Third World Quarterly, Vol 22, No 3, pp 397–411, 2001

From 'Structural Adjustment' to 'Comprehensive Development Framework': conditionality transformed?

JOHN PENDER

ABSTRACT *This article reviews the dramatic shift over the course of the 1990s in the World Bank's approach to development policy and conditionality, addressing the impetus to change and the substance of that change. It suggests that the shift can be explained primarily as a response to the negative experience of the failure of its own policy prescription. It argues that the World Bank's response has been to revise its view of what constitutes development. From a conception of development based on the primacy of economic growth, the World Bank has moved to embrace a conception which elevates the poorest as the focus of development policy and which relativises the importance of economic growth. The World Bank's approach to conditionality has been modified accordingly, leveraging a specific emphasis on poverty reduction over society-wide development goals. We conclude that, while claims are made of country ownership, the new conditionality severely constrains the potential for genuine ownership of development policy.*

Far-reaching change was initiated in World Bank development policy during the 1990s. World Bank Group President James Wolfensohn emphasised how far perspectives have altered by contrasting 1990 with today, when, 'there is very little talk about macro-economic theory in the traditional sense'.[1] Similarly the former director of the World Bank *World Development Report 2000/2001* noted the 'complete flip around' over the course of the 1990s in the World Bank's approach to development.[2]

These policy changes have resulted in significant changes to World Bank approaches to conditionality.[3] Structural Adjustment lending, and the policy of conditionality associated with it, is at an end. In its place the World Bank has developed its Comprehensive Development Framework (CDF), which is analysed later in this article. The World Bank suggests that the CDF is based not on conditionality, but on a relationship of partnership between itself playing the repositioned institutional role of 'Knowledge Bank', and the borrowing government, which has full 'ownership' of policies it chooses to pursue.

John Pender can be contacted at 16 Tivendale, Brook Road, London N8 7AA, UK. E-mail: John Pender@compuserve.com.

ISSN 0143-6597 print; 1360-2241 online/01/030397-15 © 2001 *Third World Quarterly*
DOI: 10.1080/01436590120061679

This shift is addressed by focusing on three key questions. How and why has the Bank's view of what constitutes development altered during this period? How and why has the Bank declared that it is substantially modifying its approach to conditionality? In particular, does the Bank's claim that its new approach will result in genuine country ownership stand up to critical assessment?

These questions are addressed by detailing the shifts in content of World Bank policy during this period, and by contextualising these shifts in the experience of economic and political developments during the decade. We therefore draw substantially on official World Bank reports, and on publications and papers prepared by key figures associated with driving the shift in World Bank development policy.

The article constrains itself first by not entering into the debate regarding the efficacy of economic growth. Second, it does not integrate an assessment of the interplay between the World Bank and non-governmental organisations in this period, and consequently loses a degree of nuance. Finally, we feel it important to emphasise that we focus on the shift in World Bank policy, rather than assessing to what extend this policy shift has been reflected in World Bank practice.

Development policy and conditionality in the era of adjustment

The period from 1980 until about 1994 was a period in which the World Bank emanated a strong sense of certainty regarding the objective of development policy for the world's least developed countries—the achievement of rapid and sustained economic growth. This objective was regarded as uncontroversial and was not only shared by the World Bank's sister organisation the International Monetary Fund (IMF), but was also at the heart of the outlook of Washington-based policy thinkers and policy makers, described by John Williamson's 'Washington consensus'.

This unambiguous objective of rapid and sustained economic growth was repeatedly articulated. The 1981 World Bank report *Accelerated Development in Sub-Saharan Africa* focused on 'how growth can be accelerated'.[4] Similarly, Williamson noted how in 1989 the 'Washington consensus' was focused on 'the key to rapid economic development'.[5] As late as 1994 in its report *Adjustment in Africa: Reforms, Results, and the Road Ahead* the World Bank reiterated its objective as the achievement of a 'broad based pattern of rapid economic growth'.[6]

The favoured measurement of development in this period was thus a measure of economic growth. Per capita gross domestic product (GDP), or real income per person, became the most widely used indicator of progress. Per capita GDP was regarded as a strong and largely objective measurement of development, as it was closely correlated with other recognised indicators of development such as life expectancy, standards of educational achievement and levels of personal consumption.

In an important sense primacy was attached to economic growth: 'Without a faster rate of production increase, other objectives cannot be achieved, nor can past achievements be sustained'.[7]

While the stated objective was economic growth, the overall thrust of World

Bank and IMF intervention was highly politicised. In the 1980s their policies were closely associated with the worldview of Western elites at the end of the Cold War, notably the ascendancy of the UK's Margaret Thatcher, the USA's Ronald Reagan, West Germany's Helmut Kohl and, subsequently, Williamson's 'Washington consensus'.

World Bank and IMF policies emphasised the importance of rolling back the state and minimising any restriction on the free play of market forces. World Bank and IMF intervention was highly politicised in the sense that their policies were projected in opposition to those many economies which remained organised around a state-led model, not simply the eastern bloc, but most developing countries too.[8]

For the developing world the World Bank and IMF's politicised intervention took the form of promoting specific models of development which incorporated a pro-market, anti-state emphasis. Many countries in sub-Saharan Africa, for example, were encouraged to abandon protectionism to foster infant industries and instead to establish primary commodity exports, particularly agricultural, as the centrepiece of economic strategy.

The World Bank and IMF model was based on a tight range of economic policy instruments. As John Williamson noted in his summary of the outlook of 1989, all these instruments, 'stem from classical mainstream economic theory'.[9] They included a strong emphasis on fiscal discipline, including prioritising the control of inflation, restricting state spending and reducing balance of payments deficits. There was strong support for exchange rate and trade policies which encouraged competitiveness and competition internationally. Measures to attract foreign direct investment and to support privatisation were encouraged.

The adoption of the World Bank and IMF policy framework was seen to be the key to achieving development objectives. Primary commodity exports, for example, were seen as the engine which would generate rapid and sustained economic growth.

This model of development was promoted by the World Bank and IMF through conditionality. It was World Bank President Robert McNamara who in 1979 first proposed conditionality, which he described as the idea of encouraging economic growth and development by linking financial assistance to the adoption of a particular set of policies recommended by the World Bank.

Conditionality was implemented through the introduction of structural adjustment. During the 1980s and into the 1990s loans from the World Bank, IMF and regional development banks, aid from bilateral donors and even private finance became effectively conditional on the agreement by the recipient government to implement often far-reaching economic policy reforms, along the lines of the World Bank model.

World Bank and IMF intervention through the conditionality associated with Structural Adjustment was thus formally promoting economic growth, but by imposing a very particular model of development and a narrow set of economic instruments. This heavily constrained the capacity of developing countries to experiment with their own models. As Mohan *et al* note, 'these conditions, and the declining availability of alternative sources of finance, have meant that there has been precious little leeway for experimentation with heterodox policies at

odds with the [International Financial Institutions'] prescriptions'.[10]

Conditionality, however, was at least formally confined to the economic arena. The World Bank consistently deferred to the notion of national sovereignty on many matters which it would have perhaps liked to use its leverage to influence. As Williamson noted: 'Washington certainly has a number of other concerns … besides furthering economic well-being. These include the promotion of democracy and human rights, suppression of the drug trade, preservation of the environment, and control of population growth. For better or worse, however, these broader objectives play little role in determining Washington's attitude towards the economic policies it urges …'[11]

Nevertheless, this period was associated with an aggressive, confident promotion of the World Bank/IMF agenda. In 1981 the World Bank had projected rates of growth for countries in sub-Saharan Africa as 2.5% per year.[12] By 1994 it was still predicting that Ghana could become a middle-income country by 2007.[13] More broadly it was associated with an exceptionally high point in the self-outlook of the Western policy prescribing elite.[14] As Paul Krugman observed: 'Governments that had spent half a century pursuing statist, protectionist policies suddenly got free market religion. It was, it seemed to many, the dawn of a new age of global capitalism'.[15]

Growing uncertainty within the Western policy prescribing elite

Despite its outward confidence the early 1990s in the World Bank were characterised by a growing sense of uncertainty. Strong doubts about the efficacy of World Bank/IMF policy prescriptions had been permeating wider development debates since the late 1980s. A number of experiences had the impact of creating and then heightening a crisis of confidence in the World Bank itself.

A retreat from classical free market economies

The 1993 World Bank study *The East Asian Miracle* analysed the success of the dramatic sustained growth in the High Performing Asian Economies.[16] These economies had developed from lesser to middle income countries very rapidly—in the space of 30 years. However, their success had little to do with World Bank policy prescription. Indeed, the World Bank significantly modified its view of the state's role in development as a consequence.

Modifying its 1980s perspective that the state was best left to play a minimal role, *The East Asian Miracle* attributed a far more important role to the state. This perspective reflected an important shift. Since the mid-1980s important mainstream economists associated with the 'market failure' approach, such as Joseph Stiglitz, had proposed that the market left to itself would not always result in the most efficient and effective outcome. As previously noted, the 1989 description of the 'Washington consensus' itself reflected a retreat from a purely free market approach. *The East Asian Miracle* adopted a midway concessionary position to the 'market failure' perspective which it termed a 'market friendly' approach, proposing that, 'rapid growth is associated with effective but carefully delimited government activism'. The role of the state, it explained, was to

'ensure adequate investments in people, provide a competitive climate for private enterprise, keep the economy open to international trade, and maintain a stable macroeconomy'.[17]

Unease and defensiveness regarding the record of adjustment in Africa

A growing unease regarding the effectiveness of Structural Adjustment in the world's poorest countries had led, as early as 1987, to an acknowledgment of the need for specific measures to address the poorest and those negatively affected by adjustment reforms. 'Growth by itself', declared World Bank President Barber Conable in 1987, 'is not enough'.[18] In 1990 the World Bank announced a dual approach based on 'labour intensive growth' and 'widespread provision of basic social services'.[19]

The 1994 World Bank study which analysed the area of the world economy in which the Bank had been most involved, *Adjustment in Africa: Reforms, Results and the Road Ahead*, could not disguise the fact that, despite these modifications, its record and role were increasingly being questioned. It started by noting that, 'there is considerable concern that the reforms undertaken to date are fragile and that they are merely returning Africa to the slow-growth path of the 1960s and 1970s'.[20]

The conclusions of this report were highly defensive about the record of adjustment programmes. The report contended that 'adjustment programs in Africa have been burdened with unrealistically high hopes', but that primarily the cause of stagnation in economic growth in sub-Saharan Africa lay in the failure of African states effectively to implement the policies proposed by the World Bank.[21]

The report did little to rebuild confidence in the Bank. Writing in *Newsweek*, Michael Hirsh despaired of the Bank's record. Africa, he argued, was 'the only region in an increasingly privatised world where the Bank still commands a central financing and policy role'. Yet, 'after a decade of following World Bank advice, living standards in Africa have fallen by 2 per cent annually, unemployment has quadrupled to 100 million and real wages have plunged by a third'.[22]

The experience of economic crisis in a star performer

In December 1994 Mexico, a country which was 'widely regarded as a model' of economic management by the Western policy prescribing elite found itself in 'tailspin', 'once again appealing for emergency loans'.[23] This was experienced as an important setback for the World Bank model. Mexico had not only implemented an economic strategy based heavily on the World Bank model, but was also regarded as a success. Mexico was:

> a once-protectionist nation that had not only lowered its trade barriers but actually signed a free trade pact with the United States, whose economic policy was run by articulate American-trained technocrats, and which had emerged from seven lean years of debt crisis to attract capital flows on a scale unimaginable a few years earlier.[24]

This experience of dashed expectations resulted in a further questioning at the very heart of the Western policy prescribing elite of the wisdom of the Washington consensus. Paul Krugman, then Professor of Economics at Stanford University, writing in the influential Washington journal *Foreign Affairs* called into question core elements of the World Bank's outlook. He suggested that 'the empirical evidence for huge gains from free market policies is, at best, fuzzy'. He argued that 'the widespread belief that moving to free trade and free markets will produce a dramatic acceleration in a developing country's growth represents a leap of faith, rather than a conclusion based on hard evidence'. And he thought that 'trade liberalisation and other moves to free up markets are almost surely good things, but the idea that they will generate a growth takeoff represents a hope rather than a well-founded expectation'. He suggested that the Mexico crisis 'marked the beginning of the deflation of the Washington consensus'.[25]

A sense of crisis at the World Bank

By early 1995 the World Bank found itself in a seriously compromised position. The 'Asian miracle', the failure of adjustment to deliver high and sustained levels of growth in the least developed countries, and the Mexican crisis of 1994–95 had all called into question fundamental tenets of the World Bank's approach to development. The World Bank had lost the certainty it had derived for so long from the policy framework it prescribed.

This strong sense of self-doubt coincided with the Bank's 50th anniversary, which itself had become something of a focus for many of its critics. The 'Fifty Years is Enough' campaign involved many non-governmental organisations and other campaigning groups presenting a variety of criticisms of World Bank activity. Their protests and publications made a critical presence felt precisely at the time when the World Bank's sense of confidence was at its lowest ebb.

As we have seen, criticism of the World Bank was levelled not just by its radical critics, but probably more decisively by powerful figures within the Western policy prescribing elite. Even within Washington, the abolition, and perhaps ironically even the privatisation, of the World Bank was being proposed. At this moment, as the *Financial Times*'s Martin Wolf noted, the World Bank was 'neither confident nor popular'.[26] The institution had no option but to modify its approach to development. It was forced, in seriously negative circumstances, to reorientate itself or to wither.

Reorienting the Bank: early experiences June 1995–98

The appointment of new World Bank Group President James Wolfensohn on 1 June 1995 was widely regarded as a reaction to the loss of confidence in the World Bank as an effective international institution. His mission was to carve out a new role for the Bank, to build a new legitimacy for its interventions. It was he who had, as Michael Prest noted in *Prospect*, the job of overseeing the redefinition of the Bank's mission and of renewing its sense of purpose.[27]

Wolfensohn immediately embarked on a fundamental overhaul of the Bank's policy outlook and its mode of operation. One early indicator of this was the July

1995 report of the Bank's 'Task Force' on *The Multilateral Debt Facility.*[28] This document contained ground-breaking proposals on reducing the debt of the most indebted poor countries. It also clearly situated these proposals within the strategic context of the Bank reintegrating itself to be at the forefront of development initiatives, thereby contributing to a relegitimisation of World Bank intervention. A further important initiative of Wolfensohn's initial period was an accelerated move by the Bank to engage non-governmental organisations more systematically and seriously in a process of dialogue and joint collaboration.

The reshaping of the Bank's outlook gathered further momentum with the appointment in February 1997 of a new World Bank chief economist, Joseph Stiglitz. Stiglitz was known in particular for his 'market failure' emphasis, having written as early as 1987 about the limits of privatisation and in 1989 about a stronger role for the state in economic development. In a recent interview Stiglitz remarked about the timing of his appointment: 'Of course, there was a receptivity for these ideas, otherwise I could not have succeeded. It was saying the right things at the right time. The same message at another time might not have been heard'.[29] His appointment reflected an important shift away from any lingering association between the Bank and the Washington consensus.

Looking back on this period, Stiglitz recalled the goals with which he approached his new appointment:

> I had certain objectives in mind when I came to the World Bank. One of them was to change the thinking, both with respect to the objectives—broadening them from just growth to this more broad-based democratic and equitable sustainable development. The second objective was to bring about a change in economics. The answers given in the Washington consensus were either partial answers or actually wrong … The third objective was to change the process of the development dialogue. There was still the colonial mentality of the developed countries who were telling the rest of the countries what to do …[30]

Stiglitz's objectives of broadening the aims of development policy and changing the content of World Bank-prescribed economics are now addressed. His third stated objective of changing the process of the development dialogue is assessed later in this article.

Broadening the objectives: the relativisation of economic growth

The Bank's new outlook consolidated the shift away from an approach to development premised on the primacy of economic growth. Economic growth came to be increasingly relativised in the sense that it was viewed as one among many aspects of development. In 1997 Stiglitz argued that, 'It used to be that development was seen as simply increasing GDP. Today we have a broader set of objectives.'[31]

However, Stiglitz maintained, there was still an important role for economic growth. 'We have to maintain some perspective', he wrote, 'while increasing GDP is not an end in itself, or not the only end, increasing GDP is essential to achieving the other objectives'.[32] Exactly how did economic growth fit in to the new perspective?

The role of economic growth was in its contribution to the achievement of broader objectives. In his 1995 and 1996 addresses to the World Bank/IMF annual meetings Wolfensohn had already outlined his vision of developing a 'broader, more integrated' approach to development. He spoke of the interplay between macroeconomic policy, private sector development, environmental sustainability and investments in human capital. In early 1998 Joseph Stiglitz outlined a broader framework based on the objectives of sustainability, equity and democracy:

> We seek sustainable development, which includes preserving natural resources and maintaining a healthy environment. We seek equitable development, which ensures that all groups in society, not just those at the top, enjoy the fruits of development. And we seek democratic development, in which citizens participate in a variety of ways in making the decisions that affect their lives.[33]

Support for economic growth was therefore qualified in an important sense. Economic growth was no longer seen as an objective in and of itself. It had lost its primacy in the World Bank's framework. Rather, it was regarded as important only insofar as it contributed to broader objectives. These objectives were non-economic. Sustainability, equity and democracy are non-democratic objectives in the sense that their achievement is not necessarily premised on growth in income or growth in consumption.

A change in economics

Stiglitz's 1998 speech *More Instruments and Broader Goals: Moving Towards the Post-Washington Consensus* was about 'improvements in our understanding of economic development'. These were largely based on conclusions drawn from the first experiences of the East Asian financial crisis starting in 1997. 'Here was a regional cluster of countries', argued Stiglitz, 'that had not closely followed the Washington consensus prescriptions but had somehow managed the most successful development in history'.[34] Stiglitz's assessment proved to be an important contribution in re-working a coherent outlook for the World Bank.

Stiglitz argued for a broader set of economic policy instruments. He placed a strong emphasis on the importance of the state in creating a robust financial system for the effective mobilisation and allocation of capital. He highlighted the importance of encouraging competition and efficiency regardless of whether ownership of an enterprise is in public or private hands. He further argued for public investment in human capital, and a strong role for the state in a focused industrial policy. He criticised a narrow focus on privatisation and on combating inflation.[35]

Reorientating the Bank: an apparently positive start

The period June 1995 until 1997 was a period of experimentation and of substantial modification of the World Bank's approach to development. It appeared to many both within and outside the World Bank to be a positive start. The World Bank seemed to be starting to succeed in its objective of reorientating itself as an

institution with a coherent outlook and a new sense of purpose. Not only was it increasingly being seen as quite distinct from the IMF, but it was coming to be seen as a truly progressive organisation, even by many of its erstwhile critics in non-governmental organisations.

As for the potential impact of the new World Bank development agenda, the conclusion drawn was that 'in many ways this is the best of times for developing countries', as with the experience of success and expectation of greater success there existed the potential 'to bring more and more people into the economic mainstream'.[36] Stiglitz concurred that 'this is an exciting time',[37] having optimistically noted 'the success not just of one but of several countries in breaking out of poverty' in Latin America, East Asia and even Africa.[38]

1998–2000: the consolidation of revised objectives and conditionality

In sharp contrast to the optimistic note of his 1997 address, James Wolfensohn's annual address to World Bank governors in October 1998 was notable for a far more sober tone. 'I have spoken in the past about images of hope', he said, 'but today I have other memories. Dark, searing images of desperation, hopelessness and decline. Of people who once had hope, but have it no more.'[39]

In this seminal speech, *The Other Crisis*, Wolfensohn set the tone for the further evolution of the Bank's approach to development. The speech itself was clearly influenced by the experience of further economic setbacks—the East Asian crisis in particular, where he referred to 20 million people falling back into poverty, but also to disturbingly poor economic performance in many other regions. 'We talk of financial crisis', he said, 'while in Jakarta, in Moscow, in Sub-Saharan Africa, in the slums of India and the barrios of Latin America, the human pain of poverty is all around us.'[40] The other crisis which Wolfensohn spoke of then was that of poverty. His emphasis clearly focused future development policy towards the poorest people in society.

The World Bank at its most self-critical

Within this more pessimistic outlook the World Bank has made unprecedented criticism of its own past policies. In contrast to the conclusion drawn in the past, that for example Africa failed to grow because it did not implement the policies the World Bank recommended, the current view is to readily accept that in important instances the prescribed policies were adopted, but that they failed. As the *World Development Report 1999/2000* argues, 'Some countries followed policies of liberalisation, stabilisation, and privatisation but failed to grow as expected'.[41] Joseph Stiglitz too argues that, 'Some countries have closely followed the dictates of the model, but have not seen especially strong economic performance'.[42]

There is a strong sense in which the World Bank implicates itself in the failure of development, and acknowledges a degree of responsibility. James Wolfensohn concedes that, 'we have learned that when we ask governments to take the painful steps to put their economies in order we can create enormous tension'.[43]

Further, there is a clear perspective among those driving the reorientation of

the World Bank that a fundamentally revised approach is required. Ravi Kanbur and David Vines note that 'there remain significant disputes, professionally and ideologically, around the liberalisation part of the agenda, and with the "market liberalisation" mindset, formed in the 1980s, which still dominates the operational part of the World Bank', and they conclude that 'a different mindset is needed'.[44] In sum there is a clearly stated rejection of its past approach and a repeated commitment for the need for thoroughgoing change.

A new focus of development policy—poverty and the poorest

In the Bank's evolving outlook poverty has subsequently become the central purpose around which it is redefining its role. Kanbur & Vines note the 'current crusade within the Bank to make poverty reduction the core issue in the Bank's agenda at the beginning of the new century'.[45] 'Our Mission', declares the Bank's website, 'is a world without poverty'.[46]

The poorest have become the object of this mission. An important initiative in refocusing the World Bank's agenda is its *Voices of the Poor* study. The study, undertaken as a background report for the *World Development Report 2000/2001*, involved consulting 60 000 poor men and women in over 50 countries. Commending the study, James Wolfensohn and Clare Short, UK Secretary of State for International Development, suggest that 'poor people's descriptions of encounters with a range of institutions call out for all of us to rethink our strategies'.[47] The authors suggest that the study 'reinforces the case for making the wellbeing of those who are worse off the touchstone for policy and practice'.[48]

With poverty and the poorest at the centrepiece of the Bank's reorientation, it is important to understand that the Bank's conception of poverty has also changed. The Bank's current conception of poverty is primarily based on the human poverty approach.[49] As Kanbur & Squire note, 'this represents a marked difference from conventional definitions in that it does not mention income or expenditure but focuses on well being as revealed by nutritional status, educational attainment, and health status. To be sure, income may be important to the realisation of these outcomes, but there is no universal or guaranteed transformation of income into these outcomes.'[50] The Human Development Index, which measures these three outcomes, has replaced per capita GDP as the measurement regarded as the most appropriate to indicate progress in achieving development.

Narayan *et al* note that 'historically many development professionals have given priority to the material aspects of people's lives'. Their challenge to this outlook is to emphasise that non-material factors can be just as important to poor people. For a poor woman in Ethiopia, 'Love is more than anything. Money has no value in the absence of love'. They call on us to understand 'how much a small change can mean to those who have very little'. For the poor widow in Bangladesh this would mean 'a full stomach, time for prayer, and a bamboo platform to sleep on'.[51]

The human poverty approach is strongly associated with the capabilities approach of Amartya Sen. Sen has become admired at the World Bank since James Wolfensohn invited him to deliver six lectures as Presidential Fellow at the

World Bank in 1996 and 1997. Sen's approach emphasises outcomes, too, in his case, capabilities—'the overall freedoms of people to lead the kind of lives they have reason to value'.[52] In this approach capabilities 'are intrinsically important while low income is only instrumentally significant'.[53]

The World Development Report 2000/2001

Much controversy surrounded the preparation of the *World Development Report 2000/2001*. Both the director of the report, Ravi Kanbur, and the World Bank chief economist Joseph Stiglitz, left the institution in controversial circumstances. Compared with the thrust of much recent material discussed in this article, and with the draft version of the report, the published version certainly reintegrates discussion of growth and material aspects of poverty.[54] Further, it candidly discusses the merits of liberalisation: 'a more pro-poor liberalisation is not necessarily a slower one'.[55] Perhaps most striking is a single sentence which seems to challenge quite fundamentally the trend towards giving primacy to anti-poverty issues within the policy agenda: 'in view of the urgent need to get countries onto dynamic, job-creating development paths, it is critical that the difficulty of reform and the impossibility of compensating every loser not lead to policy paralysis'.[56]

However, it could not be argued that the report re-establishes the primacy of economic growth. For, while the report repeatedly emphasises the importance of economic growth, the overall message is deeply clouded by the dramatic expansion of the development policy agenda espoused. It develops a definition of poverty encompassing 'not only material deprivation … but also low achievements in education and health' and including 'vulnerability and exposure to risk—and voicelessness and powerlessness'.[57] The multiple obligations and priorities which this definition implies confirms that economic growth remains relativised in the World Bank's development agenda, and the overall focus of World Bank development policy remains poverty and the poorest.

The Comprehensive Development Framework

The reorientation towards a focus on poverty is reflected in the CDF, described by the World Bank as 'an attempt to operationalise a holistic approach to development'.[58] Launched by James Wolfensohn on 21 January 1999, the CDF's holistic approach has become a central theme of subsequent World Bank development policy. Explaining this approach James Wolfensohn argued that, 'We have learned that there is a need for balance. We must consider the financial, the institutional and the social, together … Development is about putting all the component parts in place—together and in harmony'.[59]

The CDF could perhaps better be understood as an attempt to operationalise a vision of development with elevated non-economic objectives across every aspect of society. As the *World Development Report 1999/2000* explained:

> The idea that development has multiple goals and that the policies and processes for meeting them are complex and intertwined has provoked an intense debate on the

> wisdom of traditional development thinking … [This report] emphasises the need to reach beyond economics to address social issues in a holistic fashion.[60]

In particular, the perceived concerns of the poor are elevated, and the CDF is sharply focused on the prioritisation of society's resources around their perceived needs. The World Bank points out that 'the pressing issues of poverty, gender inequality, knowledge and information gaps, and overpopulation are incorporated into virtually all of its components.[61] This is emphasised further in its aspiration to make state institutions 'pro-poor', and in the subordination of development policy to the achievement of externally established targets such as the Development Assistance Committee's International Development Targets.[62]

It is further notable that the new approach seeks to influence development in a far more all-encompassing way than the World Bank's previous approach of simply advocating the use of specific economic policy instruments. For instance, it is envisaged that development policy towards the following areas will be included in the CDF framework: open and honest government; property and personal rights laws; financial regulatory systems; strong welfare measures; education and healthy policy and provision; water, sewerage, electricity and transportation systems; preservation of culture and the physical environment; rural development and urban management policy.[63] The scope of the CDF is in this respect far broader than that of Structural Adjustment.

Conclusion: conditionality transformed?

Conditionality has been renegotiated in line with the changing emphasis of the World Bank's definition of development. Stiglitz's third objective when he joined the World Bank was to change the process of development dialogue. It is suggested that coercive conditionality under Structural Adjustment was appropriate in conditions of economic crisis. With more and more governments in the least developed countries moving towards what the World Bank regards as 'good policy environments', a more relaxed approach is today regarded as appropriate. As Collier suggests of the CDF, 'Its main innovation is its emphasis upon partnership, both between donors and the government, and between the government and civil society. The CDF is thus a clear departure from the narrow and coercive conditionality appropriate for crisis management.'[64]

The idea of a 'good policy environment' is far from uncontroversial. Hopkins *et al* note the 'complication of requiring a clear definition of a good policy environment'.[65] This notion is clearly highly politicised. However, in the CDF framework, a 'good policy environment' will become a condition of receiving financial support on the most favourable terms. 'In poor policy environments', the World Bank suggests, 'ideas are more important than money'.[66]

On the evidence of current thinking in the World Bank, a good policy environment could perhaps be defined as a clear commitment on the part of a government to establish 'pro-poor' policies as the overarching priority of all government activity. Speculative as this definition may be, it contains an assumption that poor country governments should be single-mindedly focused on meeting the needs of the poor that does indeed infuse the CDF approach.

The World Bank's role in this 'partnership' with poor country governments is as a 'Knowledge Bank', 'defining and propagating a model of development best practice'.[67] Its future role is therefore envisaged to include 'financing the overseas education of policymakers', and nurturing a 'strong domestic movement for change' in countries where the government is not committed to creating a good policy environment.[68] Indeed, the World Bank's assessment is that, 'support for reform elements in a country is perhaps the only effective part of the present system of conditionality'.[69] Beyond the technocratic language, the World Bank seems to be entering highly controversial political territory.

In this conception, the scope for 'ownership' in the CDF approach seems to be severely constrained, if we understand ownership in this regard to mean the freedom of a government to formulate and implement its own economic development policy. Those governments which are not deemed by the World Bank to have adequately pursued 'good policy environments' will face the restriction of aid and lending facilities and the active cultivation of opposition movements. These clearly espoused coercive measures indicate that, in accordance with Collier's definition, international public resources are being used to induce policy reform, and thus the CDF is indeed framed around a form of conditionality.

However, it is a substantially transformed conditionality, based as it is on a dramatically redefined conception of development. No longer is conditionality focused on achieving economic growth, rather its focus is on the subordination of society's resources to meeting the perceived requirements of the poorest in that society.

Notes

This article is based on a paper of the same title presented to the Association of African Studies UK Biennial Conference, Trinity College, University of Cambridge, 12 September 2000.

1 J Wolfensohn, 'Rethinking development—principles, approaches, and projects', *Annual World Bank Conference on Development Economics, 1998*, p 59.

2 R Kanbur & D Vines, 'The World Bank and poverty reduction: past, present and future', in: C Gilbert & D Vines (eds), *The World Bank: Structure and Policies*, Cambridge: Cambridge University Press, 2000, p 95.

3 Conditionality is usefully and broadly defined by Collier as 'the idea that international public resources should be used to induce policy reform'. P Collier, 'Conditionality, dependence and coordination: three current debates in aid policy', in: Gilbert & Vines, *The World Bank*, p 299.

4 World Bank, *Accelerated Development in Sub-Saharan Africa: An Agenda for Action*, Washington, DC: World Bank, 1981, p 1.

5 J Williamson, 'What should the World Bank think about the Washington consensus?', mimeo, Washington, DC: World Bank, 1999.

6 World Bank, *Adjustment in Africa: Reforms, Results and the Road Ahead*, New York: Oxford University Press, 1994, p xi.

7 World Bank, *Accelerated Development*, p 5.

8 Williamson has expressed concern regarding the widespread misinterpretation of his 1989 synthesis the 'Washington consensus'. He notes that it 'has come to be used to describe an extreme and dogmatic commitment to the belief that markets can handle everything' (Williamson, 'What should the World Bank think'). In fact, Williamson's synthesis importantly described a modification away from this outlook, noting that the state had a legitimate role to play, for example in government investment in health, education and infrastructure. However, the Washington consensus envisaged a considerably more restricted role for the state than in other contending development models of the period. J Williamson, 'What Washington means by policy reform, in: Williamson (ed), *Latin American Adjustment: How Much Has Happened*?, Washington, DC: Institute for International

Economics, 1990.
[9] Williamson, 'What Washington means by policy reform', p 19.
[10] G Mohan, E Brown, B Milward & A Zack-Williams, *Structural Adjustment: Theory, Practice, Impacts*, London: Routledge, p 120.
[11] Williamson, 'What Washington means by policy reform', p 8.
[12] World Bank, *Accelerated Development*, p 7.
[13] World Bank, *Adjustment in Africa*, p 39.
[14] The term 'Western policy prescribing elite' is used to refer to those concerned with development in the major international institutions and in the leading Western donor governments.
[15] P Krugman, 'Dutch tulips and emerging markets', *Foreign Policy*, 74 (4), 1995, pp 28–44.
[16] World Bank, *The East Asian Miracle: Economic Growth and Public Policy*, New York: Oxford University Press, 1993. The High Performing Asian Economies are defined by the World Bank as: Hong Kong, South Korea, Taiwan, Indonesia, Malaysia, Thailand and China.
[17] World Bank, *The East Asian Miracle*, p 10.
[18] Cited in Kanbur & Vines, 'The World Bank and poverty reduction', p 98.
[19] World Bank, *World Development Report 1990: Poverty*, New York: Oxford University Press, 1990.
[20] World Bank, *Adjustment in Africa*, p 2.
[21] *Ibid*, p 15.
[22] M Hirsch, 'Orchestrating a revival', *Newsweek*, 9 October 1995, pp 41–45.
[23] P Krugman, 'Dutch tulips and emerging markets', pp 29, 30.
[24] *Ibid*, p 29.
[25] *Ibid*, pp 31–35.
[26] M Wolf, 'Troubled giant of H Street', *Financial Times*, 6 October 1995, p 8.
[27] M Prest, 'Special report: Wolfensohn's World Bank', *Prospect*, August/September 1996.
[28] World Bank Task Force, 'The multilateral debt facility', mimeo, Washington, DC: World Bank, 1995.
[29] D Brauer, 'The paternalist attitude of the World Bank must change', interview with Joseph Stiglitz, *Development and Cooperation*, 2, 2000, pp 26–27.
[30] *Ibid*, p 26.
[31] J Stiglitz, 'An agenda for development in the twenty-first century', *Annual Conference on Development Economics, 1997*, pp 17–31.
[32] *Ibid*, p 20.
[33] J Stiglitz, 'More instruments and broader goals: moving towards the post-Washington consensus', WIDER annual lectures, 2 January 1998.
[34] *Ibid.*
[35] *Ibid.*
[36] J Wolfensohn, 'The challenge of inclusion', Annual Meetings Address, 23 September 1997.
[37] Stiglitz, 'More instruments and broader goals'.
[38] Stiglitz, 'An agenda for development', p 17.
[39] J Wolfensohn, 'The other crisis', Annual Meetings Address, 6 October 1998.
[40] *Ibid.*
[41] World Bank, *Entering the 21st Century: World Development Report 1999/2000*, New York: Oxford University Press, 1999, p 16.
[42] J Stiglitz, 'Knowledge for development: economic science, economic policy, and economic advice', *Annual World Bank Conference on Economics, 1998*, p 9.
[43] Wolfensohn, 'The other crisis'.
[44] Kanbur & Vines, 'The World Bank and poverty reduction', pp 100–102.
[45] *Ibid*, p 88.
[46] www.worldbank.org.
[47] D Narayan, R Chambers, M Shah & P Petesch, *Voices of the Poor: Crying Out for Change*, New York: Oxford University Press, 2000, p xv.
[48] *Ibid*, p 264.
[49] See UNDP, *Human Development Report 1996*, New York: Oxford University Press, 1996.
[50] R Kanbur & L Squire, 'The evolution of thinking about poverty: exploring the interactions', mimeo, Washington, DC: World Bank, 1999.
[51] Narayan *et al, Voices of the Poor*, p 264.
[52] A Sen, *Development as Freedom*, New York: Anchor Books, 1999, p 10.
[53] Kanbur & Squire, 'The evolution of thinking about poverty'.
[54] World Bank, World Development Report 2000/2001: A Very First Cut, unpublished draft, can be accessed at www.worldbank.org/poverty/wdrpoverty.
[55] World Bank, *World Development Report 2000/2001: Attacking Poverty*, New York: Oxford University Press, 2001, p 8.
[56] *Ibid*, p 76.

[57] *Ibid*, p 15.
[58] World Bank, *World Development Report 1999/2000*, p 21.
[59] Wolfensohn, 'The other crisis'.
[60] World Bank, *World Development Report 1999/2000*, p 14.
[61] *Ibid*, p 21.
[62] The International Development Targets are: reduce the proportion of people living in extreme poverty by 50% by 2015; achieve universal primary education in all countries by 2015; eliminate gender disparity in primary and secondary education by 2005; reduce mortality rates for children under five by two-thirds in 2015; reduce maternal mortality by three-quarters by 2015; provide access for all appropriately aged adults to reproductive health care services by 2015; and implement national strategies for sustainable development in all countries by 2005.
[63] See World Bank, *World Development Report 1999/2000*.
[64] Collier, 'Conditionality, dependence and coordination', p 323.
[65] R Hopkins, A Powell, A Roy & C Gilbert, 'The World Bank, conditionality and the Comprehensive Development Framework', in Gilbert & Vines, *The World Bank*, p 290.
[66] World Bank, *Assessing Aid: What Works, What Doesn't and Why*, New York: Oxford University Press, 1998.
[67] Collier, 'Conditionality, dependence and coordination'.
[68] World Bank, *Assessing Aid.*
[69] World Bank, *World Development Report 2000/2001*, p 197.