an outline of what each of the four core knowledge products for external clients entails since these will be referred to in subsequent chapters of this study.

Box 1: The World Bank's Core Knowledge for External Clients

Economic and Sector Work: This is analytical work carried out by the World Bank for client countries with the aim of informing policy choices. This is one of the Bank's best-known knowledge products and is commonly abbreviated as ESW. Economic and Sector Work will usually include analytical studies that address issues such as which investments a department of trade should take on, or analytic research findings that help a government address development challenges such as poverty, unemployment, and making economic growth more inclusive.

Technical Assistance: At the heart of technical assistance are: attempts by the World Bank to assess possible reform options that a government could implement and strengthening the institutions that will be central to reform efforts. These are usually the result of policy dialogue with country governments and are documented as "key reform options". The discretion to accept such reform options or not is left to country governments.

External Client Training: This core knowledge product involves a number of activities including training and capacity building, skills development, and the provision of learning aids and programmes. The World Bank Institute (WBI) is highly involved in the provision of this type of core knowledge.

Impact Evaluation: Impact evaluation measures the outcomes of projects and programmes offered to client countries. This knowledge product is provided to clients in the form of an official report which takes stock of project or programme objectives that were reached and those that were not. By 2011, however, impact evaluation was a relatively new knowledge product, accounting for only 2% of the World Bank's core knowledge.

Source: World Bank (2011: 22), Compiled by Author

It needs stating that, although the Bank has come to take on development research as one of its main activities, there are a number of competing research institutions, such as university departments and think tanks, that exist for the sole purpose of conducting and producing research. What then sets the World Bank apart in its role as a research institution? How is the Bank's research different from others? The following section tackles this dynamic of World Bank development research, linking it to power relations and the sources of power in the global arena.

4.3 The World Bank's Comparative Advantage as a Producer of Development Knowledge in the Global Arena

For a start, the Bank makes it clear that its research is different from academic research in that it is "directed toward recognised and emerging policy issues and is focused on yielding better policy advice"; all of these are presumably to do with development (World Bank 2013f). The point of view put forward by Gilbert *et al.* (2000) and Squire (2000) in *The*

World Bank: Structures and Policies provides a substantial explanation of the Bank's upper hand as a producer and disseminator of development knowledge.

Firstly, the World Bank has the financial resources which many governments lack, particularly less developed countries, as their research is funded through the Bank's administrative budget, trust funds, and by the Research Committee. With regard to universities, think tanks, and other types of research institutes, Gilbert *et al.* (2000: 50-51) point out that their running costs, administrative budgets, and even grants for research, will usually be a small fraction compared to the amount available to the World Bank. Whereas the above mentioned institutions would have to take into consideration running costs and at times face cost minimising pressures, this is hardly the case for the World Bank.

The allocated budget for knowledge products, and particularly core knowledge products, has increased constantly since the inception of the knowledge bank. As mentioned earlier, during 2011 the Bank allocated 31% of its administrative budget - approximately \$606 million - to research and knowledge services. By 2012 this amount had increased yet again. Table 2 below shows that the Bank's allocated expenditure for core knowledge products alone was \$665.7 million and exceeded the amount allocated to knowledge services generally in 2011. The table puts recent Bank spending on core knowledge services into perspective.

Table 2: The World Bank's Core Knowledge Expenditures for FY 2012 (Q3) - FY 2013 (Q3)

(US \$ million)

	2012	2013	Total	
			2012	2013
Knowledge for Clients	487.9	549.6		
Knowledge as a Public Good	67.5	58.1		
Knowledge for Internal Use	110.3	107.9	665.7	715.6

Source: World Bank (2013h: 16), Compiled by Author

Core knowledge for clients clearly receives the largest share of the core knowledge budget, and this can be attributed to the Bank financing a number of its knowledge services offered to clients. For example, Smith (2008: 237) explains that between 1999 and 2002 the World Bank provided technical assistance to the South African government in the early 1990s, and this was done with minimal, if any, costs for the South African National Treasury. Therefore, while the Bank does in some cases offer its knowledge services at a cost, it is also clear that in some instances it finances the knowledge work carried out for a client country. Knowledge as a public good surprisingly holds the least share of core knowledge expenditure, even recording a decrease from \$67.5 million to \$58.1 million between financial year 2012 and 2013. What is important to note is the trend of increased World Bank expenditure on core knowledge products generally. The total expenditure increased from \$665.7 million in 2012 to \$715.6 million in 2013; an increase in almost \$50 million within a year. These totals far exceed the research budget or expenditures of top universities or think tanks across the globe.

One can take the Brookings Institution to illustrate the above point. The global think tank was rated the world's number one think tank in 2013 in the *Global Go To Think Tank Index Report 2013*. The Brookings Institution is widely recognised as a reputable research organisation specialising in different topics on international affairs. However, even with its wide acclaim as a global research institute, the Brookings Institution's research programmes expenditure is only a small fraction of the World Bank's expenditure for core knowledge products. According to a consolidated financial statement that was prepared for the Brookings Institution in 2013, the organisation's total expenditure for all its research programmes²⁴ was US \$69,042; expenditure on the Global Economy and Development programme alone was \$9,587 (The Brookings Institution: 2014). Compared to the World Bank's total expenditure of \$665.7 million on core knowledge products alone, the research programmes budget of the Brookings Institution is substantially lower. The Bank's comparative advantage regarding the availability of funds is therefore quite glaring.

In addition, the incentives for undertaking research are quite different for academic researchers as opposed to World Bank researchers. Gilbert *et al.* (2000: 50-51) point out that the major incentive for academic researchers in undertaking research is academic credibility

²⁴ Research programmes at the Brookings Institution include: Foreign Policy Studies; Governance Studies; Metropolitan Policy Program; Global Economy and Development; Economic Studies (The Brookings Institution 2014).

with the goal of researching on topics or problems that would find relevance in the academic community, affording the researcher's work the opportunity to be published in academic and peer reviewed journals.

These points are well summed up in the authors' statement that "being an organisation [be it university department, research institute, or consulting organisation] whose purpose is to sell research which fosters best-practice development is quite different from being a development institution with public purposes like the Bank" (Gilbert *et al.* 2000: 51). For the former, research efforts in the area of development may be sporadic or once-off exercises embarked upon when the need arises, for example preparing for a conference on human, social, or economic development. In the case of the latter, the World Bank, research on development is a continuous and long-term effort. Development is the main business of the Bank, and as such development research takes place consistently through the DEC and the DRG, as well as through the daily business of project preparation and lending operations (Deaton 2006: 15). The Bank therefore has a comparative advantage in producing development knowledge given that it is a development agency whose efforts already revolve around development assistance and poverty alleviation world-wide.

A third advantage the World Bank enjoys as a producer of knowledge, as noted by Squire (2000: 108) is that its in-house research capacity to produce knowledge results in the production of an international public good. As mentioned in chapter two, this is what the Bank's knowledge products have become. Gilbert *et al.* (2000: 49) also acknowledge that "the Bank's 'knowledge development' activity has created an understanding about good policies which it would have been very difficult for countries to develop on their own". This is more so considering the financial costs and divergence in the range of incentives discussed above.

According to Dethier (2007: 469- 470), aside from the Bank's research being an important input for the Bank's operations and lending activities, it is also useful in the external environment for informing policy makers and development practitioners alike and keeping them abreast of latest development data and statistics. As a result of the Bank's financial capability to produce development knowledge which is part of the global commons, stakeholders in the development community have access to this knowledge which otherwise

could not have been conducted solely by governments. The Bank's development research and knowledge production has therefore been useful to the global development community in informing development policy, such as policies on public health and education, for example.

The discussion in this section reveals that the World Bank's comparative advantage as a producer of development knowledge in the global arena is quite unmatched in comparison to other producers of development knowledge, including universities, research organisations, and even the top think tanks in the world. In sum, the Bank gains this upper hand as a producer of development knowledge through its financial capabilities, the uniqueness of its research agenda, and the exposure which its development knowledge receives as a public good. The following section analyses the interplay of power and hegemony relationships that influence the production of development knowledge in the World Bank.

4.4 Knowledge, Power and Hegemony Relationships in the World Bank's Development Knowledge Production

The World Bank inevitably has structural power which stems from its financial strength as a non-commercial development bank and as one of the IFIs. The impact of this financial strength on the creation of the Bank's development knowledge and on the workings of the global knowledge structure generally, will be analysed in this section.

In addition to the above, other actors who have a form of structural power in the global arena are also able to influence the Bank's production of development knowledge and ideas through positions of prominence in the World Bank. This dimension will be further expounded upon. The Bank's internal levers of power, which influence its production of development knowledge, will be discussed first, followed by the external levers of power that have a bearing on knowledge creation in the Bank. The analysis ultimately speaks to the first sub-research question which asks what the transmission mechanisms are through which certain interests shape the Bank's knowledge and some do not.

4.4.1 Development Knowledge Production in the World Bank: Internal Levers of Power

4.4.1.1 Financial Power

Much of the World Bank's comparative advantage as a producer of development knowledge comes from the fact that the Bank has sizeable financial capabilities to produce knowledge. As already noted in the previous chapter, according to Strange's (1998) conception of structural power, finance, security, production and knowledge constitute the main sources of structural power in the international political economy. Power over ideas and knowledge naturally belong in the knowledge structure framework. However, as discussed below, access to power over the production of ideas and knowledge can also stem from the finance structure. Finance gives an actor in the global arena power for knowledge creation. The two can be co-reinforcing. This is a key factor that sustains the Bank's authority as a producer of development knowledge.

The World Development Report (1998) titled *Knowledge for Development* opened with a statement that:

"Knowledge is often costly to create, that is why much of it is created in industrial countries"
(World Bank 1998:1).

The figures provided in section 4.3 show that the production of knowledge is indeed costly. Most developing countries would not be able to allocate such large amounts of money to knowledge creation alone. The result is that knowledge continues to be produced in centres of power and distributed to a periphery of less privileged societies. The case of the World Bank and the Brookings Institution, referred to earlier, is an example of this; both institutions are located in the USA, a global centre of financial power and of the other three sources of power as well.

Addressing the relationship between knowledge production and the sources of structural power, Mehta (2001: 191) notes that:

“Control over knowledge is rarely independent from control over other resources, making it very difficult for knowledge to be non-excludable and non-rivalrous. Access to knowledge tends to go hand in hand with access to and control over other economic, social and cultural resources”.

There is therefore a link between the power to produce knowledge and power that stems from other sources of influence as mentioned in the above quotation. As noted in the previous chapter, finance as a form of structural power entails the power to determine the distribution and supply of finance or credit (Strange 1998: 30). Robert Cox (2004: 308) identifies finance as a ‘force’ of power within the global political economy. Essentially, having financial power does not only mean having a lot of money, but also having the ability to determine its use and availability in the global arena. This is a form of a power that has not only been confined to state actors in the global arena, but increasingly also to international organisations such as the World Bank. Relating this to the area of analysis in this section, it is necessary to note that having financial power not only enables the Bank to produce vast knowledge resources on development, but because of the power to control the large amounts of finance which are invested into knowledge creation, the Bank is also able to determine what type of development knowledge these finances will be used to fund, create, and disseminate.

If finance gives power to knowledge creators, then configurations of power based on financial and economic strength will unavoidably exclude certain actors from the realms of development knowledge creation. The marginalisation of developing countries, and even of development research organisations in the production of development knowledge as a global public good, can possibly be attributed to the power derived from the finance structure. As a consequence, the development outlook of developing countries is potentially shaped to converge with those of the advanced industrial centres where knowledge is diffused from.

The World Bank stands out with a clear comparative advantage in terms of the financial capability to produce knowledge. This study therefore points out that the global finance structure already arranges the hierarchy of power relationships for knowledge creation within the global knowledge structure and within the World Bank. The finance structure consequently favours the World Bank, giving it influence within the knowledge structure. The configuration of power that is set therefore limits the transmission mechanisms through

which other actors, such as developing countries and research institutions, can contribute competitive development knowledge to the global knowledge structure, let alone to the World Bank.

4.4.1.2 Intellectual Leadership

According to Antonio Gramsci's conceptualisation of hegemony, the supremacy of social groupings can be expressed either as domination or as moral and intellectual/thought leadership (Wade 2002: 126). Robert Cox is usually classified as a proponent of the Neo-Gramscian School of critical theory and therefore conceptualises hegemony in similar ways to Gramsci (Moolakkattu 2009: 441). In line with the Gramscian school of thought, hegemony denotes the power of a dominant group to exercise authority over subordinate groups through consent rather than consensus, thus revealing the exercise of soft power as opposed to hard power (Wade 2002: 216 & Cox 2004: 308). Cox summarises that, in Gramscian terms, hegemony denotes leadership rather than domination.

The World Bank is certainly an intellectual leader in terms of development knowledge. The Bank has made a name for itself as a producer of development knowledge, and although this position may be contested and met with critique in some circles, the quality of the Bank's knowledge as cutting-edge and authoritative knowledge on development has been legitimised to some degree.²⁵ In 2004, the World Bank appeared on the American Productivity and Quality Centre's list of the world's 'Most Admired Knowledge Enterprises' for the third consecutive year (King & McGrath 2004: 91). The Bank was also the first non-commercial organisation to appear on this list (Mehta 2000: 193). Reasons for this include the large volumes of research and development knowledge output produced by the Bank annually.

The World Bank has a number of indicators that promote its image as an intellectual leader in the field of development. During the year 2011, for example, the DEC alone was responsible for publishing 20 books yearly, as well as an average of 150- 200 journal articles and working papers (World Bank 2011a: 28). In addition to this, the World Bank has also pioneered a number of online platforms such as the Development Gateway, the Global Development Network, the Global Development Learning Network, and the Global

²⁵ See Stone, D. 2002. *The 'Knowledge Bank' and the Global Development Network*.

Knowledge Partnership (World Bank 2011a: 9; Stone 2002). All of these platforms have become well known and are strong references amongst development practitioners and within the development community. In addition to the above, the World Bank reaches an extensive audience and enjoys high exposure through these platforms. The World Bank's website alone attracts an average of 700 000 users monthly, while its email newsletters have up to 90, 000 subscribers (Bretton Woods: 2004).

The World Bank is therefore an intellectual and thought leader in the contemporary global arena. This provides the Bank with a great amount of soft power and the ability to influence development debates, even without providing lending and conditions. Amongst its client countries, the Bank is often able to influence development policy outcomes through consensual agreements. This aspect of the World Bank's soft power is considered in greater detail in the following chapter. Gosovic (2001:8) summarises this power dynamic adequately:

“The Bank no longer has to rely on its financial clout alone, it is winning arguments upstream. Through its global and national level studies, and its extensive network of official, journalistic and academic contracts, the Bank has a strong influence on policy debates even where it is not lending”.

The likely effect of the World Bank's thought leadership is that some members within the development community and developing countries alike will remain recipients of development knowledge and expertise which comes from the World Bank, instead of producers of development knowledge who can contribute substantial and unique ideas in current development debates. In the global knowledge structure, financial power is one of the mechanisms that exclude actors that are less financially capable from the production of knowledge. Within the World Bank, the boundary lines are different.

Authors such as Broad (2006) and Wade (1996), among others, have provided accounts of the strict evaluation procedures which are in place to ensure consistency in the type of development knowledge and research that is produced across all departments in the World Bank. These were discussed in chapter one. To recall, they include the process of regularising all Bank staff towards an Anglo-American discourse of development economics, close monitoring of discourse outputs to ensure that these are in line with neo-liberal principles and

the intellectual culture of the World Bank, and finally basing promotions on researcher's "regularisation with the Bank's ideology" (Broad 2006: 397- 410). Broad's (2006) commentary holds a lot of traction within the existing literature on the World Bank's development knowledge. It is one of the few resources available that provides insight into the internal culture and power dynamics of the World Bank's DEC. It is also based on a compilation of data which was obtained through interviews with previous and current World Bank staff at the time of his writing.

As a result of the strict procedures surrounding the production of knowledge within the World Bank, it becomes difficult to find points of entry for development ideas which contradict the Bank's intellectual culture and discourse. Only ideas that are consistent with the Bank's intellectual culture have the possibility of remaining.

Stone (2002) also notes that the creation of development knowledge (within the Bank), and the creation of knowledge generally, seeks to "serve the interests primarily of the institutions advocating the knowledge agenda and the researchers in their orbit" (Stone 2002: 3). Again this constructs and limits the mechanisms through which some ideas will influence the development knowledge of the Bank and some will not. Researchers, developed states, and intellectual partners that parallel the Bank's internal culture and ideology are then most likely to have an influence over the Bank's production of development knowledge. Developed countries like the USA have an advantage here. This is examined more closely in the next section.

4.4.2 Development Knowledge Production in the World Bank: External Levers of Power

4.4.2.1 The USA influence

The World Bank also maintains power over development knowledge through its close affiliation with developed country governments that support its knowledge agenda. Some analysts have proposed that the Bank's development knowledge and policies exist to serve the interests and foreign policy agendas of Western states and hegemony such as the USA (Wade 2002; Wade 1996; Cammack 2004).

Addressing the subject of configurations of power that would prevail in the 21st century world order, Cox (2004) suggests that there are three main configurations of power that global relations will increasingly be influenced by. The first of these is “the American Empire” or the rise of imperialism generally, which could be carried out by various state actors (Cox 2004: 308). The second is the continuation of the Westphalian inter-state system, and lastly the rise of civil society movements (Cox 2004: 309). The significance of the “American Empire” is worth examining briefly because it affects the power dynamics of development knowledge production in the World Bank.

The USA is one of the various Western states that strongly support a free market approach to economic organisation which is in line with neo-liberal tenets. Wade (2002: 215) notes that, since the 1980 Reagan administration, the USA’s foreign economic policy has “aimed to convince the world of the truth of liberal free market economy”. Gibbon (1995), as quoted in Storey (2000: 362), similarly notes that development policies within the World Bank often reflects the interests of “‘developed countries’ (the North), especially the USA”. Within American culture, values such as freedom and liberty are very important. These are seen through the state’s advocacy for democracy, universal human rights and freedoms, as well as open market regimes and free trade. The USA’s stance as a foremost projector of free market ideology is well recognised, and this has been portrayed by a number of authors across many disciplines.

The USA also has structural power in the global finance structure. According to Cox (2004: 308), “this is based upon the role of the US dollar as the principal world currency, the global predominance of American financial markets, and US control of the IMF and other international economic institutions such as the World Bank and the WTO”. As any other actor with structural power in the global arena, the USA is able to act in a position of influence in areas where it holds structural power.

The USA possibly has the greatest state influence over the World Bank. As a result, ideas which are conversant with an American development economics approach can, and have been diffused into the Bank through various channels. Chapter two described the ways in which the USA maintains a ‘presence’ within the Bank and how the Bank’s intellectual culture is influenced by American disciplines. To briefly recollect, the USA maintains

influence over the Bank in the following ways: The World Bank's headquarters is situated in the capital city of the USA, Washington DC; majority of Bank staff have been trained and received their qualifications from the USA or Western universities, and as a result they are already familiar with the neo-liberal discourse that is promoted in such countries; the USA is the largest shareholder in the Bank and a USA citizen is by "gentleman's agreement" always appointed as the president of the World Bank and to "idea controlling positions in the Bank" (Wade 2002: 217- 218).

The last two features of US presence in the World Bank are the most important regarding the dynamics of power that determine the Bank's production of development knowledge. Firstly, decision-making power is a key advantage that comes with being the largest shareholder in the World Bank; this is expressed through the power of the vote. This allows the USA to have the most representative voice in matters concerning the Bank which may also extend to decisions regarding the DEC and its research outputs. In practice, this is a very important form of influence. However, the last point noted in the previous paragraph is weightier in terms of influencing development knowledge production in the Bank.

Power over ideas and knowledge creation in the Bank is further wielded by the USA through "idea controlling positions" in the Bank, such as Chief Economist and Director of the World Development Report (Wade 2002: 118). These positions are usually held by US citizens. Wade (2002) argues that this further propagates the US-Western outlook to development which promotes free market or neo-liberal principles. The USA's influence through such positions is furthered given the convergence of development beliefs held by the Bank and the USA. Storey (2000) captures this feature adequately by stating that:

"The influence of the USA comes partly through the Bank's dependence on world financial markets and the self-reinforcing congruence between the values of the owners and managers of financial capital and those of the US state" (Storey 2000: 236)

Essentially, the World Bank's ideas and knowledge concerning development and that of the USA are already in sync. The possibility of ideas and analysis which differ from the World Bank's intellectual culture, infiltrating the Bank through research positions and key managerial posts such as Chief Economist, are eliminated with the USA having decision-

making power through such positions. The USA is also likely to maintain this position of power for as long as it remains the Bank's largest shareholder.

This section and the previous sections have provided an analysis of the power dynamics surrounding the production of development knowledge in the World Bank. Internal and external levers of power have a bearing on development knowledge production. The internal lever includes the Bank's financial power and thought leadership which give sustenance and a degree of authority to its creation of development knowledge. Externally, Western powers, and particularly the USA, have the ability to influence and contribute to the ideas informing development knowledge in the World Bank.

The following section focuses on the discourse analysis of the World Bank's development knowledge. Chapter three provided a methodological approach for discourse analysis in this study, and consequently the following section proceeds straight away with the analysis.

4.5 Discourse Analysis: “The World Bank Group Goals: End Extreme Poverty and Promote Shared Prosperity”

4.5.1 Shared Prosperity

The World Bank's new strategy and goals document is centred on promoting “shared prosperity” (World Bank 2013i: 7). This entails increasing the income growth of the poorest 40% of the population in each country and reducing the proportion of people living below the poverty line of \$1.25 a day to as little as 3% globally by 2030 (World Bank 2013i: 7). An insightful break-down of shared prosperity was provided by an interview respondent from the World Bank. The respondent explained that shared prosperity includes the following: prosperity in terms of economic growth, shared equity through the distribution of wealth gains, materialistic prosperity driven by an increase in monetary indicators such as growth in GDP, and economic growth (World Bank respondent 2: November 2013).

The new strategy and goals document is therefore an agenda for the World Bank's international development and poverty reduction targets to be achieved within a seventeen year framework, starting from the time of publication of the document, 2013. Within the

World Bank's operational framework, the principle of shared prosperity serves as the new foundation for the Bank's conceptualisation of development. The textual analysis which follows provides some key references, intentions, and objectives from "*The World Bank Group Goals: End Extreme Poverty and Promote Shared Prosperity*".

4.5.2 Poverty

In order to contextualise poverty reduction and development, and in this case how poverty reduction features in the Bank's development matrix, the researcher wishes to highlight some key inferences from the quote below:

"Ending extreme poverty is a moral imperative and arguably one of the most compelling challenges facing the development community" (World Bank 2013i: 11).

An observation can be made regarding how the challenge of extreme poverty is viewed by the Bank: it is a "moral imperative" to end it. For a start this reveals the Bank's acknowledgement of the normative character of poverty as a global challenge. Poverty is likely to be found in areas of almost every country in the world, albeit in varying degrees. However national governments, the IFIs, donors or development organisations wish to eradicate it, poverty is itself a normative issue in that it cannot be tackled single-handedly. Poverty eradication requires a concerted global effort. In addition, its attainment is also an essential outcome needed in the pursuance of development of any kind, be it economic, social, or human development.

Onwuka's (2006: 106) definition of development in chapter two grants that increased economic growth and institutional changes are necessary for development, and the 'end' of any development process should include reduced inequality and *poverty*. This clarifies why a focus on poverty is relevant and features when analysing development discourse, and more so why it is a focus of the Bank's efforts towards development assistance.

4.5.3 Poverty Reduction and Development Methods in the World Bank

It is worth pointing out that global actors ultimately pursue development in different ways. This study adopts a view that *how* development is pursued matters, because this speaks to the ideology of development held by global actors. East Asian countries and global actors that advocate the pursuance of development through market control and significant state intervention portray a different development ideology from states and global actors that support development through free market principles and minimal state intervention. The following statement from the World Bank's document therefore tells an observer something about what methods for development are privileged by the Bank.

“We are aware that these two monetary indicators do not adequately accommodate all the dimensions of poverty that represent our mission. But to insert every dimension explicitly into a limited number of measures is to risk creating such complex indicators that they will be ill-understood. Each of the monetary indicators we have adopted has the advantage of capturing the key elements of welfare in a single, compelling measure. While these monetary measures will define our goals, we will continue to maintain a strong focus on multiple dimensions of welfare” (World Bank 2013i: 8).

The two monetary indicators referred to are the goals of increasing the income growth of the poorest 40% of each country's population, as well as reducing the number of people living below the poverty line of \$1.25 a day. These indicators show that numbers matter for the World Bank. The Bank's indicators for achieving poverty reduction goals are often presented through numbers. For any development and poverty reduction strategy this preoccupation is natural.

Studying the structure of the text above, one observes that the monetary indicators have been mentioned and explained, while other “dimensions of poverty that represent our mission” have not been stated as yet. In essence, these other dimensions of poverty, which include social and human indicators, have been excluded at the beginning of the Bank's strategy document. Using Tonkiss' prescription for analysing texts, the social and human dimensions of poverty have been ‘silenced’ in the text.

The text provides a justification for why this has been done by stating that the inclusion of a wide array of dimensions of poverty within the strategy document could result in lengthy descriptions of how these fit into the broader framework of the current strategy. Instead, the monetary indicators provided are believed to capture the essence of a state of welfare in a “single compelling measure”. Consequently, this can be interpreted in the following way: in defining a development path, the use and inclusion of monetary indicators has been prioritised over the inclusion of the social and human development indicators, which are also necessary outcomes regarding poverty reduction and development generally.

Other analysts (Storey 2000; Weaver 2007) have analysed the World Bank’s approach to development and offered descriptions of the technical, economic rationality followed by the Bank. They argue that these are usually structured and prescriptive of economic interventions rather than paying close attention to human or social indicators or privileging them over the former. This is quite similar to what is implied through privileging monetary indicators for development targets and deeming these to be adequate in capturing the essence of welfare, even though the multidimensional nature of poverty is not fully captured in the document.

It would be subjective not to explicitly state that statements supporting other measures for poverty reduction such as social inclusion, education, and accountability are also mentioned in the text; they are, but in moderation compared to economic growth. Non-monetary indicators are mentioned in page eight of the document, after the presentation of monetary indicators. The Bank shares that the notion of shared prosperity is also about achieving development in education and health sectors and giving a voice to the poor as regards participation in politics and economic and social freedom. There are, however, no concrete numerical indicators of how success in these areas will be measured. For example, no mention is made regarding how many schools should be built in the developing South or how many health care professionals will be needed to raise the standards of welfare to an acceptable standard. Numerical targets are only named for the monetary and economic growth goals.

Cammack (2004) offers a similar enquiry to the analysis in this section as he highlights how the 1990 World Development Report, *Poverty*, opened with a discussion of how achievements in poverty reduction were attained in the global community between 1989 -

1990. Two strategies were involved: increasing the efficiency of labour of the poor and providing basic services to the poor (World Bank 1990: 3). Cammack argues that listing the provision of basic services to the poor as secondary to increasing the productive capacity of labour of the poor is indicative of the Bank's priorities for poverty reduction. He suggests that while poverty reduction is pursued in practice, the methodologies proposed for these are still very much in line with the neo-liberal world view of the West, which prioritises rapid economic growth as recourse for development and poverty reduction. Cammack also suggests that, while pursuing development and poverty reduction are important to the World Bank, the Bank still acts as a "bastion" of the neo-liberal agenda as seen through the policy prescriptions it has offered over the years for poverty reduction (Cammack 2004: 193).

The quotation below from the Bank's current goals and strategy document is indicative of a prescribed approach for achieving high income growth and shared prosperity in the developing world:

"Reaching the target, which would effectively end extreme poverty globally in less than a generation, is an ambitious endeavour. It will require sustaining high rates of economic growth across the developing world, as well as translating growth more effectively into poverty reduction in each developing country" (World Bank 2013i: 11).

An emphasis on economic growth is referred to several times throughout the text²⁶. On page fourteen of the document, the term "rapid economic growth" is used to describe the key element necessary for reducing extreme poverty globally, to no more than 3% by 2030. The current goals and strategy are therefore indicative of economic growth being vital for the realisation of shared prosperity and tackling the multiple dimensions of poverty. Much of the text alludes to no other methods for reaching the end goal of poverty reduction and development globally. A summation of the means to achieving shared prosperity can be found on page twenty-one of the text:

"Shared prosperity, understood in this way, is not an agenda of redistributing an economic pie of a fixed size. Rather, it means expanding the size of the pie continuously and sharing it

²⁶ See (World Bank 2013i: 14; 21; 22) for additional references to the importance of economic growth in attaining the two World Bank goals for 2030.

in such a way that the welfare of those at the lower end of the income distribution rises as quickly as possible. It also requires that progress is sustainable over time and across generations, in terms of the environment, social inclusion, and fiscal prudence” (World Bank 2013i: 21).

From this statement, this study suggests that the World Bank’s conceptualisation of development can be understood in the following way: The income levels of the poor should be increased through economic growth and equitable distribution of income. This should also be a sustainable process in order to curb the rise of inequality, which is argued to undermine development (see Berg *et al.* 2012). It is not made clear whether equitable distribution of income takes place instantaneously with increased economic growth, or rather is the result of a trickle-down effect of growth. However, it can be summarised that the Bank is concerned with facilitating raised income levels of the poorest and not just basic needs being met without sustained income. The means to achieving this is through placing primacy on high and sustained economic growth.

In *The elusive quest for growth: economists’ adventures and misadventures in the tropics*, William Easterly, a former World Bank economist, attests to the fact that the World Bank does prefer an economic growth approach to reducing poverty and promoting development. He suggests that there are reasons for this. In his view, there are two ways of reducing poverty among the poor. The first is through redistributive practices; redistributing GDP equitably and redistributing wealth from the rich to the poor. The second is through overall economic growth through which the wealth of the rich and the poor could be increased (Easterly 2001: 14). Easterly further states that studies carried out by Ravallion & Chen and Dollar & Kray, World Bank researchers, have proven that, usually, overall economic growth proves to be “much more of a life saver to the poor than redistribution” (Easterly 2001: 14).

While this provides a partial justification of the Bank’s orientation around economic growth as an engine for development and poverty reduction, it does not deal convincingly with issues that involve the social development of the poor such as education and skills development. Bringing these two elements (economic and social development) together is necessary for the Bank’s poverty reduction and development strategies. Fusing the two together with *equal emphasis and priority* in the same document would give a sense that the Bank at least thinks

about the details of how economic growth, as an engine for development, will positively impact the poor and reduce poverty in more practical and sustainable ways.

Overall economic growth could result in nothing for the poor if they are uneducated and cannot be absorbed into the labour market. Economic growth, which stems heavily from the financial sector, private enterprises, and a technology-based economy, could also mean nothing for the uneducated poor if the economy lacks industry which is more effective in creating manual labour employment opportunities for those who lack formal education. Fundamentally, while economic growth and the promotion of private businesses are prescribed as essentials for poverty reduction in the long run, there needs to be a second level of strategizing which deals with how these can translate to practical development for the poor.

The promotion of private business, private sector expansion, tax reforms, and government and institutional structural reforms are also recommended as a key for attaining development outcomes through shared prosperity (World Bank 2013i: 11; 25).

“Reaching the target also requires governance, institutional, and social policy changes not seen yet in many poor countries, and hence enormous efforts from national governments and the international community” (World Bank 2013i: 11).

Regarding governance and institutional changes, the remark “not seen as yet” raises some questions. African governments have undergone government and institutional changes over the past years. The Bank’s statement then suggests that specific institutional and governance changes, different from the ones that have been implemented, and possibly of more importance to the Bank, have not been implemented yet. These could range from transparency and accountability, or possibly institutional arrangements that foster market-led, neo-liberal approaches to development, given that governance and institutions shape economic policies to a large degree.

4.5.4 Main Observations

The main purpose of the discourse analysis was to find out whether the Bank's development knowledge is in line with neo-liberal tenets of development. The next step is to draw conclusions that answer the specific question: what constitutes the World Bank's development knowledge in terms of the ideology, norms, and ideals that it espouses?

Firstly, a significant observation can be drawn from the textual analysis. The Bank places an emphasis on monetary indicators and the need for economic growth as essentials for poverty reduction and development. This is highlighted throughout the text and forms a greater part of the Bank's goals than social indicators and targets for poverty reduction by 2030.

The starting point for this analysis was that the World Bank's development knowledge *is* laden with neo-liberal tenets and ideology, influenced mainly by its close affiliation with the West. This proposition was drawn from two inferences. The first is the Bank's history of Structural Adjustment Programs (SAPs) which proposed economic reforms in developing countries, consistent with the neo-liberal ideology. This was highlighted in chapter one.

The second inference is drawn from the literature in chapter two. It provided ample evidence concerning the Bank's intellectual and organisational culture as being shaped by neo-liberal economics which impacts its framing of development policies and development assistance. Dynamics within the Bank's DRG also indicate that pride of place is given to research outputs that are consistent with the Bank's intellectual culture. Historical evidence therefore points toward an appreciation of neo-liberal tenets within the Bank's development knowledge, which includes the Bank's pool of information on development, policy advice, and the understanding of development that the Bank possesses and generates.

Regarding the Bank's latest document which is analysed in section 4.5, the use of monetary indicators and the emphasis on high economic growth are explicit. What is less explicit in the document, are prescriptions for *how* economic growth should take place in developing countries. The Bank does not set out to prescribe that markets should be opened or that privatisation of state-owned enterprises should take place. The prescription that neo-liberal development paths should be followed is therefore not explicitly implied in this document.

This study contends that on the contrary, it needs to be remembered that the neo-liberal project has already been advanced in the developing world currently. The ravages of SAPs discouraged the adoption of free-market principles as a means to development, and made developing countries cautious of adopting such policies without hindsight. However, this does not mean that the developing world has closed itself off to the global economy and global markets, which are highly interconnected in today's world. All markets and economies need interaction with each other in order to survive; this is one of the premises of trade.

Moreover, Joseph (2008: 127) states that “hegemony post-1945 has not been about the dominance of one state, the USA, but of a particular socio-economic model (*neo-liberalism*) of development”. While exploring a neo-Gramscian account of hegemony, Joseph (2008) carves out an alternative dimension of hegemony in the world today: ‘socio-economic hegemony’. This finds its roots in the economic crisis of the 1960s and 70s which ushered in neo-liberal forms of economic organisation in the leading hegemonic regimes of that time—the UK and the USA (Joseph 2008: 127). These practices have since been spread throughout the global system, and Joseph suggests that what one finds in the world today is not solely a case of US hegemony over states, but a pattern of “reworked hegemony” which consists of socio-economic dominance, the power of which can be held by states or institutions.

The World Bank is one such institution that has been labelled a projector of neo-liberalism as the “particular socio-economic model of development” found at the heart of a new “reworked hegemony” in the world today (Joseph 2008: 127). The Bank is able to diffuse this economic ideology through financial lending, as was the case with SAPs, and through knowledge sharing - selling its ideas as expert and technical knowledge.

As a result of these factors, there is less need for the World Bank to explicitly prescribe neo-liberal paradigms of development anymore. The neo-liberal project has, in a way, advanced itself. A number of states now follow either a mixed-market or free-market approach for economic growth and development. More of this is illustrated in chapter five, which discusses South Africa's development paradigm as pursued through its macro-economic policies. The World Bank can therefore offer development policy advice where required, without explicitly prescribing a neo-liberal approach. This is because the neo-liberal

project has in any case advanced itself, and is now applied in developed and developing countries alike.

4.6 Conclusion

This chapter began with an overview of research activities at the World Bank, describing the organisation of the World Bank's DEC. A classification of the World Bank's knowledge products was also provided and attention was drawn to the Bank's core knowledge for external clients in particular. This will be an important focus area in the next chapter.

The discussion of the World Bank's knowledge products shed light on the significant amount of funding that is available to the Bank for research purposes. The Bank gets its research funds from three main sources: the administrative budget of the Bank, trust funds, and the Research Committee. In sum, the Bank's available research budget averages a total of US \$600 million annually. This financial power gives the Bank a significant comparative advantage as a producer of development knowledge.

Power and hegemony relationships that define the production of development knowledge in the Bank were then analysed. There are two levers of power that influence the production of development knowledge in the Bank: internal and external. The internal levers are those factors that give the Bank power in itself, and this includes its financial power and power as an intellectual leader in the global knowledge structure. The Bank's financial power within the global finance structure reinforces its strength in the global knowledge structure. As an intellectual leader, the Bank's numerous publications, which include books, journal articles, and policy briefs, speak for themselves and reveal that the Bank has an extensive pool of knowledge and development expertise. This enhances the Bank's authority as a thought leader in the field of development.

The external lever of power discussed in this chapter involves the USA's influence on the Bank. This influence is maintained through a number of factors which include the hiring of staff that have been trained in US institutions and universities. Most importantly, the USA's influence on the creation of development knowledge in the Bank is linked to the fact that there is already coherence between the USA's global financial agenda and that of the World

Bank. This makes the diffusion of the USA's ideas and viewpoints into the World Bank easier.

Finally this chapter carried out a discourse analysis on the World Bank's document, *The World Bank Group Goals: End Extreme Poverty and Promote Shared Prosperity*, in order to provide a comprehensive analysis of the World Bank's development knowledge and the ideology it is informed by. It was concluded that a reading of the document in isolation does not reveal an explicit orientation toward the neo-liberal ideology of development, except for the emphasis on economic growth for poverty reduction and development.

However, from a historical account and from an all-inclusive reading of the text, which textual analysis permits, it can be said that neo-liberal tenets of development do underpin the Bank's development knowledge ideology. The conclusion at the end of the textual analysis suggests that there is no more a need for the Bank to explicitly sell a neo-liberal approach to development and poverty reduction, because the neo-liberal agenda has been perpetuated across the world, even in developing countries. The World Bank need only implicitly apply the neo-liberal agenda in its development efforts, as it often does.

Chapter 5

THE WORLD BANK'S FOCUS IN SOUTH AFRICA: POST-APARTHEID TO COUNTRY PARTNERSHIP STRATEGY 2008 - 2012

5.1 Introduction

This chapter turns to the case study of the dissertation. The chapter provides a historical overview of the World Bank's development assistance to South Africa since the post-apartheid era starting from 1994 to the 2008-2012 periods when the previous Country Partnership Strategy (CPS) between the Bank and South Africa was implemented. The purpose of this discussion is to offer a representation of the World Bank's development assistance and involvement in South Africa in broader terms, and to focus on how the relationship between the Bank and South Africa has evolved over the years. This is an important aspect which is necessary in order to provide a better understanding of the Bank's current development partnership with South Africa as laid out in the 2008 - 2012 CPS.

A historical account tracing the World Bank's relations with South Africa is also important within the critical theoretical framework which this study uses. As explained in chapter three, critical theory pays attention to the origins and historical context of institutions, societal and power relations, with a view to discovering whether current relational dynamics and structural orders may be in the process of change. The usefulness of the critical theoretical framework to this chapter is that it not only enables the observer to understand the nature of the Bank's relationship with South Africa from a historical perspective, but also leaves room for one to ponder the possibility of change in this relationship, or whether the partnership will continue in a similar manner in the future.

In addition, this chapter will make references to the role of hegemony and structural power as it relates to the World Bank as an agent in the global knowledge structure and the power it is able to wield over its client countries, with South Africa as a case study. The ability of the Bank to exercise knowledge as a source of power over its clients, causing them to accept this knowledge as authoritative knowledge in the field of development, can be understood as one of the 'levels of interaction' in the global knowledge structure. This will be examined in this chapter. The other level of interaction involves the landscape of power that allows certain

states and actors to have influence and hegemony over the Bank's production of ideas and development knowledge; this was largely addressed in the previous chapter.

The post-apartheid period, beginning from 1994 onwards, is an important period in the democratic and development history of South Africa. Developing a stable economy, whilst promoting equitable development from the apartheid legacy of poverty and inequality, has been one of the enduring tasks of the national government since the 1994 democratic elections. Consequently, correcting this legacy has been the main focus of South Africa's social, economic, and development policies since 1994. Considering the post-apartheid period is therefore important when examining the present and future context of development in the South African state.

Ultimately, this chapter also tackles the research enquiry of this study which relates to the efficacy of the World Bank's knowledge services approach to South Africa and how this has been relevant to the country's development challenges while also complementing its development goals. In providing an account of the World Bank's continuing development partnership with South Africa, this chapter will examine the objectives and development assistance approach offered by the Bank to South Africa in 1999 through the first Country Assistance Strategy (CAS). The chapter will then describe the Bank's development assistance approach to South Africa in the 2008 - 2012 CPS which is under examination in this study. A preliminary overview of the Bank's earliest assistance to South Africa, before the CAS and CPS years, will be provided first.

5.2 Chronological History of The World Bank's Involvement in South Africa

This section characterises the post-apartheid development assistance relationship between the World Bank and South Africa. An overview is provided in chronological order starting from the early 1990s to the 2008 - 2012 CPS period. For background purposes, a brief account of the World Bank's earliest relations with South Africa is provided first.

5.2.1 Earliest World Bank Involvement in South Africa (1951- 1966)

The World Bank's development assistance to South Africa started as early as 1951 (World Bank 2007: 12). The Bank's engagement in South Africa at the time was characterised by *monetary or financial loans* and *project lending* (World Bank 2007). The 1940s to 1960s are widely remembered as the "project lending decades" of the World Bank in Africa and coincided with the period of decolonisation that most African states were experiencing at the time (Kanbur & Vines 2000: 8). Most of the Bank's assistance to developing countries during this period consisted of project loans dedicated to the building of roads, railways, hospitals, and schools. South Africa was no exception at this time.

The World Bank's loans to South Africa during the 1950s and early 1960s were mainly for infrastructural development such as the expansion of rail and harbour systems, as well as expansion of the country's electricity and power supplies. South Africa was under the apartheid regime at the time, and an application for loans to fund rail, harbour and electricity-supply expansions was made in 1951 by the then 'South African Union' and the South African Electricity Supply Commission (ESCOM²⁷), each for an amount of US\$30 million (World Bank 1953). The ESCOM loan was requested in order to meet the increasing demand for power and electricity supply which came mainly from the growing mining industry. The South African Railway and Harbours Administration loan was necessitated by an increased demand for transport in the country due to the economic growth that took place between 1950 and 1970, mainly as a result of the booming industrial sector (World Bank 1953: 4-5).

Between 1951 and 1966 the Bank made a total of eleven loans to South Africa to the value of US\$242 million (World Bank 2007: 12). The loans were fully repaid in 1985 and South Africa remains without a record of defaulting on loan repayment to the World Bank. From the mid-1960s until the early 1990s when the apartheid regime was brought to an end, there was no Bank lending or any other activity between the Bank and South Africa (World Bank 2007: 12; Padayachee 1993: 191; Fallon 1993: 208). This was as a result of international pressure, particularly from the UN General Assembly resolution in 1966, that financial loan privileges be withheld from South Africa due to the country's apartheid regime (Mason & Asher 1973: 586- 591). The Bank itself was not in favour of such a decision, asserting that

²⁷ Now referred to as Eskom.

Article IV, section 10 of their Articles of Agreement made provision that the Bank would not interfere in the political affairs of a nation. Due to mounting pressure and sanctions placed against South Africa, however, the Bank had to close off its lending relations with South Africa for that time period.²⁸

5.2.2 Early 1990s World Bank Involvement in South Africa (1991 - 1999)

The World Bank's 1999 CAS document for South Africa highlights that in 1991, after almost 25 years of non-lending and any World Bank engagement in South Africa, the World Bank resumed activities in the country through programmes of economic policy advice, technical assistance, Economic and Sector Work (ESW), and capacity building (World Bank 1999: i). These activities were indicative of the new type of approach to development assistance that the World Bank and South Africa would take on from this period. The approach was much different from the financial lending approach that was predominant during the 1950s and 60s. From the beginning of the 1990s, the Bank's 'knowledge bank' services to South Africa were gradually introduced. This came at a time when the World Bank was introducing its new function as a knowledge bank in 1996.

5.2.2.1 Pre- 1994 Elections

Prior to the 1994 democratic elections, the World Bank played an active role in South Africa by providing development assistance through *capacity building*. During this time the Bank launched what it called "an intensive program[me] of policy-oriented analytical studies and capacity building activities" (World Bank 1999: 19). Through this programme the Bank focused on sharing its expertise with South Africa through some of its most popular "knowledge services tools", which included: workshops, Economic and Sector Work (ESW), EDI seminars²⁹, technical assistance on economic issues, and an internship programme for South Africans at the World Bank headquarters in Washington (World Bank 1999). The Bank aimed these programmes at stimulating debate and discussion on issues that were important

²⁸ For a detailed account of the circumstances leading up to the World Bank's final decision on this matter, see Mason & Asher (1973: 586- 591).

²⁹ This refers to the World Bank's Economic Development Institute (EDI), which was established in 1956. The EDI serves to "help member countries improve the degree of economic management in government by increasing the number of Administrators skilled in dealing with problems of economic policy and with the planning and administration of development program[me]s" (Ziegler 2004).

for South Africa's economy, such as trade policy, macro-economic management, metropolitan finance, land reform, and poverty analysis (World Bank 1999: 19; Padayachee 1993: 197). The Bank was of the view that their involvement in South Africa prior to the 1994 elections had the advantage of being more participatory in nature: "because the South African government was still non-representative, the Bank deliberately engaged with a broad spectrum of civil society as well as with the government itself" (World Bank 1999: 19).

Capacity building, or capacity development, as it is also called, is a World Bank service which is mainly carried out by the World Bank Institute - the capacity building arm of the World Bank Group. The Bank describes capacity development as "a locally driven process of transformational learning by leaders, coalitions and other agents that leads to actions that supports changes in institutional capacity areas - ownership, policy, and organisational - to advance development goals" (World Bank 2011b). Through capacity building, the Bank acts as an intermediary to assist countries in sharing and applying global and local knowledge which can equip them to address their own development challenges. Capacity building is aimed at building the skills of individuals within an institution so that they can in turn strengthen the institutions they work in (World Bank 2011b).

The capacity building areas such as trade policy and macro-economic management, for example, underline the fact that the World Bank's capacity building and policy advice was directed toward areas that were linked to South Africa's economy. Capacity building and policy advice seemed to be appropriate areas to focus on during the pre-1994 period given that South Africa was on the brink of becoming a democracy. Moreover, one of the central challenges faced by South Africa's policy makers was how to revive a sluggish economy and make it globally competitive, while also addressing critical socio-economic gaps. An end to apartheid would also necessitate a new economic structure and new macro-economic policies. These were essential, bearing in mind that South Africa had been excluded from much of the global economy after receiving economic and political sanctions in the mid-1980s, as a result of the apartheid regime (Levy 1999: 3).

Regarding policy advice, a number of critics have argued that the Bank's policy advice in the pre- 1994 period ought to be examined more closely in order to draw out the actual extent and reach of the Bank's influence on South Africa. Patrick Bond, a leading South African

critic of the Bretton Woods Institutions and their interventions in Africa, has offered various views in line with the above.

Bond (2001) argues that the Bank aims to perpetuate the neo-liberal development agenda to its client countries, even through policy advice. He argues that South Africa has been no exception to this exercise. According to Bond (2001: 69), while the Bank has made efforts at forging a demand-driven development partnership with South Africa, the influence of the Bank's "thinking" has still been passed down to South Africa through policy advice.

Bond (2001: xiii) points out that from 1993, through policy advice, the Bank succeeded in promoting land reform strategies in South Africa that were in fact "market-oriented". After being implemented in 1994, the land reform strategies were effective in redistributing only 1% of "good land" to black South Africans instead of the initial target of 30% (2001: xiii). The market-oriented land reform policy was to be applied mainly to the Land Redistribution programme and involved a mechanism where a "willing seller" would sell his/her land to a "willing buyer" (Weideman 2004: 224). Redistribution of land would be achieved this way instead of through welfare type of redistribution that would simply reallocate land to those who were without (Weideman 2004: 224).

Bond's line of argument concerning the Bank's interventions in South Africa's land reform policy-making process is supported by Weideman (2004) who also highlights the influence of the World Bank in this process. This influence, she argues, was characterised by policy advice with a neo-liberal ideological orientation. A key output during this time was the Bank's *Options for Land reform and Rural Restructuring in South Africa*, which was published in 1993 and served as the Bank's base document for land reform policy recommendations to South Africa (Weideman 2004; Williams 1996; World Bank 1993). Weideman's study conducted interviews with several senior researchers and participants in the land reform policy-making process of the early 1990s and records their account of the World Bank's interventions in the process. The study shows that most participants were of the opinion that the Bank's involvement in the policy-making process was "manipulative", a form of "intellectual arm twisting", and occurred at "just the right time" in South Africa's early post-apartheid years (Weideman 2004: 223).

The general consensus during this time was that the land reform policy-making process was laden with external influences from agencies like the World Bank, international researchers, experts and consultants (Weideman 2004). These arguments suggest that the Bank played an influential yet contested role in this area of South African policy-making prior to the 1994 elections.

5.2.2.2 Post-1994 Elections until 1999 Country Assistance Strategy

After South Africa's first democratic elections in 1994, the World Bank's relationship with the country took off steadily and continued with a strong focus on *capacity building* and *policy advice*. In addition to this, the Bank also provided lending in small amounts and a number of grants which were aimed at development projects (World Bank 2007: 12). During this period the Bank's main focus areas for the provision of policy advice, most times on request from the government, were the following: intergovernmental fiscal relations, urban infrastructure finance, housing policy, health expenditure, water pricing, and a medium-term framework for public expenditure (World Bank 1999: 19).

With South Africa having become a democracy, much knowledge was needed to inform the new policies that would be created and implemented by the national government. Poverty and inequality remained one of the top priorities and the government sought information that would aid in the formulation of relevant policy frameworks (May 2000). The World Bank had a role to play here. As mentioned earlier in chapter two, eliminating poverty worldwide is at the heart of the Bank's mission as an international development institution. The tools and instruments through which it tackles this global problem vary from country to country. Although South Africa is perceived by the Bank as a relatively financially independent African country, the mission of poverty reduction still remains a central focus of the Bank's work in the country. It is no surprise then, that the post- 1994 period of their engagement with South Africa was characterised by poverty analysis.

The Bank assisted South Africa through coordinating a number of *surveys* that would aid in data collection related to poverty and standards of living in the country (World Bank 1999: 19). The 1993 Household Survey and the South African Participatory Poverty Assessment (SA-PPA) are notable examples in this regard. The 1993 survey was the first ever Household

Survey and has since been carried out annually by the Central Statistics Services (CSS) across a representative number of households in South Africa (CSS 1996: 1). The purpose of this survey is to provide detailed information about “the living conditions and the life circumstances of all South African’s while also assessing the level of change that has taken place in people’s life circumstances as and when new government policies are implemented” (CSS 1996: 1).

In 1995 the Bank approached the South African government with a proposal to carry out an overall poverty assessment (May 2000). This was to be conducted collaboratively by the Bank and the South Africa government and resulted in the South African Participatory Poverty Assessment (May 2000: 3). The SA-PPA is discussed in more detail below.

The Participatory Poverty Assessment (PPA):

Amongst the World Bank’s various assessment tools is the Participatory Poverty Assessment tool, which was found suitable for the poverty assessment South Africa wished to undertake. The World Bank defines their PPA tool as “an interactive, participatory research process that seeks to understand poverty in its local, social, institutional and political contexts, incorporating the perspectives of a range of stakeholders and involving them directly in planning follow-up action” (World Bank 2013j). The PPA can be summed up as an instrument used to allow the poor to define poverty themselves, giving them the opportunity to define their own circumstances of poverty and what it means to them. The strength of such an approach to poverty assessment is that poverty can be defined for what it is in a particular country or context, bringing to the fore the various forms or dimensions that poverty can take on.

What poverty means to the poor in South Africa will not necessarily be the same as what it means to the poor in China. As poverty is defined by those who experience it and whose lives are affected by it, a better opportunity emerges to address poverty head-on by focusing on the alleviation of the specific indicators of poverty identified by the poor. In addition, although poverty would be defined in different ways by the poor in each country, the common indicators of poverty will still be seen to exist, albeit in different variations.

The following definition of poverty in South Africa was arrived at through the SA-PPA:

'[To] Be alienated from your community, to be unable to sufficiently feed your family, to live in overcrowded conditions, use basic forms of energy, lack adequately paid and secure jobs and to have fragmented families' (Bhorat *et al.* 2004: 2; May 2000: 5).

This description of poverty in 1996 indicated that the poor in South Africa lacked some basic human needs such as food. The issue of unemployment was also highlighted through the SA-PPA and more so that the poor were generally vulnerable in society and lacked empowerment. This definition of poverty is consistent with the notion of multidimensional poverty, discussed in chapter two, which draws attention to the fact that poverty is not merely characterised by low income but by a range of factors that are indicative of lack in the lives of the poor (Tjonneland *et al.* 1998; Kankwenda *et al.* 2000).

The South African government responded to the characteristics of poverty listed above through the RDP framework. The RDP focused on the provision of basic needs first and improving the standard of living of all South Africans, especially those who had been marginalised as a result of apartheid (ANC 1994 7- 11). However, what is important to note here is how the SA-PPA was useful to South Africa as a form of World Bank assistance.

Significance of the South Africa Participatory Poverty Assessment (SA-PPA):

A notable feature of the World Bank's assistance in the SA-PPA was the strong ownership of the South African government in the process. The poverty assessment was conducted to inform the Poverty and Inequality Report (PIR). May (2000: 3) states that "the process followed in the preparation of the PIR [including the participatory poverty assessment] has been quite different from poverty assessments prepared elsewhere in the world....all the work has been undertaken by South Africans, and the report covers a broad range of issues relevant to poverty and inequality".

May (2000) also notes that even the inclusion of inequality in the poverty assessment was quite different from other countries that had used this World Bank tool. For most other countries, poverty, and not always inequality, is the main concern. While not much is documented about the overall effectiveness of the SA-PPA on the reduction of poverty in South Africa, it is worth noting that the Bank's assistance through this tool, boasted of

ownership from the South African government. It was also a relevant form of assistance to be used in South Africa in the post-apartheid era as it facilitated the process of finding a suitable policy strategy to tackle poverty and inequality in post-apartheid South Africa. The SA-PPA process was also much different from the land reform policy-making processes that were dominated by external influences, particularly from the World Bank.

During the period after the 1994 democratic elections, the World Bank also supported South Africa through *Project lending*. Project lending was provided for the following projects (World Bank 1999: 19):

1. The Industrial Competitiveness and Job Creation project which was valued at US\$46 million in 1997.
2. The Cape Peninsula Biodiversity Conservation Project which was managed under the Global Environment Facility and valued at US\$ 12.3 million in 1998.
3. The Lesotho Highlands water project which was launched in 1991 as part of a 30 year initiative to transfer water from Lesotho to South Africa. This is the largest project of its kind in the world, and is valued at US\$ 2414.8 million.

The project loans listed above are some of the few that South Africa has taken on from the World Bank, including the more recent ESKOM loan which was launched in 2010 (World Bank 2014c). South Africa has traditionally been cautious of foreign aid and loan dependency (World Bank 2007; Bond 2003), and, as a result, does not frequently source World Bank financial loans. This section has provided an account of the World Bank's development assistance to South Africa between 1991- 1999. This time period falls prior to the time periods when the Bank had specific country assistance strategies in place for South Africa. It is to the 1999 CAS and 2008 CPS that this chapter now turns³⁰.

5.3 World Bank Development Assistance to South Africa: The Country Assistance Strategy Years

The late 1990s ushered in the World Bank's development assistance to South Africa through the country assistance strategies. This has since been the Bank's mode of operation in South

³⁰ CAS is often used to refer to the World Bank's 1999 Country Assistance Strategy to South Africa while the 2008 strategy is referred to as a Country Partnership Strategy (CPS).

Africa. Since the first country assistance strategy in 1999, the Bank has supported South Africa's national development goals through two additional country partnership strategies: 2008 - 2012 and currently 2014 - 2017.

This section will provide an overview of the Bank's country assistance strategy years in South Africa, covering the 1999 - 2002 CAS and the 2008 - 2012 CPS. The objectives and outcomes of the former will be discussed analytically in this section while the objectives and the nature of the latter will be provided. Evaluations of selected outcomes of the 2008 - 2012 CPS are covered in chapter six. It is useful at this point to define the meaning and purpose of a Country Assistance/Partnership Strategy and how this document is conventionally drawn up, with specific reference to South Africa.

5.3.1 Unpacking the Country Assistance Strategy: Definition and Formulation

A Country Assistance Strategy³¹ is an analytic report of the World Bank's conceptualisation of development in a country, paying particular attention to the country's development challenges and development goals (World Bank 2013k). A CAS also documents the "incidence, trends and causes of poverty" in a country (World Bank 2013k). The Bank highlights that it takes a country's national development plan as the starting point for the CAS and hence bases its assistance on the development goals of a country (World Bank 2013k). These are usually further understood through consultations with government, government departments, ministers, and civil society if possible.

After the diagnostic review of development has been carried out, the Bank's concern is in identifying where the Bank can best fit in to offer relevant services to the client country based on their comparative advantage. In the case of South Africa, these procedures have been followed in drawing up both the CAS and CPS, more so for the CPS as it aimed to correct the shortcomings of the 1999 CAS. An interview respondent from the South African National Treasury offered an insightful account of the CPS development procedure as it takes place in South Africa.

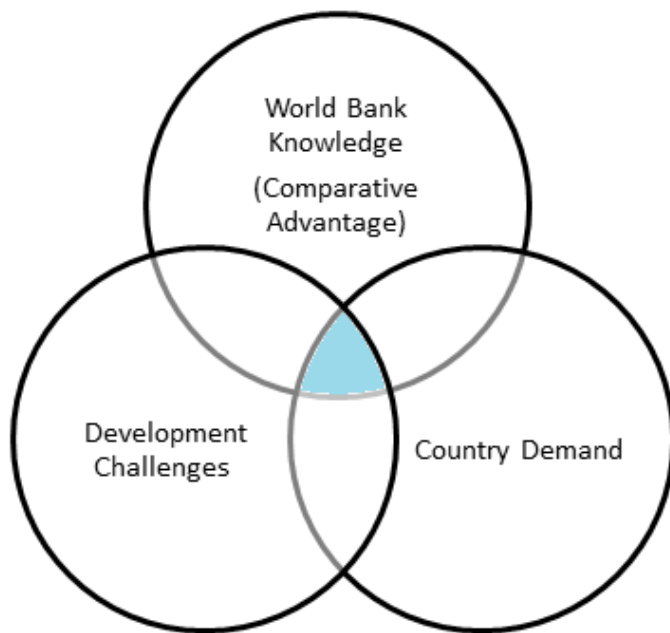
³¹ CAS is used generically in this section to define a partnership strategy since the Bank's website uses the term 'CAS' and not 'CPS' when defining this type of strategy document.

Prior to any form of documentation or written agreements, the World Bank's officials based in the South Africa country office and the Washington DC headquarters (if necessary) participate in a brainstorming session with South African counterparts from the National Treasury. This phase is an opportunity for the review of previous World Bank engagements in South Africa or previous country strategies, as was the case when the 2008 - 2012 CPS was drawn up. Through this exercise the specific development needs and objectives of South Africa, linked to current national policies, are identified as areas for possible World Bank assistance. The shortcomings of previous strategies are addressed, as well as ways in which these can be ameliorated through the ensuing strategy. The respondent emphasised that inequality and unemployment were the key development challenges identified during the 2008 - 2012 CPS preparation.

The second phase of CPS development then involves the World Bank drawing up a draft partnership strategy based on the outcomes of the first phase, targeted at areas agreed to be its comparative advantage and based on the relevant instruments for delivering the development assistance. In the case of the 2008 - 2012 CPS, the draft CPS was presented at a meeting attended by a group of ministers, relevant National Treasury officials, and the World Bank's President. In addition, a presentation was made by the World Bank's staff to the National Treasury. While the CPS has to be approved by the South African Cabinet, final approval rests between the National Treasury and the Bank after requests and recommendations for programmes have been consolidated between the Treasury and relevant government departments. A high-end political buy-in from the client country is therefore important in the formulation and approval of a country partnership strategy, and this was no different in the case of South Africa. Two other important factors are the demand from the client country and the areas of the World Bank's comparative advantage (National Treasury respondent 1: October 2013).

An interviewee from the World Bank stated that: "The Bank works on critical development challenges of a country demanded by the government and where we have expertise [a comparative advantage]. Our assistance to countries has to have *impact* (interviewee's emphasis) in order to be successful" (World Bank respondent 2: November 2013). From his synthesis of the Bank's development role through the country assistance strategy, a diagrammatic representation can be formulated as shown in figure 2 below.

Figure 2: World Bank Intervention in South Africa



- *Shaded area indicates area of World Bank assistance or intervention. The Bank operates where a country's development challenges, country demand, and the World Bank's comparative advantage intersect.*

Source: Compiled by Author.

5.3.2 Contextualising World Bank - National Treasury Relations through the CPS Approach

The National Treasury plays a significant role as the main liaison between the World Bank and South Africa. The Bank's role and activities in South Africa must come through the National Treasury (National Treasury respondent 1: October 2013). The research process for this study revealed that little, if any, literature exists on the National Treasury's role as the intermediary between the World Bank and South African government, or on how this relationship began. Aside from the formal CAS or CPS documents, literature on the World Bank's development engagement in South Africa in recent times is also very scarce. The study has relied on interviews, where possible, to overcome this challenge in the availability of data. As a result, the account provided in this section is drawn from an interview carried

out with a National Treasury representative who is significantly involved in the department's work with the World Bank and on-going CPS assistance since 2008.

National Treasury's role as the main correspondent in the Bank- South Africa relationship is based on the consensus within the ranks of South African government that Treasury adequately represents the various agendas of the government as a whole (National Treasury respondent 1: October 2013). Importantly, National Treasury is the custodian of the South African national budget and is responsible for managing government's finance and also has a mandate closely linked to the cause of poverty reduction in the country:

“As mandated by the executive and parliament, the national treasury will continue to support the optimal allocation and utilisation of financial resources in all spheres of government to reduce poverty and vulnerability among South Africa's most marginalised” (National Treasury 2014).

For the coming years, the Treasury's role will include improving market regulation, addressing high unemployment, and combating poverty and inequality through adequate service delivery (National Treasury 2014). Therefore, the treasury's role, although focused on the budgetary aspect of government, is geared toward development in the long run. Its function is then not far removed from the Bank's area of specialisation: development.

Although there are a number of views on development in the different spheres of government, for example, these are all well captured and endorsed by the state's National Treasury since it is responsible for financial management to this end. A simple case can be shown by comparing the views of development held by the local sphere of government and those of the national sphere. The former prioritises local economic development while the latter champions national development with a regional and international focus. The National Treasury, on the other hand, is believed to uphold a consolidated view of development and the various government agendas, making it the appropriate institution to facilitate South Africa's bilateral engagement with the World Bank.

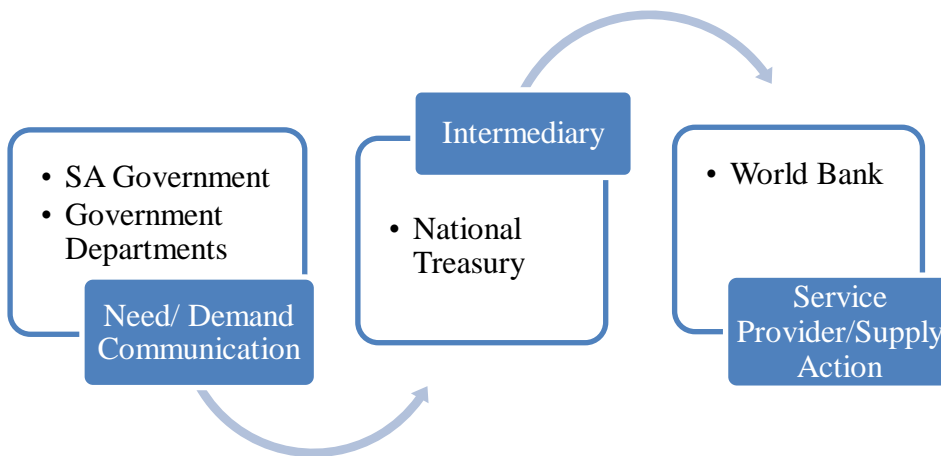
In line with this, the Treasury is also responsible for channelling requests, or *'demand'*, from government departments to the World Bank. Likewise, the *'supply'* options from the World

Bank are communicated to government departments by the Treasury (National Treasury respondent 1: October 2013). The role of the National Treasury vis-à-vis the World Bank and South African can be represented as shown in figure 3.

Speaking from the perspective of a coordinator in the World Bank – National Treasury relationship, the interviewee stated that, for the Treasury, “As coordinators in the CPS process, what is important is making sure that need and supply are achieved; coordinating the partnership in order to ensure these is important” (National Treasury respondent 1: October 2013). This reveals that success of the CPS process and implementation in South Africa hinges greatly on effective coordination between the World Bank and the National Treasury right from the formulation of the CPS. Efficacy in this regard is important in order for the Bank to know what it is that South Africa as a nation needs from the Bank, and also to supply these needs through their comparative advantage. The Bank-South Africa development partnership is therefore driven by demand and supply between both parties, this has taken shape more so since the introduction of the knowledge sharing approach in South Africa.

In his own view as a coordinator in the World Bank-National Treasury relationship, the interviewee highlighted that, through the CAS and CPS era, it has been expected that South Africa would have an opportunity to learn from other country examples through the World Bank’s experience whilst also being connected with international expertise through engagement with the Bank. It has been hoped that these would be valuable lessons that may be adapted to the South African case for development.

Figure 3: The National Treasury’s role vis-à-vis the World Bank and South African Government



Source: Compiled by Author.

5.4 The 1999 Country Assistance Strategy

“In South Africa, the Bank has piloted the idea of working as a knowledge bank. Over the last few years, numerous innovations and enhancements of our expanding knowledge-based activities have been undertaken with a special focus on technical assistance and other non-lending activities”: World Bank - South Africa Country Assistance Strategy (1999: vi)

The quote above captures the essence of the Bank’s new approach to development assistance in South Africa during the 1999 CAS. The foundation of the 1999 CAS was therefore knowledge sharing, and the objectives of the partnership were to be achieved through knowledge-based activities.

5.4.1 Purpose and Objectives

Regarding the purpose of the 1999 Country Assistance Strategy, the document states that:

“The primary objective of the Bank’s assistance to South Africa is to help reduce the apartheid legacy of poverty and inequality” (World Bank 1999: 22).

With this, the 1999 CAS had the following three development objectives:

- Promoting growth and higher employment
- Social and environmental sustainability
- Regional development

5.4.2 Key Outputs

In promoting growth and higher employment the World Bank assisted South Africa through the use of non-lending products which comprised of the following: policy notes, policy work, formal Economic and Sector Work, and technical assistance.

The main ESW for the 1999 CAS was *the sources of growth* study on structural and policy barriers to growth in South Africa. This study aimed to bring to the surface the factors that were responsible for the high unemployment and slow economic growth which South Africa experienced for the entire decade from 1990- 2000 (World Bank 1999: 23.) An on-going research process was undertaken for the *sources of growth* study, which the Bank conducted with South African researchers.

In 2005 a paper was released by the *African Region Working Paper Series* in collaboration with a South African researcher and World Bank consultant, Johannes Fedderke. The paper presented the findings of the study which focused on the sources and constraints of long-term economic growth in South Africa, and also took stock of South Africa's growth experience over a thirty year period, from 1970- 2000. The paper assessed the South African context of three factors that affect sustained economic growth, namely: physical capital, human capital, and institutions (Fedderke 2005: 2). The conclusions of the South African *sources of growth* study are outlined below. While the actual report gives much detail regarding the economic aspects of the findings, the outline provided here discusses the conclusions as they relate to development assistance from the Bank to South Africa in the 1999 CAS context, which is the focus of this section.

Three main conclusions were drawn from the study. Firstly, it was concluded that one of the causes of South Africa's declining economic growth rate was a result of the decline in the rate of investment in fixed capital in the country (Fedderke 2005: 2). Fixed capital in the context of the assessment refers to capital investments into fixed assets, particularly

infrastructural development and green-field investments. The decline in investments in fixed assets was attributed to “uncertainty” in the institutional constraints that are perceived to affect economic performance (Fedderke 2005: 2). In simple terms, the study suggested that there is a lack of confidence in South African institutions to carry out or implement policies and programmes that will boost economic growth, and hence a low confidence in investing in fixed assets in the country.

Secondly, it was concluded that “market distortions” exist in South Africa (Fedderke 2005: 2). What this meant in the context of the *sources of growth* study was that, although South Africa had undergone trade liberalisation in the post-apartheid era, not all sectors and industries of the South African economy were liberalised. According to the *sources of growth* study, this has limited South Africa’s economic growth to some degree. The findings actually highlight that the industries in South Africa which contributed the most to GDP during the 1970 - 2000 time period of the study were the most protected industries. These industries include: finance and insurance, agriculture forestry and fishing, gold and uranium (Fedderke 2005: 17-18).

The third conclusion pointed out that investment in human capital in South Africa is significantly low. This puts a strain on the quality of the labour force. According to the paper, the declining quality of education in South Africa is a further indication of the lack of priority in investment in human capital. The paper highlights: “Even the best parts of the schooling and university systems don’t seem to produce the sort of educational output required for long-term economic growth in sufficient quantity” (Fedderke 2005:2).

The study summarised that the following policy options should be taken note of by the South African government as the country transitioned to the next decade of their democracy: “improving the investment climate and meeting infrastructure needs; maintaining sound monetary and fiscal policies; strengthening institutions and the functioning of labour and output markets” (Fedderke 2005: 31-32). These recommendations, although based on South Africa’s economic situation in 2000, still prove to be fundamental for the South African state today (Bhorat & Kanbur: 2006 & Lundahl & Petersson: 2009).

The *sources of growth* study was therefore a relevant ESW contribution by the World Bank during the 1999 CAS. It was also timely given that South Africa had experienced a declining growth pattern for much of the 1990s. Evaluating the sources and constraints of growth in South Africa provided useful information for the country moving forward. This also provided the World Bank with insight of what the country's development needs would be for the coming years, which would in turn be useful in considering future country partnership strategies with South Africa.

Through technical assistance and capacity building, the World Bank focused on the following areas during the 1999 CAS to promote growth: macro-management and modelling, public sector debt and liquidity management, and public expenditure analysis. Through policy work the Bank facilitated studies on strengthening the business environment for Small and Medium Enterprises (SMEs) as well as for job creation. The Bank's IFC was primarily at the forefront of this (World Bank 1999: 23).

For the other two development objectives of the 1999 CAS - social and environmental sustainability and regional development - much of the Bank's development assistance to South Africa was through technical assistance, capacity building, policy notes, and policy dialogue. In supporting South Africa's efforts at social sustainability through the 1999 CAS, the World Bank proposed a focus on two activity areas. The first of these was continued 'work' on public expenditure management within various government departments (World Bank 1999: 23). The 1999 CAS is not clear about what the proposed 'work' entailed, but states that their support in this area would include "inter-governmental fiscal issues" (World Bank 1999: 23). The Bank targeted this support at improving the capacity of government departments to provide social services and deliver these in the areas most in need of them. It was envisaged that this would contribute, in the long-term, to efforts at reducing poverty (World Bank 1999).

On environmental sustainability, the World Bank's proposals were minimal when compared to the area of promoting growth and employment. The Bank proposed policy dialogue on issues such as urban environmental concerns and coastal zone management (1999: 24). The Bank's Global Carbon Initiative focused on South Africa given its position as one of the highest emitters of greenhouse gasses in the SADC region - a result of the country's large

economy (World Bank 1999: 24). The World Bank's role in regional development focused on enhancing development throughout the SADC region by leveraging on South Africa's position as a key player in the region. Work in this area included support in regional policy making and capacity building efforts in environmental conservation. The Bank also piloted a regional project to support the Southern Africa Power Pool which was a power sharing arrangement among several SADC countries (World Bank 1999: 24). Interventions in regional development are usually managed by the WBI.

From the discussion above, the following World Bank knowledge sharing tools appear to have been most predominant during the 1999 Country Assistance Strategy: policy advice and policy notes, technical assistance, and Economic and Sector Work. In a similar manner to its development engagement in South Africa in the pre- and early post-apartheid years, the Bank's work in South Africa during the 1999 CAS continued to have a policy focus. These were geared mainly to assist South Africa with information that could be useful when drawing up policies and to add to the country's macro-economic knowledge base.

5.4.3 Conclusions on the World Bank's 1999 CAS with South Africa

The 1999 CAS was the Bank's first 'formal' development partnership with South Africa in the post-apartheid era and therefore provided an opportunity for the Bank and South Africa to consider what development options work for the partnership and what interventions would be mutually reinforcing for both partners. Another first was the fact that South Africa was one of the first countries the Bank applied its 'knowledge bank' services in. These dynamics contributed both strengths and weaknesses to the CAS partnership.

The main strength of the 1999 CAS was its ability to identify relevant areas needing support in South Africa (World Bank 2007: 14). The themes covered by the CAS were perceived as "highly relevant" for South Africa's development challenges at the time: unemployment, poverty, and inequality (World Bank 2007: 14). However, while the themes covered through the CAS were extensive and relevant, this posed a challenge for formulating *specific* projects and programmes for all the themes. The 2008 - 2012 Country Partnership Strategy provided a section to highlight the challenges of the 1999 CAS which the current CPS would aim to overcome.

One of the challenges identified was that the 1999 CAS “lacked selectivity” (World Bank 2007: 14). This draws attention to the point already highlighted above: a wide range of assistance areas to cover but inadequate attention to the details of specific project formulation. There was also a lack of attention given to how the programmes and interventions that were needed would be financed and coordinated in order to sustain long-term implementation. The result was that the aims of the 1999 CAS ran wide, but not all thematic areas were coordinated well enough to allow effective implementation. The 1999 country assistance strategy was also considered “too vague” for the same reasons highlighted above (World Bank 2007: 14). The Bank’s Independent Evaluation Group (IEG) has noted that, in fact, World Bank knowledge sharing partnerships have been more successful when the Bank focused on *specific* areas of intervention rather than on broad themes or topics for development (IEG 2013).

Another weakness of the 1999 CAS was the lack of sufficient ‘policy dialogue’ between the Bank and the South African government in the duration of the programme (World Bank 2007: 1). The result of this was a lack of strong ownership on the part of the National Treasury. According to the Bank, the lack of sufficient dialogue at times led to misconceptions of South Africa’s political complexities as they evolved throughout the CAS timeframe (World Bank 2007: 14).

Linked to the above, the 2008 country partnership strategy alluded to the importance of the World Bank’s programmes, projects, and support being closely synched with the Government’s national and macro-economic policies at all times. The 1999 country assistance strategy was introduced at a time when the GEAR policy was in place and the Bank’s interventions were therefore designed to respond to the country’s development objectives and challenges in a GEAR context. It is important to note, however, that the GEAR policy was reaching the end of its implementation phase (Lundahl & Petersson 2007; Hanival & Maia 2008). It is not recorded that this was a weakness in itself, however the Bank notes that: “while responsive knowledge sharing in an environment of rapid reforms is useful, Bank assistance to be effective must be closely aligned with established Government policy as explicitly endorsed by both line ministries and National Treasury” (World Bank 2007: 16).

Maintaining an alignment between development assistance that the Bank offered and South Africa's evolving development challenges and needs, consistent with national policies, was therefore important for the CAS. Bearing in mind South Africa's evolving development landscape during this period, it is worth noting that this may have also posed a challenge for the Bank in preparing specific programmes and projects to address the country's development needs.

Finally, this section must return to the key 'ingredient' for effective World Bank intervention in a country: accurately combing the country's development challenges and demand with the World Bank's comparative advantage. In South Africa, the Bank's comparative advantage is its wealth of development knowledge and hence knowledge sharing as a mode of development engagement. From the data available for the 1999 CAS, it becomes evident that South Africa's development challenges, poverty, inequality, and high unemployment were at least recognised by the Bank. What seemed to be lacking from the 1999 CAS engagement was effective communication between the World Bank and the National Treasury regarding specific requests and demands from the national government and relevant government departments. This was not adequately coordinated, indicating a gap in the World Bank-National Treasury communiqué according to figure 3. This may be attributed to the fact that this was the Bank's first assistance strategy of this nature with South Africa.

The analysis above also points to the importance of coordination in a knowledge sharing partnership, which is quite different from conventional lending which contains terms and conditions from the outset. A knowledge sharing partnership can be more fluid and the challenges are presented in maintaining structure and relevance throughout the partnership as well as in monitoring and measuring the success of such assistance. A conclusion on whether the 1999 CAS challenge of coordination has been overcome can only be reached by examining whether coordination was better handled in the 2008 - 2012 CPS.

According to the World Bank's internal Quality Assurance Group (QAG), the overall 1999 CAS strategy was "unsatisfactory" and "less than the sum of its parts" (World Bank 2007: 15). Within the ranks of the National Treasury, it is agreed that the 1999 CAS was not highly successful and was not "planned or carried out correctly" (National Treasury respondent 1: October 2013).

Despite some of the recorded weaknesses of the 1999 CAS, it was useful in providing policy work and data that generated useful information for policy formulation in South Africa. This has also been identified by the IEG as a strength in the Bank's knowledge sharing work; the ability to produce data which supports policy-making in the client country (IEG 2013: xi). The *sources of growth* study was a relevant Bank output in this regard, even though its results were only made available in 2005.

Moving forward, the Bank and South Africa sought to establish a stronger partnership through the 2008 country partnership strategy. The following section provides an overview of the 2008 - 2012 country partnership strategy.

5.5 The 2008 - 2012 Country Partnership Strategy

“This CPS aims to improve alignment of the World Bank Group’s program[me] with the Government’s development agenda” World Bank - South Africa Country Partnership Strategy (2008- 2012)

This section reviews the 2008 - 2012 country partnership strategy in terms of its objectives. More detail is provided about the urban and rural development pillar since this pillar is part of the main area of inquiry in this study regarding the World Bank and South Africa 2008 - 2012 partnership case study. The outcomes of the strategy are not discussed in this section as they will be included in the following chapter.

5.5.1 Purpose and Objectives

The Bank's development assistance to South Africa for the 2008 - 2012 CPS aimed to correct and overcome the shortcomings of the 1999 development engagement with South Africa. With this, two main areas were focused on in order to improve the new strategy. These included:

- Forging “a *stronger* and more *dynamic partnership*” with the South African government, National Treasury, and key departments (World Bank 2007: vii).

- Ensuring that there would be a stronger sense of *ownership* of the country partnership strategy by the National Treasury, which acts as the Bank's main counterpart in South Africa (World Bank 2007: 16).

The 2008 - 2012 World Bank-South Africa partnership was again based on a knowledge sharing approach and maintained the same overall objective as the 1999 CAS - to reduce poverty and inequality in South Africa (World Bank 2007: 1). However, care was taken to ensure that very specific activities could be carried out on an annual basis for each pillar of the partnership strategy. In the introductory section of the CPS, the Bank proposed a shift from the previous CAS approach of preparing a number of predetermined activities for the entire programme (most of which could not be implemented) to “a more flexible approach in which broad priorities are defined for the entire period and specific activities agreed upon on a yearly basis in a manner consistent with South Africa's planning and budgeting cycle” (World Bank 2007: 1). Government and the World Bank were therefore able to carve out specific areas for engagement and the tools and instruments which would be used to achieve the development partnership goals.

5.5.2 Key Outputs

The country partnership strategy had two pillars and one cross-cutting theme (World Bank 2007: 20):

- Urban and Rural Development (First pillar)
- Regional Development (Second pillar)
- Capacity Building (Cross-cutting theme)

The urban and rural development pillar focused on the following areas for development: *urban and municipal development, land reform and agriculture, environmental concerns, and developing the private sector* in South Africa (World Bank 2007: 21-23). Support on infrastructural development was also a new focus area for this pillar. Through the urban and rural development pillar, the World Bank targeted its assistance towards activities and programmes that would in turn support South Africa's development efforts through the Accelerated and Shared Growth Initiative for South Africa (ASGISA), which was the

economic policy framework for South Africa during this time (World Bank 2007: 21). The Municipal Financial Management Technical Assistance Project (MFMTAP) was one of the main on-going programmes offered by the Bank to assist the country's efforts in municipal financial management. The MFMTAP also supported the National Treasury's implementation of the Municipal Finance Management Act (World Bank 2007: 21). Implementation of the MFMTAP began in 2003 and was concluded in 2008 as the CPS implementation period began.

The urban and rural development pillar also proposed efforts to stimulate private sector development by promoting SMEs and strengthening the performance and competitiveness of such businesses in the South African economy. This activity falls under the Bank's ESW contributions (World Bank 2007: 32).

Land reform interventions were also listed under the urban and rural development pillar. The Bank proposed to support South Africa with "improved operational manuals" for more efficient implementation of land restitution and redistribution (World Bank 2007: 34). The Bank expressed its interest in assisting the country's goal to achieve 30% delivery of land to black farmers. This was, however, not achieved by the end of the CPS period. By 2011, only 7% of farm land had been allocated to black farmers (World Bank 2012b: 5).

The Bank's intervention areas for the environment, still under the urban and rural development pillar, focused on strategies to assist South Africa in dealing with climate change and managing their carbon emissions as a highly industrialised country on the African continent (World Bank 2007: 22). This was similarly a focus area in the previous 1999 CAS. The Bank's Global Environment Facility (GEF) programme made a contribution during the 2008 CPS by funding three GEF projects in South Africa. These were: The Cape Action Plan Project; the Greater Addo Elephant Natural Park, and the Isimangaliso Wetland Park. The projects were geared toward environmental conservation in South Africa, also with a view to creating employment through these projects (World Bank 2012b: 9).

The Bank's assistance to reduce carbon emissions included projects geared toward building new energy generation alternatives in South Africa such as wind and solar energy production, which are less harmful to the environment than coal-fired energy production. As part of this initiative, US\$510 million was included as part of the Eskom loan for increased wind and

solar power generation capacity (World Bank 2012b: 6). The Bank's interventions in infrastructural upgrades in South Africa were largely related to the energy sector and involved infrastructural upgrades in this area.

Under the regional integration pillar, the World Bank had three main areas of support which included: "facilitating South Africa's private and public companies to invest in Africa; building regional communities, starting with the Southern African Development Community (SADC); and sharing knowledge in support of Africa" (World Bank 2007: 24). The 2008 CPS completion report, however, recorded a set of very different objectives for regional integration, and the outcomes listed were consequently also very different and quite unrelated to the objectives stated in the main CPS (World Bank 2007: 24-25 & World Bank 2012b: 7-8). Objectives listed under the regional integration pillar in the CPS completion report were in the areas of improving regional trade and investment in the SADC region, strategies for reducing HIV infections in the region by 50% by the year 2011, and regional environmental conservation (World Bank 2012b: 7). This discrepancy is not clarified within the CPS completion report either.

The cross-cutting pillar of capacity building was concerned with strengthening efforts at public service delivery. This was to be carried out by demand from specific government departments and also involved technical assistance to improve monitoring and evaluation of public service delivery by specific government departments. In the process, the World Bank provided some technical assistance to the Department of Monitoring and Evaluation (World Bank 2012b: 8).

From the outline provided above, the Bank's assistance to South Africa through the 2008 - 2012 CPS continued in a similar manner to the 1999 CAS, in that it proposed a set of interventions under each pillar which were to be delivered through the World Bank's knowledge sharing products such as Economic and Sector Work, capacity building, and technical assistance. Technical assistance featured more prominently here and the approval of the Eskom loan has been viewed as a key milestone for the partnership as this is the largest loan that South Africa has received from the Bank throughout their development association.

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Fallon (1993) suggested that South Africa, at the brink of democracy, was in a good position not to borrow from the Bank and could avoid the economic downturn caused by structural adjustment programmes which most African countries had experienced. He stated that “the Bank is not in a lending position with regard to South Africa at the present time” and that this position would only change if a situation of broad-based support in South Africa arose for continued lending from the World Bank (Fallon 1993: 207). Much in line with this prediction, South Africa has not been dependent upon World Bank lending, and according to a number of accounts, there is consensus within the ranks of government to avoid dependency on foreign borrowing. A table is provided below of the main types of development assistance the World Bank has provided to South Africa from the 1950s to the 2008 country partnership strategy.

Table 3: Chronological History of World Bank’s Assistance to South Africa (1951 - 2008)

	Time frame			
	1950s - 1966	1990s (1991 - 1999)	1999 - 2002 CAS	2008 - 2012
Development assistance offered	<ul style="list-style-type: none"> ➤ Monetary/ Financial Loans 	<ul style="list-style-type: none"> ➤ Policy Advice ➤ Poverty Surveys and data ➤ Capacity Building ➤ Project Lending ➤ Minimal loan activity 	<ul style="list-style-type: none"> ‘Knowledge Based partnership’ ➤ Policy Notes & Policy Dialogue ➤ Formal Economic and Sector Work (ESW) ➤ Technical Assistance (TA) ➤ Minimal Loan Activity 	<ul style="list-style-type: none"> <i>‘Knowledge Based Partnership’</i> ➤ Technical Assistance ➤ Economic and Sector Work ➤ Capacity Building ➤ Eskom Loan

Source: Country Assistance Strategy (CAS) 1999 - 2002 and World Bank South Africa Country Partnership Strategy (CPS) 2008 - 2012, Compiled by Author.

5.6 Structural Power in the World Bank's Relationship with South Africa

The previous sections of this chapter have largely dealt with providing a history of the Bank's development association with South Africa, the projects carried out, and the type of assistance the Bank has provided throughout its relations with South Africa. These have been predominantly knowledge-based, since the post-apartheid era, with a few financial loans and project lending. This section is aimed at providing an analysis of the structural power relations exhibited between the Bank and South Africa based on their development partnership as chronicled in the previous sections.

Susan Strange's notion of structural power acknowledges that, in the international system, power is derived from four sources: finance, knowledge, production, and security (Strange 1994). An agent within the international system (state or non-state actor) is able to wield power or hegemony over others if it possesses more structural power from any of these sources.

As highlighted in the previous chapter, Gramscian accounts of hegemony in the international system have often focused on the power and dominance held by either social groupings or by individual states and economic or political groupings of states (Cohn 2010: 112- 113). Contemporary accounts of hegemony in international relations highlight that the domain of hegemony has broadened in recent times. Hegemony is now also understood in the context of "socio-economic hegemony" as referred to by Joseph (2008). This draws attention to the extension of the neo-liberal, free-market ideology in the world today (Cox 1981; Bieler & Morton 2004; Joseph 2008). Those in the position of socio-economic hegemony act as promoters of this ideology and are able to wield financial power over less powerful states in the international system.

In the World Bank's relationship with South Africa, little can be said of the Bank wielding financial power over South Africa. The Bank acknowledges that South Africa has sizeable revenues and access to finance (World Bank 2007: 16). Martin (2008) similarly notes that: "By contrast to the rest of the continent, South Africa possesses industrial, commercial, infrastructural, and *financial* power" (2008: 125). South Africa is therefore not heavily reliant on the World Bank for financial assistance. As mentioned previously, the largest loan it has

obtained from the Bank in recent years is the ESKOM loan in 2010 valued at US\$3.75 billion (World Bank 2014c).

Bond's (2001) argument suggests that the World Bank was able to influence South Africa's policy-making in the early 1990s, through policy advice specifically. This indicates that the Bank's ideas and knowledge may have been diffused into the South African government in these early years. The adoption of neo-liberal principles for the GEAR policy gives further credence to this. The study, however, bears in mind that the World Bank is not the formulator of the neo-liberal economic ideology, but acknowledges that, as the literature on this subject points toward, the Bank acts as a diffuser and promoter of this economic ideology.

This being said, a conclusion can be drawn that, while the Bank has not been able to wield financial power over South Africa, what is seen instead is knowledge as a form of structural power exercised over South Africa. This, however, has been achieved by consent and consensus, and not through coercion or force. The South African government has come to accept and adopt some neo-liberal principles into the framework of its macro-economic policies; not because it was forced to, but because it began to view these as a necessary practice for development. Influence in this way, is a key characteristic of power through consent versus coercion.

Lundahl & Petersson (2009) provide a brief account of the economic policy process that began in post-apartheid South Africa and how the range of policy options spanned from a "social-redistributive" focus, emphasising growth through redistribution and government spending on the poor (Lundahl & Petersson 2009: 3-4). The final economic policy option eventually took on a 'mixed-market' economy perspective which was codified in the ANC governments *Ready to govern* document (Lundahl & Petersson 2009: 4; ANC 1992). In essence, South Africa's alignment to free market economic policies has been a long time coming. This is explored further in the following chapter, which deals with normative convergence between South Africa's view of development and that of the World Bank.

5.7 Conclusion

This chapter has provided a chronological history of the World Bank's development assistance to South Africa, with a focus on the type of assistance provided while also contextualising the World Bank's relationship with the National Treasury as an intermediary between the Bank and South African Government. The time periods covered include the Bank's earliest engagements with South Africa from 1951 to the early 1990's, which is covered briefly, and the country assistance strategy years 1999 to 2008, more specifically. The pattern of the Bank's development assistance to South Africa has grown from monetary or financial lending, which was provided in the 1950s, to policy advice, ESW, technical assistance, and knowledge work, which have become predominant since the Bank's re-engagement in South Africa in the early 1990s.

The pre-1994 period leading up to the advent of South Africa's democracy and the post 1994 period was characterised by capacity building and policy work in areas such as housing, water pricing, urban infrastructure finance, and intergovernmental fiscal relations. A number of surveys were carried out by the Bank in collaboration with the South African government during this time which were useful in informing policy in South Africa and improving the government's understanding of living standards, poverty, and inequality in post-apartheid South Africa. Two important surveys were the 1996 South Africa Participatory Poverty Assessment (SA-PPA) and the 1993 Household Survey.

The knowledge sharing dimension of the Bank's engagement with South Africa was formally introduced in 1999 with the Bank's Country Assistance Strategy. The 1999 strategy was concerned with promoting growth and higher employment in South Africa, social and environmental sustainability, as well as regional development. The 2008 strategy focused on three pillars which were urban and rural development, regional integration, and capacity building. These 1999 and 2008 strategies coincided with South Africa's implementation of the GEAR and ASGISA frameworks respectively, and aimed at supporting these national frameworks for development.

An examination of the key outputs of the 1999 CAS led to the conclusion that it was not highly successful as an assistance strategy due to lack of effective coordination between the

Bank and the National Treasury - its main counterpart in South Africa. There was also a perceived lack of ownership by the National Treasury, according to the World Bank. Both parties agreed that the implementation of the CAS was flawed, lacking attention to the details of specific programmes and projects that could have made the CAS objectives attainable. Regarding the 2008 - 2012 CPS, the key outputs were presented in this chapter. However, conclusions on the success of selected areas in the CPS have been reserved for analysis in the next chapter.

What has been important for this chapter is to bring to the fore the main development assistance methods used by the Bank in its engagements with South Africa. This finds expression through knowledge sharing with the various products described throughout this chapter. In concluding this chapter, it must be highlighted that the nature of the Bank's development partnership with South Africa over the years has both positive and negative features. Some of the positive features include the Bank's use of knowledge sharing instruments such as ESW and policy studies, which eventually culminate in tangible reports, documents or surveys that are able to provide 'documented' knowledge or data that can be referred to for policy-making purposes. The strength of such knowledge instruments is that they can be preserved for long periods of time and be used as a reference for information concerning the poverty situation in South Africa, unemployment or the performance of certain sectors or industries. The SA-PPA has been a good example of such information. Other examples include the Investment Climate Assessment, the Industrial Competitiveness and Job Creation Project, and the Municipal Financial Management Technical Assistance Project. This study suggests that knowledge sharing interventions such as these may have a longer-term impact than workshops presented on the same topic, for example, thus making them more effective as knowledge sharing tools.

Activities such as the SA-PPA, where evidence of country ownership was recorded, have been successful and well received by the South African government. Country ownership is a positive feature when achieved in the Bank's relations with South Africa and should be strived for. The Bank itself has acknowledged that higher rates of success in country partnership strategies are achieved when there is a sufficient level of ownership by the receiving governments. However, while the precise impact of knowledge services on poverty reduction or development in South Africa cannot be easily measured, it is evident that they

are able to have an impact either on policy or within the spheres of government, which in turn enhances the country's ability to reach the end goal of development.

Some of the negative features, or more appropriately, challenges, of the Bank's assistance to South Africa through knowledge sharing include the difficulty in attaining efficient coordination in a knowledge partnership. Without this, knowledge sharing efforts can appear fluid and incoherent. More so, there is a challenge in measuring the precise impact of knowledge sharing as a form of development assistance. However, this study suggests that, although impact cannot be measured in quantifiable terms, it is worth assessing impact in terms of *knowledge contribution* to South Africa, measured through the production of documented research which answers pertinent questions the government may have regarding the incidence of poverty, unemployment, and inequality in South Africa. Impact can also be assessed through projects which deliver the objectives sought by the government and through the presence or lack of normative convergence between the Bank and South Africa. This is dealt with in the chapter which follows.

Critical theory considers prevailing historical structures as they are and whether there is a possibility for transformation in the prevailing structures. This is examined at the international level. This chapter takes note of this paradigm at the level of the Bank's interaction with South Africa. Considering the pattern of the relationship since the post-apartheid era, the study suggests that this pattern is likely to remain as it is given South Africa's economic stance and prospects for continued economic stability in the future.

In mapping the Bank's realm of influence or 'power' in South Africa, this chapter analysed the condition according to Susan Strange's four sources of structural power in the international political economy: knowledge, finance, production, and security. Reference to a new form of hegemony, namely "socio-economic hegemony" was also included. It was understood that the Bank wields its influence in South Africa mainly through the knowledge structure by providing knowledge, ideas, and expertise on development that South Africa may not readily have access to. This is done through consent and consensus.

Chapter 6

EVALUATION OF NORMATIVE CONVERGENCE ON DEVELOPMENT IDEALS BETWEEN THE WORLD BANK AND SOUTH AFRICA: 2008 - 2012 CPS

6.1 Introduction

Following the previous chapter which examined the World Bank - South Africa development partnership in a historical context, this chapter will assess the presence or lack of 'normative convergence' on development ideals between the World Bank and South Africa. This chapter aims to answer the question of whether the World Bank's development knowledge offered to South Africa, through its 2008 CPS and generally throughout its development engagement with South Africa, is normatively convergent with South Africa's ideology or conception of development. Based on evidence from interviews conducted with World Bank officials during October 2013, as well as the scholarly literature available on both the Bank and South Africa's approach to development, this chapter will ascertain whether the development ideology of the Bank and South Africa coincide.

The link between this area of enquiry and one of the broader objectives of this research, which is to analyse the efficacy of the Bank's development partnership with South Africa through knowledge sharing, is based on the assumption that, in order for development assistance to be effective, there has to be a level of shared ideals regarding what is important in the given development context and how development should be pursued. This is deemed to be an important factor which can contribute to the success or failure of development assistance or a development partnership.

Finally, this chapter will also provide an assessment of selected outcomes of the 2008 - 2012 CPS. To this end, the chapter probes the coherence of the World Bank's assistance to South Africa, with the country's Accelerated and Shared Growth Initiative - South Africa (ASGISA), which was the development framework in place during the period of the Bank's 2008 - 2012 partnership strategy.

As a matter of principle, the World Bank draws up a CPS in accordance with a country's development strategy and goals. A normative convergence on development ideals is therefore important regarding the outputs of the 2008 - 2012 CPS and the ASGISA framework. This chapter aims to analyse normative convergence within the 2008 - 2012 CPS in this way.

A note on the analytic approach in this chapter

The concept of 'normative convergence' has not necessarily been entrenched in IR discourse or even in IPE. The concept has only recently begun to feature sporadically within existing IR literature. This concept has been employed in this study for the purpose of exploring an aspect of development assistance, deemed to be important from the viewpoint of this research. This aspect pertains to whether a recipient and a donor³² share unified beliefs and ideas about how development can best be achieved. This chapter provides such an analysis through a case study approach of the World Bank and South Africa's development assistance.

The analysis attempts to convey whether there is a 'normative convergence' or 'divergence' on development ideals between the World Bank and South Africa. With this, attention will be given to the 2008 CPS and other relevant time periods throughout their partnership in order to draw tight comparisons, analysis, and conclusions. Overall, the main analytical framework of this study, critical theory, will be applied to analysis in this chapter as well.

Also important, is the need for a specific approach to how a 'normative convergence' on development can be ascertained between the World Bank and South Africa. How will it be determined that South Africa and the World Bank do or do not share the same beliefs, ideas, and values about how development should be pursued? This chapter uses a simple method. As a starting point, existing literature argues that neo-liberalism is at the core of the World Bank's development approach and also at the core of South Africa's macro-economic policy, the economic policy means through which South Africa pursues development. The approach for assessment and comparison adopted here will therefore consist of the following:

³² While in general development discourse development assistance takes place between a *donor* and *recipient*, this study understands the case of the World Bank and South Africa as taking place between a donor (World Bank) and a *client* (South Africa).

1. The basic tenets of neo-liberalism will be provided and a comparison will be made between these and the features of South Africa's macro-economic strategy with specific examples. The same will be applied to the World Bank. Given that a discourse analysis of the Bank's development knowledge has been carried out in chapter three, highlighting the case of a neo-liberal economic and development discourse in the Bank, the conclusions provided in that chapter will be drawn upon for analysis in this chapter as well.
2. Political factors, such as leadership, which influence the development approach of the World Bank and South Africa, will be included in the analysis. In line with critical theory, the analysis makes provision for the notion that the production of knowledge, and economic or development policy in this case, is laden with socio-political factors and influences.

By adopting the assessments above, a conclusion will be drawn regarding whether or not there is a normative convergence on development ideals between the World Bank and South Africa. Bearing in mind one of the preoccupations of critical theory - to understand the history and origin of prevailing systems in the world today - this chapter will integrate historical references into the on-going analysis.

6.2 The Premise of 'Normative Convergence'

This section aims to shed more light on the concept of 'normative convergence' as it is adopted in this research. Firstly, the significance of an analysis of normative convergence on development ideals between the World Bank and South Africa is explained. Following this, the theoretical foundations of the term will be explained in further detail.

Significance to the research

In order to explain the importance of normative convergence for this research, the study draws on the contributions of two World Bank interview respondents which were insightful and highly relevant. The rationale of normative convergence is quite simple. One of the respondents pointed out that "everyone wants development; it is common to all" (World

Bank Respondent 1: October 2013). However, the contentious aspect is *how* to go about development and which aspects of development should be prioritised over others, bearing in mind that development can encompass human, social, and economic development. Another World Bank respondent suggested that a development partnership cannot be successful if there is no agreement about what needs to be achieved (*development goals*) and how it will be achieved (*development method or process*) (World Bank respondent 2: November 2013).

In the international arena today, national governments increasingly partner with international organisations such as the World Bank, IMF, and the UN in order to pursue their countries' development goals. Development is hardly pursued in isolation. This study proposes that normative convergence on how development partners perceive development is important for successful partnerships. In the case of South Africa and the World Bank, a normative convergence on development ideals is necessary for the partnership especially because it is a knowledge sharing partnership. This is different from loans, which come with a set of conditions that must be adhered to before development assistance can even begin. Knowledge sharing requires more understanding between the partners, since nothing can be forced or imposed on the receiving country.

Successful implementation therefore depends on whether or not both partners share similar ideas about how to pursue development. In practice this would allow the World Bank to respond to the government's requests with relevant interventions which are likely to be accepted and implemented by government, because the interventions embody a development ideology similar to those held by the government. Without some degree of normative convergence it is unlikely that development assistance offered by the Bank to South Africa through knowledge sharing would be successfully implemented.

In order to tie this justification together, the words of the second World Bank respondent are very useful:

“Knowledge is only valuable to the extent that it leads to action...success in normative convergence would not be if it looks like the World Bank designed it, but if it is effective for South Africa and makes a perfect fit to its development plans and sufficiently aids in the achievement of those development plans” (World Bank respondent 2: November 2013).

Theoretical foundations of normative convergence

The term ‘normative convergence’ is found selectively in international relations discourse and only a few scholarly references have made use of the term (Schusser & Kocher 2004; Meyer: 2005; Kerr & Zu: 2014). Theoretical foundations of normative convergence have been found in constructivist and realist perspectives of international relations with a focus on international norms, values or ethics, and ideas. Constructivist and realist perspectives of normative convergence culminate in a preoccupation with the study of whether homogenous or heterogeneous norms, values, and ideas related to international issues like development, globalisation, and human rights are held by various actors in the international system (Schusser & Kocher 2004: 3- 10). The term normative convergence is also closely linked with other concepts such as norm diffusion, normative separation, and normative divergence (Crawford 2002: 40-41; Schusser & Kocher 2004: 2; Kerr & Zu 2014: 92).

Explaining the importance of norm diffusion, Schusser & Kocher (2004) highlight that norms or principles “flow outward from a core of normative consensus to a periphery that over time comes to *accept* and *endorse* norms” (Schusser & Kocher 2004: 2). Regarding the World Bank, Finnemore (1997: 219) notes that the Bank has risen to the fore as “an arbiter of development norms and development meanings”. It can therefore be understood that the diffusion of norms and ideas on a given concept or phenomenon in the international arena can lead to entities sharing the same beliefs and ideas about the concept or phenomenon, which in turn leads to normative convergence.

Consequently, some scholars are of the opinion that normative convergence on certain issues is possible. Theoretically, this stance is supported by constructivists who adopt the ‘conventional’ constructivism approach to the study of norms in the international arena (Finnemore & Sikkink 2005: 403; Jackson & Sorenson 2007: 167). Adherents of this approach believe that normative convergence on issues such as human rights, democracy, and multilateralism is important, and suggest that shared beliefs on these topics will increasingly be seen in the future. Schusser & Kocher (2004: 4) argue that conventional constructivists celebrate normative convergence “insofar as it contributes to peace, prosperity, and justice in the world”. Conventional constructivists are also said to study normative issues in other areas of global politics such as security, where normative convergence is not a given, in a ‘non-critical’ manner (Barkin 2003: 334). Scholars who have been categorised as conventional

constructivists include Alexander Wendt, Ted Hopf, and Martha Finnemore (Jackson & Sorenson 2007: 167). These scholars are much in contrast to ‘critical’ constructivists, which include the likes of Andrew Linklater, David Campbell, James Der Derian and Jim George (Jackson & Soreson 2007: 167).

Offering a different interpretation altogether, realists disagree on the possibility of normative convergence in the international system and take a stance toward the reality of normative divergence that exists in real-life examples, most notably on issues of security and security governance (Kerr & Zu 2014; Schusser & Kocher 2004).

Ideological approach to normative convergence

While norms, ideas, and values have been studied through theoretical approaches such as constructivism, realism and liberalism, an ideological approach to the study of norms and values also exists.

Norms, values, and ideas have been widely accepted into international relations discourse through the study of ideologies. Recalling the definition in chapter one, ideology consists of the “ideas, beliefs, opinions and values” held by groups, class structures, and even institutions, which eventually become the prevailing ideas of a particular era (Freeden 2003: 32). Such ideas and values eventually become the ideological framework through which groups or individuals view the world, events, politics, and even economic practices.

An important note on the study of ideologies is that ideological positions are in fact highly politicised in that they are a representation of the ideas, values and principles of the ‘ruling’ actors in a given setting (Eagleton 1994: 23; Marx & Engles 1994: 24). Such ‘rule’ takes the form of intellectual, political and economic leadership or domination. In this way, the production of ideas, values, norms and consequently knowledge, is linked to the power held by those who possess influence over intellectual, economic or political resources within a given community or system. Ultimately, this power over ideas is wielded to inform the ideas and values that become accepted as ‘best’, ‘right’, and the prevailing worldview of the day.

This study undertakes the analysis of a normative convergence in development ideals between the World Bank and South Africa from an ideological approach to normative convergence. Analysing normative convergence from an ideological viewpoint will therefore focus on the convergence or divergence of ideological perspectives on development with regards to the World Bank's development partnership with South Africa. An answer will therefore be sought for the following question: do the ideas and values that underpin South Africa's development ideology converge with the World Bank's development ideology?

The analysis of normative convergence in this research takes off from the perspective which has been highlighted above. This analysis considers the fact that development within the ranks of the South African government and in the World Bank, is viewed through a certain lens which consists of ideas, values, and norms which stem from an ideological perspective of development, even though this is not always stated explicitly. In the World Bank, these ideas and values influence the Bank's development knowledge. In South Africa, such ideas and values influence macro-economic principles for development. It is these inherent ideas and beliefs that embody South Africa and the World Bank's development ideology, and where these converge, that the term normative convergence aims to capture for the purposes of this research. This research supports a proposition that there is a convergence in the ideals of development held by the World Bank and South Africa.

The following section discusses neo-liberalism, which is perceived to be South Africa's development ideology and, similarly, the ideology of development knowledge in the World Bank. It is necessary that the principles of a neo-liberal ideology in development are clearly stated and compared with South Africa's development outlook and the World Bank's development knowledge. The following sections will tackle this exercise.

6.3 Normative Convergence on Development Ideals between the World Bank and South Africa: Definition of Concepts and Economic Policy

This section aims to carve out the main features of the neo-liberal paradigm and consequently compare these to South Africa's development approach. The economic policy orientation of South Africa will also be discussed in this section, bearing in mind that economic policy is a means through which development is pursued. The ideological orientation of South African

economic policy can serve as an indication of the development ideology pursued by the country.

6.3.1 The Neo-liberal Paradigm of Development

Development is not merely an outcome, but a process which is worked towards through various means (Willis 2005; Stiglitz 2000). It is widely recognised in development literature that there are different theoretical approaches to development. Theory provides a framework through which global phenomena can be understood. As such, development is a phenomenon which can also be understood through various frameworks. This study is concerned with the neo-liberal framework for development which is suggested to inform the development approach employed by both the World Bank and South Africa.

It is worth mentioning at this point that neo-liberalism is therefore not a *type* of development but rather a framework through which development can and has been understood and approached through in the global economy since the 1980s (Willis 2005: 28). Following this clarification, one can then refer to a ‘neo-liberal paradigm’ of development, a neo-liberal approach to development or a neo-liberal ideology of development.

The principles of the neo-liberal paradigm of development are closely related to the Washington Consensus, which is a set of economic policy prescriptions introduced in the 1980s as a response to the global economic crisis of the 1970s and 1980s. The term ‘Washington Consensus’, was first coined in 1989 by a British economist, John Williamson. He proposed that the economic policy packages disbursed by the Bretton Woods Institutions to African countries could be summed up in ten policy prescriptions which he assembled to form the Washington Consensus (Williamson 1990 & Williamson 2004: 2). The ten economic policy prescriptions have later been referred to as the ‘Ten Commandments’ of the Washington Consensus, or the ‘Rules for Good Behaviour’ in economic policy in some formulations (Buirra 2004: 45 & Rodrick 2007: 17).

The Washington Consensus embodied the traits of neoliberalism or neo-liberal economics and advocated the roll back of the state in market interventions. It was perceived that markets should operate through market forces and the ‘invisible hand’, as is stated in Keynesian

economics. A theme becomes clear at this juncture: the association of neoliberalism, the Washington Consensus, and a neo-liberal paradigm or approach to development economics and development in general.

The features of neo-liberalism, consistent with the Washington consensus, are as follows:

- Fiscal discipline
- Trade liberalisation
- Openness to foreign direct investment
- Privatisation
- Reorientation of public expenditures
- Tax reforms
- Interest rates liberalisation
- Unified and competitive exchange rates
- Deregulation
- Secure property rights

(Rodrick 2007: 17)

Following a neoliberal approach to economic growth and development requires a state to adopt most of the policy prescriptions highlighted above.

A ‘Post-Washington Consensus’ (PWC) has since been introduced and represents not so much a break from the original Washington Consensus, but rather new additions to the list that have been acknowledged for including the role of the state in the market (Baylis *et al.* 2011; Stiglitz 1998). Particular focus is on the role of institutions and governments in *guiding* and *ensuring* the efficiency of markets. This is, however, not synonymous with state regulation or control of the markets. Specific elements of the PWC include “targeted poverty reduction, corporate governance, anticorruption measures, labour market flexibility, compliance with WTO disciplines, observance of international financial codes and principles, judicious capital account opening, non-intermediate exchange rate regimes, social safety nets, and independent central banks/inflation targeting” (Rodrick 2007: 17).

Bayliss *et al.* (2011: 9) summarise the Post-Washington Consensus succinctly:

‘In this light then, the shift from Washington Consensus to PWC corresponds more broadly to a transition from one phase of neo-liberalism - where the sole emphasis was on extending the role of markets - to another, where the state is called upon to abet the original projects as the manifold contradictions it generated erupted’.

This section has provided an explanation of the relevant concepts (neoliberalism, the Washington Consensus and the neo-liberal paradigm of development) which are essential in the analysis which will follow. Normative convergence in the development ideas, beliefs or approach of the World Bank and South Africa will be measured alongside their consistency with neoliberalism as a paradigm of development. Close adherence to the Washington Consensus principles in the development approach of both the Bank and South Africa will be examined. The following section starts out with a focus on South Africa.

6.3.2 Development Focus on South Africa: Economic Policy orientation

The aim of this section is to gain a better understanding of the way development is approached in South Africa and whether the country follows the neo-liberal paradigm of development. The starting point of this case study postulates that the answer to this question is in the affirmative. However, through a review of the available literature on South Africa’s economic policy orientation since the post-apartheid era and debates surrounding a neo-liberal approach to the country’s macro-economic policy, a sound conclusion can be reached.

6.3.2.1 Background

The 1994 post-apartheid era birthed a South African state that was filled with the euphoria of liberation gained, a non-discriminatory society, and bright prospects that lay ahead for the country. Pertinent issues of state, societal and economic restructuring still lay ahead for South Africa, nonetheless. This now lay in the hands of the newly elected government, made up of a tripartite alliance comprising the African National Congress (ANC), the Congress of South African Trade Unions (COSATU), and the South African Communist Party (SACP) (ANC: 2014; Pons-Vignon & Segatti 2013a: 507).

Whether the economic future of South Africa would remain in the hands of the tripartite alliance, in practical terms, is a story best told by the state's evolving economic policy landscape, which has been influenced by competing interests and ideological orientations. As will be shown through the analysis, the economic ideology of the tripartite alliance was quickly diluted by rival views and sects within government and the business community. The changing international arena also played a role. As such, the prevailing ideological approach to economic policy and development in South Africa today is the result of ideological, political and economic resource competition among the above mentioned groups (Agupisi 2011; Pons-Vignon & Segatti 2013 a). Power dynamics among these groups has determined the prevalent approach to both economic policy and development in South Africa.

Policies aimed at promoting development across the South African state, and especially among the disadvantaged and formally segregated black population, was a top priority for the ANC government led by former president Nelson Mandela. The national development policy focus during the 1990 - 1994 period soon became poverty reduction through redistributive policies (ANC 1994; Agupisi 2011).

Economic policy often takes on a particular orientation; one that is influenced by a number of factors, including ideological beliefs. Agupisi (2011: 33) states that "in the policy-making process, actors' values, beliefs and culture shape their perception and ideology, which are subsequently transferred into the bargaining and decision-making process". South Africa has been no exception to this practice, and Pons-Vignon & Segatti (2013b) have pointed out that "transition societies" are particularly interesting cases in this regard. The ideology behind South Africa's current economic and development strategies can be traced to the transition period into democracy, from as early as 1980, when rival views of economic policy were in competition with each other (Habib & Padayachee 2000). The contending views of the transition period can be grouped in two broad categories: the socialist ideology axis, and the neo-liberal ideology axis (Agupisi 2011: 34). These are examined in more detail below.

6.3.2.2 Ideological Orientations to Economic Policy and Development in South Africa's Transition Period

Without underplaying their economic ideological stance, the ANC was a strong proponent of socialist-oriented policies and upheld the notion that development and the economic orientation of the state should be in line with social democratic principles, allowing the involvement of the state in markets and in economic regulation (McKinley 1997: xi; Pons-Vignon & Segatti 2013b: 542). Accordingly, the ANC formed the socialist ideology axis.

The party was strongly of the belief that this was the way to rebuild the South African society and economy; the state would have to be involved to ensure equitable redistribution of wealth to the poor (Nattrass 1994: 344). This outlook was strongly emphasised through the RDP principles (ANC 1994: 4-7). The RDP had a national focus. International aspirations of being able to reintegrate into the global economy and foster regional development in Southern Africa were actually among the last economic goals listed under the RDP's visions and objectives of "Building the Economy" (ANC 1994: 80). Agupisi (2011: 34) points out that even the party's 1955 Freedom Charter "supported a socialist ideology". With key headings within the charter that read "The People Shall Govern", "The People Shall Share in the Country's Wealth", and "There Shall be Work and Security", the socialist outlook of the ANC was quite glaring (Mthembu 2013).

The party was strongly in support of nationalisation of the mines and monopoly industries. Nelson Mandela's first speech upon his release from prison stressed the nationalisation impetus further (Nattrass 2014: 64; Green 2008: 345- 346). Nattrass (1994: 344) quotes Mandela in the speech given on the day of his release from prison in 1990:

'The nationalisation of the mines, banks, and monopoly industry is the policy of the ANC and a change or modification of our views in this regard is inconceivable'.

With this, the main imperative for nationalisation was to generate financial resources for the state which would then be redistributed to those previously disadvantaged from apartheid. Nationalisation in the transition context was viewed as a substitute for generating capital that

could otherwise be generated through the market (Nattrass 1994: 345). A government sect that was strongly ‘for’ a social democratic approach to development and economic policy was thus exemplified by the incoming ANC government in 1994.

Those belonging to the Neo-liberal ideological axis included the then apartheid government, academic elites, and the predominantly white South African business community (Lundhal & Petersson 2009: 4-6). However, even within the white apartheid government, different sects were in place from the 1980s after the global economic crisis. A distinction was made between the Afrikaner “big business” elites and the Afrikaner “conservatives” (Habib and Padayachee 2000: 247). The first group was quick to advocate for market liberalisation and socio-economic reform within South Africa, understanding that the future of South Africa’s economic growth and integration into the global economy rested, in large part, on the country’s political *and* economic freedom. A particular motivation for this group was also the fact that the longevity and growth of their businesses depended on market liberalisation in South Africa. This group also welcomed the idea of a liberal political system more readily than the latter (Habib and Padayachee 2000: 247; Davies et al 1985: 30-31³³).

Internal discrepancies within the Neo-liberal ideological axis were therefore evident during this time. This soon became the case within the ANC as well (Nattrass 1994: 333- 334). Two orientations towards economic policy were recognisable in the ANC, each with divergent backgrounds. The socialist orientation was maintained by individuals that had fought actively in the liberation struggle. This included the likes of the late Nelson Mandela, Max Sisulu, and Vella Pillay (Smith 2008: 123). These individuals believed that neo-liberal forms of economic organisation should be avoided by all means. According to Smith (2008: 123), their commitment to this view lay in the fact that they had witnessed the failed attempts of SAPs during their time spent in exile in other African states like Zambia and Zimbabwe, and the ravaging effects this had on their economies. The second group, on the other hand, constituted the likes of Thabo Mbeki, Trevor Manuel, and Alec Erwin - ANC officials who had been exposed to the West. They had acquired education overseas, such as was the case with Thabo Mbeki, for example, and liaised with international co-operations such as Anglo

³³ See: Davies et al (1985), *The Struggle for South Africa* for an in-depth review of the contending economic policy debates in South Africa’s apartheid struggle.

American and Goldman Sachs. As a result, these individuals were more open to the idea of neo-liberal economics and the free-market orientation of the West (Agupisi 2011:36).

Throughout the transition period, the economic approach followed by the ANC was referred to as “Growth *through* redistribution”, while that of its opposition was labelled “Growth *with* redistribution” (Habib & Padayachee 2000: 247). However, as the ideological debates on South Africa’s economic policy outlook intensified and the ANC’s socialist approach proved unsuccessful through the RDP, the party was pressured to revise their economic policy orientation.

Some reasons for the neglect of the socialist and state-interventionist approach of the ANC included the failed attempt at implementation of the RDP for one; the strong influence of leaders such as Thabo Mbeki and Trevor Manuel, who were in support of a neo-liberal economy in South Africa; and the power of the business community whose interests were promoted internally, within South Africa, and externally, given that they had sufficient financial resources to do this (Pons-Vignon & Segatti: 2013b, Gumede: 2008). Finally, the major motivation for a general neglect of any form of socialism within the ranks of the ANC is explained by some analysts as the result of the collapse of the Soviet Union (Habib & Padayachee 2000: 253). This raised awareness within the international arena that socialism and state regulation of markets could not be relied upon in isolation.

The failure of the socialist Soviet Union prompted the rise of the ‘free-market’ ideology or neo-liberalism throughout the international arena. Habib & Padayachee (2000: 253) describe that this phenomenon was “one of the principal ideological resources available to actors advocating a neo-liberal economic program[me]” in South Africa. It then becomes clear that an understanding of South Africa’s shift toward a neo-liberal economic orientation also needs to be considered against the backdrop of events that were taking place in the international arena. To this end, economic globalisation and the neo-liberal economic orientation of the IFIs from the 1980s served as a source of legitimacy for South African proponents of the neo-liberal ideological axis (Habib & Padayachee 2000: 254). An external, international perspective of economic development and growth was only truly exemplified from the period of the GEAR macro-economic policy in 1996. Adoption of the GEAR policy was

spearheaded by the likes of Trevor Manuel, the South African finance minister at the time, and was a result of the long-time influence of former president Thabo Mbeki.

Several authors provide an analysis of Thabo Mbeki's influence over the economic policy orientation of the ANC and the ways in which he contributed to the party's regularisation towards a neo-liberal outlook on economic development (Gevisser: 2007; Gumede: 2008; Segatti & Pons-Vignon 2013b). According to Segatti & Pons-Vignon (2013b: 542- 543), Mbeki wielded this influence in a number of ways. One of these was his efforts at directing the party's internal agenda on macro-economic policy towards a neo-liberal outlook with an international focus. Mbeki's term within the ANC's Division of International Affairs afforded him the opportunity to network with international businesses and companies such as Goldman Sachs and Anglo American, which in turn facilitated his exposure to neo-liberalism and the free market economy as a form of economic organisation (Segatti & Pons-Vignon 2013b: 542). Secondly, Mbeki was efficient in grooming "new recruits" of neo-liberal economics to 'key' positions of the ANC (Segatti & Pons-Vignon 2013b: 542). The appointment of "right-wing" ANC comrades such as Alec Erwin to the Department of Trade and Industry, and Trevor Manuel to the Department of Finance, are recorded as evidence of this (Segatti & Pons-Vignon 2013b: 542).

Finally Segatti and Pons-Vignon (2013b: 543) state that "[Mbeki] had strong views about the indigeneity of the models to be followed and the necessity to maintain South Africa's sovereignty". In their view, it is important to note, and rightly so, that although Mbeki was 'pro' market liberalisation and for the idea of adopting neo-liberal ideals in the South African context, it was imperative that this would be done by South Africans who understood South Africa's economic position and realities, as well as South Africa's history.

With the influence of leadership, ideological competition, and the nature of the global economy, the ANC's, and hence South Africa's economic policy outlook has been conveniently altered since 1994 when the RDP was abandoned. The prevailing argument within the scholarly literature is that the shift has taken place from a predominantly socialist orientation to a neo-liberal orientation towards economic policy and development. Some analysts have even described that South Africa presents a case of "neo-liberal deepening" (Segatti & Pons-Vignon 2013a: 509). This phenomenon is recognised as one that has been a

long time coming; one which the South African government was not forced into but has had to adapt to given the changing global economic environment.

The account of how leadership has been one of the key factors in shaping South Africa's economic and development strategies from a socialist to neo-liberal approach is similar to what the World Bank has experienced in times past. Leaders such as Robert McNamara advocated a human and social development approach to development, in contrast to leaders like Robert Zoellick who are known to have privileged an economic growth paradigm for development within the Bank.

This section has provided a comprehensive overview of the economic policy orientations of South Africa during the transition period and the transition toward a neo-liberal economic policy outlook by the ANC. The importance of this has been to provide a foundation for the subsequent analysis regarding the principles and ideology of development followed by South Africa. The following section aims to further the evidence that points toward a neo-liberal outlook on economic policy and hence on development, adopted by South Africa's ruling party.

6.4 Normative Convergence on Development Ideals between the World Bank and South Africa: Analysis

This section begins the analysis of whether or not normative convergence on development ideals exists between the World Bank and South Africa. The GEAR policy is used as a reference on economic policy within this section because it is regarded as the first economic policy to mark a significant change in South Africa's macro-economic policy and set the tone for subsequent economic and development strategies in South Africa.

6.4.1 South Africa's Development Ideals and the Neo-liberal Paradigm of Development

The following subsections will compare the coherence of South Africa's development ideals, through its economic policy, with the neo-liberal paradigm of development. An emphasis is

placed on economic policy because it is presupposed that South Africa pursues development largely through an ‘orthodox’ macro-economic approach. This premise will be substantiated in the subsequent analysis. Ultimately, the comparison will be tied back to whether South Africa and the World Bank share the same ideas, principles, and ideology of development.

In the words of Segatti & Pons-Vignon (2013a: 509), “there is plenty of evidence suggesting that post-apartheid South Africa has been restructured along neo-liberal lines”. However, the authors and Natrass (2014) both agree that, even though the above statement holds true, this is not to say that South Africa has followed every single policy prescription that is in line with the Washington Consensus or neo-liberalism. Rather, the authors affirm that South Africa has its own unique make up of neo-liberal economic organisation or its own “variety of capitalism”, according to Natrass (2014: 56). This notion is adequately summed up by Segatti & Pons-Vignon (2013a: 509):

‘Arguing that South Africa represents a deepening form of neo-liberalism does not imply that all of its characteristics must be deduced from an initial blueprint, on the contrary what is interesting is to analyse the particular form, contradictions and adaptations of neo-liberalism in South Africa’.

In line with this understanding, it is important to bear in mind that the traits of neo-liberalism most specific to South Africa are the ones that will be focused on in the analysis of South Africa’s ideology or conceptualisation of development. For this purpose, this chapter identifies the following as the main neo-liberal traits in the context of the South African economy: fiscal discipline, trade liberalisation, privatisation, re-orientation of public expenditures, and financialisation. These specific traits, except for financialisation, have been gleaned from the GEAR strategy as shown in the following section.

6.4.2 Principles of Economic Policy as an Indicator South Africa’s Development Ideology

One main indicator that can provide an indication of South Africa’s development ideals or ideology is *policy*. As discussed in the previous sections, the economic policy-making

landscape during South Africa's transition to democracy was the arena in which the ideological orientation of the state's economic policy was set.

The GEAR policy marked the most significant change in South Africa's conceptualisation of development and economic growth. It was a macro-economic policy based on what many agreed were neo-liberal principles (Davids *et al.* 2005: 45; Bond 2001; Lundahl & Petersson 2009: 6). SANGOCO, quoted in Davids *et al.* (2005: 44) remarked that, through GEAR, the government pursued "a profit-led strategy to economic growth combined with a trickle-down approach to wealth redistribution". The GEAR strategy was largely aimed at liberalising the South African economy and promoting its competitiveness in international markets. With this, new targets for trade liberalisation, new tariff rates, privatisation, and reduced exchange rate controls were introduced through the strategy (Department of Finance 1996). GEAR was rolled out as a four-year strategy that would span from 1996 to 2000 and was strongly influenced by then Minister of Finance, Trevor Manuel (Streak 2004: 271; Hirsch 2005).

The GEAR policy targeted the growth of the South African export market and exports of South African products other than gold, which had been South Africa's main export commodity for much of the apartheid era until 1971 when the 'gold standard' was cancelled (Hirsch 2005: 20-21). Increasing exports in manufacturing goods were one of the main targets for export growth. Regarding trade and tariffs (the tax or duty fees placed on certain goods, imports or exports), GEAR proposed fewer restrictions for trade with lower tariffs on South African goods (Hirsch 2005: 99). The GEAR strategy committed to phasing down trade tariffs by one-third over a five-year period (Department of Finance 1996: 12). Investment was heavily emphasised through GEAR, with a focus mainly on increasing the investment rate in the country's private sector as well as in infrastructural development.

Budget reforms were also heavily proposed through GEAR. This was aimed at creating an impactful redistribution of government expenditure on health, education, housing, welfare, and other services (Department of Finance 1996: 8). Policy prescriptions for exchange rate control were also introduced and this was marked by government's "[commitment] to phasing out controls in a prudent manner" (Department of Finance 1996: 11). This approach was deemed necessary for economic growth, bearing in mind the limitations served through controlling a country's exchange rate, which includes reduced incentives for foreign direct

investment into the country and “distortion of the price mechanism” (Department of Finance 1996: 11).

Meanwhile, the push for economic growth through GEAR was shown by the targets to increase the annual economic growth rate by 6% and employment by 400 000 jobs a year by the new millennium (Lundahl & Petersson 2009: 6). Creating employment, scaling up privatisation, and the introduction of “tighter fiscal policies” were also among the key objectives of the GEAR strategy (Department of Finance 1996: 8).

Before progressing further, it is worth noting that it becomes clear from the above that certain policy options were prioritised to foster the economic growth, employment, and redistribution referred to in GEAR. These are presented in table 4 with the Washington Consensus equivalent of each in the opposite column. Although the goal of all South African’s having access to basic needs still remained as the foundation of GEAR, this was not to be achieved simply by basic needs programmes. Instead, this was to be pursued by strengthening the economy so that national revenues would be increased, jobs created, and the government’s expenditure well-managed, which in turn would ensure the basic needs of all being met. A strong push for economic growth and international competitiveness of the South African economy therefore characterised the development landscape of South Africa during the GEAR period. Table 4 below, displays the similarity of selected GEAR strategy prescriptions, which were highlighted in the discussion above, with the neo-liberal principles of the Washington Consensus highlighted in section 6.3.1.

Table 4: Selected GEAR Policy Prescriptions and their Washington Consensus Equivalent

GEAR Policy Prescription	Washington Consensus Policy Prescription
Fewer trade restrictions	<i>Trade liberalisation, deregulation</i>
New tariff lines (lower tariffs on SA goods)	<i>Trade liberalisation, deregulation</i>
Promoting exports of SA goods	<i>Trade liberalisation</i>
Advocating increased investment in private sector and infrastructure	<i>Foreign Direct Investment</i>
Budget reforms	<i>Reorientation of public expenditures</i>
Dismantling of exchange rate controls	<i>Unified & competitive exchange rate</i>
Introducing tighter fiscal policies	<i>Fiscal discipline</i>

Source: Department of Finance (1996); Rodrick (2007: 17), Compiled by author

An examination of the principles listed above points to the reality that the GEAR strategy adopted at least half of the Washington Consensus principles for economic growth and development. Although privatisation and financialisation are not listed above, these too are features of the economic and development strategy pursued in South Africa even today. An acceptance of neo-liberal principles as part of the macro-economic foundations of the South African economy was therefore exemplified through the GEAR policy.

The principles highlighted above are also in line with what the World Bank deems necessary for economic development and development in general, and will be further elaborated in the following section. Before then, this section continues with the provision of evidence pointing toward South Africa's development ideology. Trade openness and financialisation in particular, have increasingly been identified as key features of the South African economy, and are discussed in the sub-sections below.

6.4.2.1 Financialisation

Financialisation has been defined in various ways. Epstein (2005: 3) aptly points out that, at the time of publication of his book, *Financialisation and the World Economy*, research on the phenomenon of financialisation was relatively new and had not gained as much recognition as neo-liberalism and globalisation, despite its close affinity with the two. Epstein defines financialisation as “the increasing role of financial motives, financial markets, financial actors, and financial institutions in the operation of the domestic and international economies” (Epstein 2005: 3). For Isaacs (2014), financialisation “refers not only to the growth and proliferation of financial institutions, actors and products, but also to the increased centrality of financial markets in all aspects of social, economic and political life and the manner in which the interests of financial markets have been imposed”. In essence, financialisation encompasses the growing trend of capital accumulation through the growth of the financial sector and financial markets.

Also related is the term ‘capital accumulation’. According to Bond’s (2000: 12) conceptualisation, capital accumulation is the process of investing in capital that will produce wealth which eventually reproduces itself, leading to a build-up of more wealth and capital. In South Africa, the minerals energy complex (MEC) is said to be the engine of capital accumulation, and this has been further reinforced by financialisation (Segatti & Pons-Vignon 2013a: 507). Mohamed (2012) explains that the South African economy has undergone significant financialisation since the end of apartheid, and that the country’s large mining and finance companies have “embraced a process of global financialisation and the global corporate restructuring that came with it”. With a focus on the MEC, the South African economy is said to be reliant upon mining, gold, coal generation industries, and the energy sector. Due to financialisation, the finance sector is also heavily relied upon (Isaacs: 2014).

The South African economic arena was set to accommodate greater financialisation with the economic liberalisation objectives that were introduced through GEAR, such as: reducing restrictions and barriers to international trade, reducing domestic regulations to start-up businesses, and relaxing the volatility of the South African Rand. The finance sector has since grown to be one of the largest and most important sectors in South Africa, along with real

estate and business services (STATS SA: 2014). The share of both the finance sector and business services in the South African economy has risen from 17% in 1993 to 24% in 2012. Meanwhile, the manufacturing sector, which at the dawn of democracy was the most lucrative industry in South Africa and a source of major employment, decreased its share in the economy from 19% - 17% between 1993 and 2012 (STATS SA: 2014). The main challenge created by the finance sector is its heavy reliance on technology and IT processes, which makes it a less of a labour-absorbing industry, compared to agriculture or manufacturing. It is argued that this has not helped South Africa's challenge of unemployment, but has instead complicated the unemployment dilemma (Isaacs 2014; Segatti & Pons-Vignon 2013a: 507).

6.4.2.2 Trade Liberalisation

Trade liberalisation is an important component for countries following a neo-liberal approach to development. In South Africa, trade policy since the introduction of the GEAR programme has been directed toward opening up the South African market to international markets and fostering greater exchange in goods and services between the country and other global markets. The process of trade reform generally dates back to as early as the 1980s (Cassim *et al.* 2004: 1).

According to the Heritage Foundation, South Africa has a trade freedom score of 76.3 which is slightly above the world average of 74.6. The country's financial freedom score is 60.0 while its investment freedom is 45.0. These scores all inform the overall score for the South Africa's 'open markets' freedom. Cassim *et al.* (2004: 1) identify that the rationale for trade liberalisation is that reduced protection over certain products, which have a comparative advantage, enables exports of these products while eliminating the "anti-export bias". Between 1996 - 2004 South Africa's tariffs across 28 sectors were reduced from 6.8% to 4.9% (Cassim *et al.* 2004: 12-13). The combined efforts of trade liberalisation and sound macro-economic policies in South Africa were intended to spur increased exports and growth in GDP, while also creating employment and FDI (Draper & Alves 2009: 1). However, this has not really been materialised and the effects of trade liberalisation in South Africa have incited differing viewpoints.

Some analysts argue that the reduction of tariffs has been applied mostly in the textiles, clothing, light industry, and footwear industries. These industries receive the least protection and are, in turn, faced with competition from imported goods. This subsequently strains the country's unemployment challenge as job creation through these sectors is significantly reduced (Draper & Alves 2009: 2). On the other hand, the goal of attracting FDI has not been achieved to the extent desired; this is a result of the relatively low investment freedom of 45.0 in the country (Heritage Foundation 2014).

6.5 Principles and Conceptualisation of Development as an Indicator of the World Bank's Development Ideology

Just as the principles that underpin South Africa's economic policy have much to say about the development ideology followed by the government, the principles of development which are privileged by the World Bank say something about the Bank's development ideology. This section provides an overview of the principles of development and conceptualisation of development held by the World Bank.

An important ethical consideration must be pointed out. The evidence provided here draws substantially from the interviews carried out with World Bank officials during 2013. These insights have been included here, on the basis that they offer a unique contribution to this study, rather than relying on scholarly views solely to speak to this aspect of the research. In addition, these insights have been provided by officials who work first-hand with the World Bank. As such, their insights have been considered valuable given that such information is not necessarily available in the public domain. Lastly, it must be emphasised that these views are held by the officials in their official capacity as experts in their field. The World Bank's latest development strategy document, which was analysed in chapter four, is also drawn upon to shed insight on the principles that inform the Bank's conceptualisation of development.

Principles of development privileged in the World Bank

Speaking on what principles the World Bank privileges for social and economic development, a World Bank respondent stated that "the fundamentals of macro-economic

stability are important for economic growth in a country” (World Bank Respondent 1: October 2013). The respondent explained further that the choice of which area of development, economic or social, should be prioritised in a country would be the prerogative of the national government. A second World Bank respondent described that the principles the Bank privileges for social and economic development should be understood through the view that “the Bank is less a social development institution than it is an economic development institution” (World Bank respondent 2: November 2013). The respondent further explained that, in his view, social development is equally important for the Bank, but not “more” important than economic development (World Bank respondent 2: November 2013). The rationale behind this statement is made clear later in this section. Recall from chapter 2 that the World Bank’s comparative advantage, vis-à-vis other development institutions, stems from the fact that it is primarily a financial lending institution. As such, it holds principles of financial and macro-economic stability in high esteem.

The current conceptualisation of development in the World Bank is based on a principle called ‘*Shared prosperity*’ (World Bank 2013i). Two goals are highlighted as the pinnacle of the World Bank’s new strategy centred around shared prosperity: achieving income growth and increased welfare among the poorest 40% of every country’s population, and reduce the proportion of people living below the poverty line of \$1.25 a day to as little as 3% globally by 2030 (World Bank 2013i: 7).

As noted in chapter four, the following statement by the Bank adequately captures the view that development must ultimately stem from a rise in economic growth, even if it is to address the social welfare needs of the poorest segments of the population.

‘Shared prosperity understood in this way is not an agenda of redistributing an economic pie of a fixed size. Rather it means expanding the size of the pie continuously and sharing it in such a way that the welfare of those at the lower end of the income distribution rises as quickly as possible. It also requires that progress is sustainable over time and across generations, in terms of the environment, social inclusion and fiscal prudence’ (World Bank 2013i: 21).

Chapter four also highlighted that the World Bank's conceptualisation of development can be summed up in the following way: The income levels of the poor should be increased through the economic growth of a nation and the equitable distribution of income. This should also be a sustainable process in order to curb the rise of inequality which is argued to undermine development (see Berg et al. 2012). With this, the Bank is concerned with facilitating raised income levels of the poorest and not just basic needs being met without sustained income. As discussed in chapter four as well, the World Bank privileges the neo-liberal paradigm for the achievement of development and economic growth. Based on these insights, some conclusions can be drawn.

The World Bank's principles and ideas of development are similar to the principles and ideas that South Africa privileges for development in two main ways.

- The first of these is that macro-economic principles are fundamental to both the World Bank and to South Africa. The foundations of macro-economics are privileged as a vital part of the development process. The evidence presented in this chapter and throughout this dissertation reveals that South Africa and the World Bank both pursue and promote (in the case of the World Bank) macro-economic principles that are in line with a neo-liberal paradigm of development. This includes policy prescriptions such as open markets, trade liberalisation, and privatisation of state owned enterprises, which are consistent with the Washington Consensus.
- Secondly, the literature provided in this chapter reveals that in terms of policy references and goals, development *through* economic growth is highly esteemed by the World Bank and South Africa. Economic growth provides more of a development incentive for both the World Bank and South Africa, and arguably is seen as the engine that will spur social development as well. In South Africa, this is seen through the rise of financialisation, which has become a major component of the economy with a strong reliance on finance and wealth creation. This is also seen through the country's measures for trade liberalisation. In South Africa, the preference of economic development as a driver of development in general has been referred to by a number of authors, as cited in this chapter. This incentive is also seen in the Bank's new development outlook and through

the inherent components of shared prosperity which were discussed in the preceding sections.

This section has addressed the presence of normative convergence on development ideals between the World Bank and South Africa in terms of the principles underlying South Africa's macro-economic policy and the principles underlying the Bank's conceptualisation of development. The qualitative data and evidence provided in this section point to an affirmation of normative convergence in this regard. The following section will now address the issue of normative convergence within the 2008 - 2012 CPS and the ASGISA initiative.

6.6 Normative Convergence on Development Ideals between the World Bank and South Africa: 2008 - 2012 CPS and ASGISA Analysis

The World Bank's support to South Africa through the 2008 - 2012 CPS coincided with the country's implementation of the ASGISA programme. This was the development plan in place which the Bank could support through its activities and support to South Africa during. The ASGISA was formulated in 2006 at a time when the Government's main agenda was to halve the incidence of poverty and unemployment from 2006 to 2014 (ASGISA Background Document 2006: 1). This called for a reduction in unemployment from 30% to 15% and the share of the population living in poverty from one-third to one-sixth of the population (Lundahl & Petersson 2009: 19).

A list of binding constraints which posed a challenge to South Africa's economy was provided in the ASGISA Background Document. These binding constraints were identified as *specific* to South Africa: "each country faces specific challenges in its attempts to move from mediocre to successful" (ASGISA Background Document 1996: 2). The binding constraints to the South African economy were identified as follows: a volatile currency; the cost, efficiency, and capacity of the country's logistics system which is affected by infrastructural deficiencies; a shortage of skilled, professional labour; market barriers to entry for businesses, limits to competition and slow growth in terms of investment opportunities; a strict regulatory environment which is disadvantageous to small and medium businesses; and,

lastly, a lack of state capacity and fragile organisations and (their) leadership (The Presidency RoSA³⁴ 2006: 5-6).

In response to these binding constraints, the ASGISA programme initiatives were divided up into six main categories to deal with the challenges of the South African economy. These categories were: “macro-economic issues; infrastructure development programmes; sector investment strategies; skills and education initiatives; second economy interventions; and public administration issues” (The Presidency RoSA 2006: 6).

Examining the relevance of the World Bank’s assistance at this time with South Africa’s development landscape and needs, the Bank delivered knowledge products through their three pillars of support to South Africa. These included: urban and rural development, regional integration and capacity building (World Bank 2007: 20). Within the Urban and Rural development pillar- the focus areas were urban and municipal development, land reform and agriculture, private sector development, infrastructural development, and climate interventions (World Bank 2007: 21). A number of the development assistance areas offered by the World Bank to South Africa through the 2008 - 2012 CPS addressed development issues that were focal points of the ASGISA initiative as well. The discussion below highlights these particular development interventions and their coherence with the ASGISA objectives.

Infrastructure development

Infrastructural development was presented as one of the key programmes under the ASGISA, and also formed a key component of the World Bank’s support to South Africa under the urban and rural development pillar, with the Bank’s assistance being offered in this area for the first time through the 2008 - 2012 CPS (World Bank 2007: 23). The ASGISA strategy approached infrastructural development from a public sector perspective, with most of the development efforts being directed towards the public sector. This was carried through with the revision of part of the public expenditure budget, which reallocated funds for the building of roads, water infrastructure and supplies upgrades, energy distribution and public service

³⁴ Republic of South Africa.

infrastructure such as schools, housing, clinics, youth centres, and business centres. Government service centres such as courts, correctional facilities, and police stations received priority for infrastructural upgrades as well (The Presidency RoSA 2006: 6-8).

The World Bank similarly recognised South Africa's need for infrastructural development during the ASGISA period and offered this as one of the areas of assistance under the urban and rural development pillar (World Bank 2007: 23). The Bank, however, approached their infrastructural development assistance by focusing mainly on the provision of energy infrastructure upgrades which took expression through the Eskom loan worth US\$3.75 billion (World Bank 2012b: 4). In line with this, the infrastructural development outcomes which were highlighted in the CPS completion report were indicative of progress made within the Eskom infrastructural upgrades. The Bank also provided an assessment of the energy sector in South Africa as well as a study on competition and regulation in the energy, telecommunications, and transportation sectors (World Bank 2012b: 4).

It appears then that the Bank's development assistance in the area of infrastructure was relevant and identified with South Africa's needs in the context of ASGISA (World Bank 2007: 23). However, alignment with specific development focus areas which were important for ASGISA - infrastructure development in the public sector especially - could have found better expression on the part of the World Bank's assistance in this area.

Public and private sector economy interventions

Still under the urban and rural development pillar, the World Bank's private sector development interventions through the 2008 - 2012 CPS coincided with ASGISA's goals for bridging the divide between the first and second economies. The ASGISA initiative aimed to do this through promoting the performance of small and medium enterprises (The Presidency RoSA 2006: 11). A number of interventions were proposed for this, such as providing and improving the options for SMME's access to finance, reviewing procurement and regulatory policy options, whilst also creating opportunities for small businesses to contribute services or products as part of the preparations for the 2010 World Cup (The Presidency RoSA 2006: 11).

Similarly, the Bank's private sector development intervention addressed the informal sector or second economy and included plans to improve the performance of small-medium scale businesses (World Bank 2012b: 3). The 2008 CPS completion report explains that the World Bank's private sector development support to South Africa included three main areas of work: "the business environment and economic diversification, which focused on SMMEs; financial sector stability; and skills and technology development" (World Bank 2012b: 3). With this, the Bank focused on the expansion of SMMEs in the South African economy and their ability to create employment. Their 2008 - 2012 strategy for South Africa also recognised the issue of barriers to entry for small and medium sized businesses, and proposed a review of regulatory polices to address this challenge (World Bank 2007: 33). Most of the Bank's assistance in this area was purely Analytical and Advisory Activities or Services (World Bank 2012b: 3). The Bank's IFC was very present in the private sector development support and partnered with Business Partners Limited South Africa, collaborating with them to provide a toolkit training package for SMMEs. The IFC also rolled out a "Business Edge Package" providing seminars on SMME management (World Bank 2012b: 4).

In the ways described above, the Bank's assistance to South Africa through private sector development was therefore commensurate with South Africa's development needs as exemplified through ASGISA. The purpose of this analysis has been to determine whether there was consistency between the development assistance provided by the World Bank to South Africa through technical assistance and the country's development goals as stated through the ASGISA initiative. The discussion reveals that there was a level of coherence and consistency in the development assistance offered by the Bank to South Africa within the 2008 - 2012 CPS, with a focus on the urban and rural development pillar. The evidence provided has been arrived at with some limitations at hand. These are described below.

The discussion above has been limited to infrastructure development and public and private sector development given that there are some discrepancies between the actual 2008 - 2012 CPS and the CPS completion report. The CPS completion report gives a record of the outcomes and programmes actually delivered by the Bank at the end of the partnership period. A number of objectives that were listed in the CPS under the three pillars, particularly the urban and rural development pillar, were not pursued in reality. Different objectives were pursued instead and recorded as outcomes in the CPS completion report. For this reason, the

analysis of normative convergence in this section has been carried out with the above limitations at hand. Only interventions that were proposed *and* delivered by the Bank have been used as a measure of coherence with the ASGISA development priorities.

In sum, the brief analysis does point towards a convergence in strategies and programmes that South Africa prioritised through ASGISA and those that the World Bank offered. Infrastructure development featured as an important development challenge which ASGISA aimed to address in order to eliminate the backlog in public infrastructure, which ultimately affects productivity, efficiency, and economic growth. The World Bank contributed to infrastructure as well, but this was in relation to energy infrastructure and the Eskom loan. The Bank's interventions in the private and public sector showed cohesion with the ASGISA objective to bridge the gap between the first and second economies. While improving the business environment of SMMEs was a priority through ASGISA, the Bank also showed commitment through the 2008 - 2012 CPS in supporting the operation of SMMEs in South Africa and promoting such businesses as a means for employment creation in South Africa.

6.7 Conclusion

The purpose of this chapter has been to determine normative convergence on development ideology, values and ideals between the World Bank and South Africa. A justification for the premise of normative convergence between the World Bank and South Africa was provided, and the use of the ideological approach to understanding normative convergence was opted for in this chapter.

The place of economic policy in understanding South Africa's ideological orientation towards development was an integral part of the analysis. In the case of South Africa, the principles of economic development policy followed by the government are in line with neo-liberal principles of macro-economic policy, signifying a neo-liberal orientation to economic policy and development strategy. South Africa has undergone an evolution in economic policy orientation over the years, with a socialist orientation in the pre-apartheid era and a more neo-liberal orientation since 1996 when the GEAR strategy was formally implemented. Normative convergence was analysed in two ways within this chapter and in both instances

qualitative evidence was used to ascertain normative convergence or divergence on development ideals between the Bank and South Africa.

The first way in which normative convergence was analysed was in terms of the principles underlying South Africa's economic policy in the post-apartheid era, and the principles underlying the World Bank's current conceptualisation of development, which was gleaned from interview data and the Bank's latest goals and strategy document: *End extreme poverty and promote shared prosperity*. The GEAR strategy was used as the policy reference as this was taken to be the first major macro-economic policy in South Africa with a neo-liberal orientation. From the discussions and evidence provided, the conclusion reached was that South Africa and the World Bank do share similar ideals and values on development and how best it can be achieved.

The World Bank privileges the importance of macro-economic fundamentals for sound economic development and development in general. Through its new strategy document, the Bank acknowledges that its goals consist mainly of 'monetary indicators', although a strong focus on the other dimensions of welfare will always be pursued by the Bank. The new goals and strategy of the World Bank also expand on the Bank's conceptualisation of the development process highlighting the fact that the goal is to continuously increase the size of the 'economic pie' in order for the income levels of the poor to rise.

The economic pie alludes to economic growth and the wealth created through growth. Similarly, South Africa, represented by the ruling party at any time, also privileges macro-economic fundamentals for development and growth, with a mix of state intervention and free market processes. This has not always been the case in South Africa. It was explained in this chapter that, previously, the South African government had prioritised state intervention and redistributive policies to foster development after the apartheid era. With the adoption of GEAR, South Africa pursued a strong macro-economic and market-oriented approach to growth and development.

The evidence provided in this chapter revealed that South Africa and the World Bank respectively adopt and promote a neo-liberal ideology of development. In South Africa this was assessed in terms of the GEAR strategy, which was found to take on a number of neo-

liberal principles, including trade liberalisation, stringent fiscal policy, budget reforms, and openness to FDI. Within the World Bank, this is seen through the scholarly literature that points towards a likeminded approach, the academic orientation of its staff, as noted in previous chapters, and historically with the promotion of Structural Adjustment Programmes.

The second way normative convergence was analysed in this chapter was through the coherence of the development assistance provided through the 2008 - 2012 CPS and the AGSISA initiative, which was the development strategy in place in South Africa during the CPS implementation. The purpose of the analysis was to determine whether there was consistency between the development assistance provided by the World Bank to South Africa, through technical assistance, and the country's development goals as stated through the ASGISA initiative. A normative convergence on the development needs, which were deemed important as provided by the World Bank and aimed for through ASGISA, was affirmed through the analysis. This chapter therefore concludes that there is normative convergence of development ideology, values and ideals between the World Bank and South Africa.

Chapter 7

CONCLUSION AND SUMMARY: THE WORLD BANK'S DEVELOPMENT KNOWLEDGE AND PARTNERSHIP WITH SOUTH AFRICA 2008 - 2012

7.1 Introduction

Mehta (2001: 191) states that “*knowledge has a ‘situated’ character, meaning that it is shaped by prevailing cultures and practices, making it largely socially constructed*”. Another quote in chapter two highlighted the unique strength that accrues from having structural power and hegemony over others in the international arena, with structural power being the power to “*shape and determine the structures of the global political economy within which other states, their political institutions, their economic enterprises, and (not least) their social scientists and other professional people have to operate*” (Strange 1994: 24). In addition, Robert Cox’s reflections on the role which international organisations play as enablers of systems of hegemony and promoters of ideology in the international political economy, was shared in chapter two. Cox remarked that international organisations: “*perform an ideological role...they function as the process through which the institutions of hegemony [in the world] and its ideology are developed*” (Cox & Sinclair 1996: 138).

These quotations capture the overarching elements which this research has been concerned with. This research came together in two parts: an analysis of the nature of the World Bank’s development knowledge, and a case study example of the Bank’s development assistance to South Africa through knowledge sharing during the 2008 - 2012 CPS. Thus, the dissertation examined the World Bank’s development knowledge broadly for a start, in the context of the international arena and the global knowledge structure, and then concentrated on a specific country case study in order to display the practice of development knowledge sharing as a form of the World Bank’s development assistance.

The previous chapters have attempted to answer the research questions of this study as they relate to the two parts of the research: what is the nature of the World Bank’s development knowledge in terms of the ideology it espouses?; what are the transmission mechanisms through which certain interests shape the Bank’s development knowledge and some do not?;

and finally, is there normative convergence or divergence on development ideals between the World Bank and South Africa?

This chapter summarises the main research findings as they relate to the questions above. The chapter proceeds with the summative findings of each chapter, a note on the contributions of the study, recommendations for future research, and lastly the limitations encountered in the research.

7.2 Summary of the Research Findings

In chapter one, the study highlighted the broad theme of this research: development knowledge in the World Bank. This chapter explained how this research would come together in two parts, as stated in the introduction of this chapter. The chapter also provided a justification of the main area of enquiry for this study; examining where the World Bank's thinking on development comes from. This enquiry was concerned with who influences the production of knowledge in the World Bank, and how the wider structures of power in the global political economy affect the outcomes of knowledge production in the World Bank. A growing amount of studies have begun to focus on where the Bank's thinking on development issues comes from. Studies in this area have focused on specific issues such as where the Bank's policy norms originate from, and how the Bank's nutrition policy was influenced by economic ideology and political factors.

This study focused on studying the ideological foundations of development knowledge in the World Bank as this is the main 'product' of the knowledge bank. At the core of this enquiry was an attempt to understand how the Bank thinks of or conceptualises development. Development knowledge in this study referred to the pool of information, policy advice, and understanding on development issues that the World Bank possesses and generates. This is inclusive of research outputs produced for development purposes. Given that this study used a lot of terminology, such as 'development knowledge', 'knowledge', and 'normative convergence' in very context specific terms, these concepts were elaborated on from the outset in order to avoid ambiguity throughout the dissertation.

An important discussion point for the introductory chapter was the methodology to be used for the research; this was briefly introduced in this chapter. A qualitative approach was adopted for the study and included the use of discourse analysis and semi-structured interviews. Discourse analysis was used a heuristic tool in order to further explore the discourse of development knowledge in the World Bank. This is based on the premise that, within IR scholarship, there is a significant relationship between language, knowledge, and power in the international system. This preoccupation is captured by postmodern and critical theory accounts of international relations.

Interviews were conducted with relevant officials at the South African National Treasury and the World Bank country office in South Africa in order to gain expert views on the Bank's partnership with South Africa during the 2008 - 2012 CPS. It was considered that this would be a valuable input, enabling the research to offer not only scholarly views on the case study of the research, but insight from experts who have worked closely in the World Bank - South Africa partnership. Moreover, this would aid in filling the gap regarding obtaining information that the 2008 - 2012 CPS document itself does not speak to. This study also relied on the use of scholarly literature, journal articles, and the insights of prominent analysts who have written extensively on the knowledge-producing role of the World Bank. Much of the analysis in this study has also relied on deductive reasoning.

In chapter two, the dissertation was dedicated to three exercises. The first was providing an overview of voting and representation in the World Bank, as this would set the scene for understanding the power dynamics that operate in the Bank. Secondly, the chapter reviewed the relevant literature on the subject of the World Bank, with specific focus on the discourse of development knowledge production in the World Bank. The third exercise defined and explained the meaning of concepts which are integral for the study, such as development, poverty, and poverty reduction.

This chapter provided an overview of development research undertaken by the World Bank. A number of scholars have written on this topic and a distinctive theme emerged quite clearly from the reviewed literature: the World Bank's research is bent towards an economic approach to development, which substantially impacts the nature of its development knowledge. Chapter two showed that economics is promoted as a core discipline in the Bank.

It frames the Bank's methodologies and approach to development. Arguably, even social and human dimensions of development are often pursued within economic prescriptions as given by the Bank.

Within the knowledge bank debate, it was suggested that the persistence of economic and neo-liberal tenets in the Bank are recognised through two main features. Firstly, this stems from the intellectual culture of the World Bank. The Bank's intellectual culture is characterised by features of a one-dimensional staff base within its Development Research Group - the knowledge producing arm of the World Bank. As noted by a number of authors who were cited in this chapter, most World Bank researchers are schooled in economics disciplines. An examination of the DEC's webpage reveals that, out of the extensive pool of researchers, only two have PhDs in social science disciplines.

Secondly, the Bank's ideological position of an economic and neo-liberal outlook to development was attributed to its close affiliation with developed countries such as the USA, who have significant shareholding power within the Bank. With this comes decision-making power. In addition, positions of authority in the Bank are usually held by US nationals; the Presidency and the position of Chief Economist being key references here. This chapter highlighted these power dynamics within the World Bank. However, the task of further unpacking the USA's influence over the Bank was analysed in chapter four, which focused more exclusively on knowledge and power configurations as they play out in the Bank and in the global political economy more broadly. This chapter's contribution to the dissertation was really to lay a foundation of these knowledge and power relations and how they emerge; it was to form the starting point for further analysis in subsequent chapters.

In chapter three, the theoretical and methodological framework for analysis in the study was carved out. The theoretical framework for analysis in this study has been critical theory, or, more specifically, critical international theory - an extension of the critical theory school to the international level. The main arguments of critical theory include the notion that the production of knowledge is never value free or objective. Instead, the production of knowledge is laden with social, political, and ideological factors that shape knowledge to serve "someone" or "some purpose".

The theoretical IPE perspectives of scholars like Susan Strange and Robert Cox were employed in the on-going analysis. Discourse analysis was used as a methodological exercise to better understand the ideology that underpins the World Bank's development knowledge, and, accordingly, the discourse analysis method was unpacked further in this chapter. Issues of methodological reliability, text selection, and clarification of terms as they relate to discourse analysis were dealt with in chapter three.

In chapter four, the dissertation was dedicated to studying the discourse of development knowledge in the Bank more narrowly. This was achieved by focusing on the development research group within the Bank's DEC and its knowledge products, as well as on the *production* of knowledge within the World Bank. Regarding the latter, the chapter focused on the power structures which facilitate the production of development knowledge in the Bank and more importantly, with who or which groups does this power lie? Not least, the chapter also carried out a discourse analysis on the Bank's most recent document for its poverty reduction goals: *The World Bank Group Goals: End Extreme Poverty and Promote Shared Prosperity*. This chapter was intended to answer the first research question and the sub-question posed with it:

1. What constitutes the nature of the World Bank's research in terms of the ideology that informs its knowledge for development, and
2. What are the transmission mechanisms through which certain interests and ideas shape the Bank's knowledge and some do not?

The Bank has a comparative advantage as a producer of development knowledge that stems from the following: its financial capabilities, the uniqueness of its research agenda, and the exposure which its development knowledge receives as a public good. Chapter four provided evidence of the Bank's financial budget dedicated to research and knowledge production. In 2013, the budget was in excess of US \$700 million for core knowledge products alone. This chapter argued that finance as a source of structural power is possibly the most significant form of power the Bank possesses and which makes its production of development knowledge exclusive.

There are internal and external levers of power that configure the mechanisms through which certain interests and ideas influence the production of development knowledge in the World

Bank. While a number of assessments focus on the power and hegemony relationships that give power to the interests of certain *state* actors over the Bank's development knowledge, not many focus on the power that the World Bank commands on its own to maintain a status quo in development knowledge production. The significance of financial power as it relates to the above has also not been explored in depth. Gilbert *et al.* (2004) allude to this, but not from the perspective of power that accrues from the finance structure. This chapter therefore analysed the internal levers of power involved in the Bank's production of development knowledge in terms of finance as a source of financial power, and the power and authority that accrue from being an intellectual/ thought leader. The external levers of power focused mainly on the USA's influencing role over the Bank.

As highlighted in chapter four, the production of knowledge is costly and, as such, is usually created in industrialised societies and in centres of power. The World Bank commands a lot of financial power in the global economy, even more than some national governments. It was also argued in this chapter that the Bank's research budget far exceeds the research budget available to states and even the top global think tanks. These factors, in addition to the Bank's function as a development institution, creates an enduring hegemony over the production of development knowledge for the Bank and those in possession of financial power.

Unless developing countries are able to compete financially with the Bank and with other financial hegemony in the global economy, it is unlikely that these relations will change. According to critical theory's recognition of change and transformation in current structures within the world order, change is far off if one is to look at the comparative positions of developed and developing countries in the global financial structure. The result is the possibility of 'good-practice' development principles continually being shaped by Western minds, while the poorest of the poor remain at the receiving end of such knowledge which shapes their livelihoods the most.

Furthermore, the chapter examined the rise of what Robert Cox (2004) terms the "USA Empire". It was found that the influence of the USA over the Bank's ideas is not necessarily a representation of a power position the USA has *over* the Bank. Rather, the ideological orientations of the USA and the Bank, concerning development, are already in sync. The

Bank has taken shape over the years within a Western backdrop, and as such its world view is much the same as other western countries, especially the USA.

The discourse analysis revealed that, currently, the World Bank does not explicitly promote a neo-liberal ideology of development, although the subtleties, such as prioritising economic growth, for example, still appear vividly in text that was analysed. This chapter argued that this does not signify a discontinuation of the neo-liberal discourse of development within the Bank. Taking historical examples into account, along with the literature presented in chapter two, the neo-liberal bias towards development still holds strong in the World Bank. The chapter proposed that, instead, what has taken place is an advancement of the neoliberal paradigm to development, which most developing states have now taken on. There is no longer a need for the Bank to transfer these principles explicitly, as was the case in the structural adjustment years. In essence, this chapter revealed that the dynamics of the finance structure, the Bank's intellectual leadership, and the strong alignment of views held with the USA are all factors that limit the entry points for other actors to influence the ideas and ideology that surrounds development knowledge in the World Bank.

In chapter five the focus of the dissertation moved to the case study analysis. This chapter chronicled the World Bank's development assistance to South Africa from the post-apartheid period to 2008, when the 2008 - 2012 CPS was implemented. The purpose of this was to give a historical overview of the World Bank's relationship with South Africa so that, in the subsequent chapter, normative convergence or divergence could be understood in the broader context of this relationship. The interview data made a contribution to this chapter by highlighting the formulation process of a Country Partnership Strategy, with emphasis on South Africa and the 2008 - 2012 CPS. The unique relationship between the Bank and the National Treasury as the intermediary in the CPS process was also explained with the professional insights gathered through the interviews.

Knowledge sharing as a form of World Bank development assistance was formally provided to South Africa in 1999, with the first Country Assistance Strategy. The 2008 - 2012 CPS focused on two main pillars: urban and rural development and regional integration. Capacity building was a cross-cutting pillar. The key objectives and outputs of the two partnership

strategies were examined in this chapter. However, further analysis of selected outcomes of the 2008 - 2012 CPS was reserved for chapter six.

From the outset, this chapter acknowledged that the levels of interaction in the global knowledge structure can be divided into two levels. These two levels also apply to the interactions of power relating to the World Bank's development knowledge. One level involves the landscape of power that allows certain states, non- state actors, and internal or external factors to influence the production of development knowledge in the World Bank. The second level of interaction concerns how the Bank is able to exercise its supremacy as a producer of development knowledge by diffusing its knowledge and ideas to other actors in the global arena. This level of interaction was the focus area in chapter five. With this, the following characteristics of the Bank's relationship with South Africa were concluded in this chapter.

- The World Bank has not been in a strong lending position in South Africa since their partnership re-emerged in the early 1990s. In fact, South Africa has chosen to avoid a lending relationship with the Bank. The only major lending activity in recent times has been the ESKOM loan which was disbursed during the 2008 CPS period as part of the Bank's interventions for environmental sustainability. Further analysis concluded that the Bank has not been able to wield its financial power over South Africa through lending because South Africa is a fairly stable African state with access to funding other than that which the Bank offers. What the bank has been able to exercise is soft power over policy decisions in South Africa, with key reference points being South Africa's Land Reform policy and the GEAR strategy, as was highlighted in the chapter. The World Bank is still able to wield a certain degree of influence over the South African government and this largely stems from the Bank's authority as a thought leader in the global economy.
- The main knowledge sharing products that the Bank has used in South Africa are: Economic and Sector Work (ESW), Technical Assistance (TA), Capacity building, Policy notes, and Policy dialogue. It was concluded that, through these approaches, the Bank's development assistance has been both positive and negative in terms of the efficacy of knowledge sharing.

The strength of some of the Bank's knowledge products, such as ESWs and policy work, is that they produce tangible reports, documents or surveys that provide 'documented' knowledge or data that can be referred to for policy-making purposes. The strength of such knowledge instruments is that they can be preserved for long periods of time and be used as a reference for information concerning development challenges in South Africa, such as unemployment or the performance of certain sectors or industries. The South African Participatory Poverty Assessment (SA-PPA) has been a good example of such information. Other examples include the Investment Climate Assessment, the Industrial Competitiveness and Job Creation Project, and the Municipal Financial Management Technical Assistance Project (MFMTAP). This study suggests that knowledge sharing interventions such as these may have a longer-term impact than workshops presented on the same topic, for example.

Challenges in the Bank's knowledge sharing approach to South Africa, stem from the fact that the efficacy of knowledge sharing is hard to quantify in measurable terms. This study proposes an alternative to measuring the impact of knowledge sharing, in the sections that will follow.

In chapter six, the focus was on determining the presence or lack of normative convergence on development ideals between the World Bank and South Africa. This study suggests that for development assistance through a knowledge sharing partnership to be effective, there needs to be a level of unified beliefs and ideas about development between the 'donor' and the recipient. Efficacy can be claimed if the knowledge being offered is accepted, adapted, diffused and implemented into the development path of the recipient.

Normative convergence on development ideals was analysed first in broad terms in order to provide an indication of convergence or divergence in the context of the Bank's long-term relationship with South Africa, and not just during the 2008 - 2012 CPS period; an assessment of the latter was provided after the broader analysis. Due to some limitations regarding the 2008 CPS (See section 7.3), the analysis of normative convergence between the World Bank and South Africa during the 2008- 2012 period was narrowed down to: the programmes that were proposed *and* delivered by the World Bank within the Urban and Rural pillar of development, as stated in the 2008 - 2012 CPS completion report. Normative Convergence was also analysed in terms of the coherence of programmes offered through the

2008 - 2012 CPS and South Africa's socio-economic policy that was in place during the time- the ASGISA initiative.

The neo-liberal paradigm of development was used as the indicator or reference point based on the findings that this is the development ideology which the World Bank represents the most. Ascertaining whether South Africa privileges the same development paradigm was assessed through a review of economic policy evolution in South Africa given that policies are the framework through which economic and social development are pursued.

Ideological transformation was the focus while studying South Africa's economic policy evolution. South Africa has undergone ideological shifts in its economic policy evolution: from socialist prescriptions at the advent of the democracy, seen through the RDP policy objectives and principles, to a neo-liberal outlook which was exemplified through the GEAR policy in particular. GEAR is understood to be the turning point in South Africa's economic development strategy. The influence of leadership, competing elite views, and the influence of the external environment, which includes the IFIs, were responsible for shaping South Africa's gradual shift towards a neo-liberal outlook to development.

With the current features of South Africa's economy marked by financialisation, tight fiscal controls, and trade liberalisation, considered together with the economic history of the country, it was concluded that the development path which South Africa pursues is the neo-liberal paradigm of development. South Africa's development approach also prioritises economic growth as a means to achieve development in broader terms.

Regarding the normative convergence or divergence on development ideals between the World Bank and South Africa, the following conclusions were drawn:

- Firstly, macro-economic principles are fundamental to both the World Bank and to South Africa. The foundations of macro-economics are privileged as a vital part of the development process. The evidence presented in the dissertation reveals that South Africa and the World Bank both pursue and promote (in the case of the World Bank) macro-economic principles that are in line with a neo-liberal paradigm of development. This

includes policy prescriptions such as open markets, trade liberalisation, and privatisation of state-owned enterprises, which are consistent with the Washington Consensus.

- Secondly, in terms of policy references and goals, development *through* economic growth is highly esteemed by the World Bank and South Africa. Economic growth provides more of a development incentive for both the World Bank and South Africa, and arguably is seen as the engine that will spur social development as well.

7.3 Contributions of the Study

This dissertation has studied the World Bank's knowledge bank function from a different angle than most research on this topic. This is displayed through the research focus on a specific country case study in assessing the World Bank's knowledge bank services. A lot of literature on the knowledge bank details accounts of how the knowledge bank emerged, critiques of the knowledge bank, and the inherent neoliberal ideology that persists even within the World Bank's knowledge bank function. Not many analysts have attempted to cover studies which analyse the actual efficacy of the knowledge bank and knowledge sharing as a form of development assistance. Recent studies have also not focused on evaluating the Bank's knowledge sharing assistance provided to MICs – the main clients of the Bank's knowledge services, as stated by the World Bank itself.

This study bridges that gap by examining South Africa as a case study of where the Bank has provided development assistance, predominantly through knowledge sharing and not lending. The study has provided an analysis of this type of development assistance and related issues of efficacy. Measuring the efficacy of a knowledge sharing development partnership can be difficult and can barely be done in numerical terms since knowledge itself is hard to quantify. Related to this, the dissertation has made a second contribution.

This study pointed out an alternative approach to measuring the efficacy of the World Bank's knowledge sharing approach, different from simply evaluating the success of programmes offered, for example. The approach used in this study was to determine areas of normative convergence on the development ideology and ideals held by the Bank and South Africa. Normative convergence rests on the premise that development assistance through knowledge

sharing is different from SAPs or financial lending that comes with conditions which must be accepted by the recipient and adhered to strictly in order for the development assistance to be granted. Knowledge sharing is more consensual, and, in order for it to be effective, both recipient and donor should share the same beliefs about how development should be pursued. Without this, the transferred knowledge is usually not utilised or implemented. Where normative convergence between the World Bank and a recipient is present, knowledge sharing can have an impact on development in the long run, thus resulting in effective development assistance through knowledge sharing.

Lastly, this study has contributed to the existing literature that is increasingly concerned with how knowledge is produced in the global knowledge structure, and more so in the World Bank. A number of studies from anthropology and the social sciences have concerned themselves with this debate. This study analysed the Bank's development knowledge through a discourse analysis of the Bank's most current document of its poverty reduction goals and strategy. The focus on the Bank's current goal-defining document provides an indication of the Bank's current portrayal of its approach to poverty reduction and development. The Bank's *portrayal* of its development approach, as shown in *The World Bank Group Goals: End Extreme Poverty and Promote Shared Prosperity*, has changed from the more prescriptive and explicitly neo-liberal approach that would have been noted in past SAP documents. The analysis of the Bank's current portrayal of its development ideals is important in an IPE and critical theoretical context as it speaks to transformation and change within the global arena.

7.4 Future Research Opportunities

As pointed out earlier, studies which focus on the World Bank's knowledge sharing engagement with middle-income country clients are quite scanty. Conducting studies on knowledge sharing as a form of World Bank development assistance in MICs presents an area for future research. This type of development assistance is relatively new and much different from traditional forms of development assistance, such as financial lending or Overseas Development Assistance (ODA). The World Bank does carry out development assistance in MICs and maintains a presence in such countries, although subtle. However, this is often forgotten as most studies focus on the Bank's work in low-income, developing

countries. Future research can explore the Bank's influence in other middle- income countries such as Brazil. Comparative studies can also be carried out on the Bank's normative convergence on development ideals among different MICs or emerging markets.

As this study has focused on development within an IPE context, future research can focus on the changing landscape of power in the global economy and how it affects international development cooperation. There is a need for this. Lending will always be important; however, in the context of globalisation and the increasing pre-eminence of a 'knowledge based economy' in the world today, not all states will need financial lending. Knowledge exchanges may become increasingly important and emerging markets and MICs will increasingly challenge the configurations of power within the global economy. These groups are more likely to have an impact on change and transformation in the global economy and in challenging existing power relationships. This can already be seen with the formation of the new BRICS³⁵ Bank, often called the 'New Development Bank'. Speculations are already circulating regarding whether the BRICS Bank will take over the World Bank's lending function in the least developed countries, since it offers lower concessional loan rates than the World Bank. Such power shifts and developments within the international development landscape deserve research enquiry.

7.5 Limitations of the Research

This research encountered one main limitation. The limitation stemmed from discrepancies between the World Bank's 2008 - 2012 CPS and the CPS completion report. This posed a challenge to analysing the efficacy of the 2008 - 2012 partnership based on specific programme outcomes. The CPS completion report gives a record of the outcomes and programmes actually delivered by the Bank at the end of the partnership period. A number of objectives that were listed in the CPS under the three pillars, particularly the urban and rural development pillar, were not pursued in reality. Different objectives were pursued instead and recorded as outcomes in the CPS completion report. For this reason, the analysis of normative convergence in section 6.6 was carried out with the above limitation at hand. Only interventions that were actually delivered by the Bank were used as a measure of coherence with the ASGISA development priorities.

³⁵ BRICS – Brazil, Russia, India, China and South Africa.

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APPENDIX 1: Interviewee List and Interview Questions

Interviewees

National Treasury Respondent 1. National Treasury. Pretoria, South Africa. 15 October 2013.

World Bank Respondent 1. World Bank Country Office. Pretoria, South Africa. 04 October 2013.

World Bank Respondent 2. Telephonic Interview. Pretoria, South Africa. 01 November 2013.

Interview Questions

A. Interview Questions for the World Bank

Introductory questions included: name, position in the organisation, overview of responsibilities

1. How would you describe the World Bank's ideology or conceptualisation of development?
2. What principles does the Bank regard as fundamental and necessary for the achievement of economic and social development in a country?
3. How does the Bank address both areas of development in their client countries (can answer with reference to South Africa)?
4. Can you elaborate on the Bank's development partnership with South Africa through the 2008 - 2012 Country Partnership Strategy (CPS)?
5. Were there any challenges within the Partnership with South Africa and more so, any that stem from South Africa being a high Middle-Income Country (MIC)?
6. How important is a normative convergence³⁶ on development ideas between the Bank and its partners?
7. Would you say that there was a normative convergence on development ideas between the Bank and South Africa in the 2008- 2012 CPS partnership and how has this influenced the success of the partnership?
8. What is the engagement of the World Bank in MICs like South Africa? The goal of this is to find out if the engagement strategy has been working or not.
9. Is it possible to assess the World Bank projects in relation to the overall development goals of a country or countries or South Africa?

³⁶ The concept of Normative Convergence, as it is used in this research, was explained to interviewees.

B. Interview Questions for the National Treasury

Introductory questions included: name, position in the organisation, overview of responsibilities

1. Can you describe the role of the National Treasury as the main liaison to the World Bank in its Country Partnership Strategy (CPS) to South Africa?
2. What has the South Africa Government expected to learn from the World Bank's development assistance through knowledge sharing over the years?
3. Also explain how the 2008- 2012 CPS with South Africa was drawn up?
4. In your view and on behalf of the Treasury, the Bank's main correspondent in South Africa, did the Bank meet the expectations of the Treasury for the 2008 - 2012 CPS?
5. Can you answer with particular emphasis on the first pillar of the CPS: The Urban and Rural Development Pillar?
6. Can you describe South Africa's ideology or conceptualisation of development?
7. Can you say that there was a normative convergence on development ideas between the Bank and South Africa in the 2008 - 2012 CPS partnership and how has this influenced the success of the 2008 - 2012 CPS?
8. What is the engagement of the World Bank in MICs like South Africa? The goal of this is to find out if the engagement strategy has been working or not.
9. Is it possible to assess the World Bank projects in relation to the overall development goals of a country or countries or South Africa?