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DIPLOMARBEIT

Titel der Diplomarbeit

„Ideologies of Development or Practices of Power?
The Bretton Woods Institutions and Ownership.
A Case in Southern Africa: Malawi.“

Verfasserin

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angestrebter akademischer Grad

Magistra (Mag.)

Wien, 2011

Studienkennzahl lt. Studienblatt:

A 0570 390

Studienrichtung lt. Studienblatt:

Individuelles Diplomstudium Internationale Entwicklung

Betreuer:

a.o. Prof. Dr. Walter Ötsch

ACKNOWLEDGEMENTS

I would like to thank Prof. Walter Ötsch for his support and, above all, his patience and flexibility throughout the process of writing. My thanks also go to Prof. Walter Sauer for his additional comments and inputs. During my research, the library of SADOCC, the Southern Africa Documentation and Cooperation Centre, gave me access to useful sources which otherwise would have been hard to obtain in Vienna. Thanks are also due to Annick Pijnenburg, who assisted me with editing. I am deeply grateful to Armand Feka for his confidence and support.

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LIST OF ABBREVIATIONS

AFORD	Alliance for Democracy
Afrodad	African Forum and Network on Debt and Development
AIDS	Acquired Immune Deficiency Syndrome
BWI	Bretton Woods Institution
CDF	Comprehensive Development Framework
CONGOMA	Council for NGOS in Malawi
CSO	Civil Society Organization
DPP	Democratic Progressive Party
EU	European Union
GDP	Gross Domestic Product
GNI	Gross National Income
GoM	Government of Malawi
HDI	Human Development Index
HIPC	Heavily Indebted Poor Country
HIV	Human Immunodeficiency Virus
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
I-PRSP	Interim Poverty Reduction Strategy Paper
JSA	Joint Staff Assessment
LDC	Least Developed Country
MCP	Malawi Congress Party
MEJN	Malawi Economic Justice Network
MK	Malawi Kwacha
MP	Member of Parliament
NGO	Non Governmental Organization
ODI	Overseas Development Institute
OPEC	Organization of the Petroleum Exporting Countries
PRGF	Poverty Reduction and Growth Facility
PRS	Poverty Reduction Strategy

PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
PWC	Post Washington Consensus
SAP	Structural Adjustment Program
TC	Technical Committee
TWG	Thematic Working Group
UDF	United Democratic Front
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
U.S.	United States
USD	United States Dollar
VENRO	Verband Entwicklungspolitik Deutscher Nichtregierungsorganisationen
WB	World Bank
WTO	World Trade Organization

1. INTRODUCTION

“Hegemony is like a pillow: it absorbs blows and sooner or later the would-be assailant will find it comfortable to rest upon.” (Cox 1993: 63)

1.1 Problem outline

Since the Bretton Woods Institutions (BWIs)¹ positioned themselves as financiers of development and turned to sub-Saharan African countries from the early 1970s, they have not limited themselves to lending, but instead continuously diversified the range of their activities to eventually include policy development. As the World Bank and the International Monetary Fund (IMF) had repeatedly been experiencing institutional transitions, their notion and conceptualization of development was changing, as were the instruments and policy recommendations provided by them. (cf. Goldman 2005)

The relationship between the Northern creditors and the Southern debtors was often conflict-ridden. In order to get access to development finance from the Bank and the Fund, countries had to agree to comply with BWI headquarters-set conditions and to implement certain macroeconomic policies. These compulsory policy reforms have greatly weakened the autonomy of recipient countries. A lack of local enthusiasm for what appeared to be BWIs imposed-programs was widely believed to be due to limited “country ownership” of these programs, leading to delays and very often to failures in implementation. Consequently, the Bank and Fund began to argue the case for greater national ownership of development policies. (cf. ODI 2001; Steward and Wang 2003)

A new policy tool, the Poverty Reduction Strategy (PRS) approach, was introduced at the end of the 1990s and replaced its widely criticized predecessor, the Structural Adjustment Programs (SAPs). It is regarded as the most concrete and widespread manifestation of the BWIs’ efforts to increase country ownership of development programs (cf. *ibid.*: 2).² Poverty Reduction Strategy Papers (PRSPs) now form the basis for virtually all multilateral lending to the least developed countries. They are policy documents produced by borrower countries outlining their economic, social and structural programs to reduce poverty and they are to be implemented over a three-year period. In order to access development funds, such as for instance debt relief, the development of a PRSP is

¹ The term Bretton Woods Institutions or the abbreviation BWIs stands for the World Bank Group and the International Monetary Fund. The World Bank Group is also referred to as the World Bank (WB) or the Bank. The International Monetary Fund (IMF) is also referred to as the Fund.

² The BWI’s conceptualizations of development and their development policies (such as Structural Adjustment Programs, Poverty Reduction Strategy etc) are discussed in more detail in chapter 2.

mandatory for Southern Countries' governments, although these Poverty Reduction Strategy documents should be drawn up in a participative process and be "owned" nationally. As they must receive endorsement from the boards of both the Bank and the Fund before becoming effective, the actual scope of national ownership of PRSPs is limited. Herein lies a fundamental contradiction – PRSP policies adopted need to fit within a strategic framework imposed by the Bank, and should simultaneously be freely chosen and "owned" by client governments (cf. Rückert 2006: 62). The scope and effect of such Bank and Fund loan conditionalities on development have been widely discussed in academia. Conditionalities are a mechanism for ensuring that macroeconomic core policies of borrowing countries fit within the Bank's and Fund's development agenda, and there is not much space for alternatives. Hence true "national ownership" in terms of self-determination is hardly possible. Putting it in the Bank's terms the country is now "in the driver's seat", though the driver's route on its development path is already pre-set (cf. Buchardt 2003).

The PRSP approach assumes that participation of various stakeholders, and most of all Civil Society Organizations, will increase national ownership. To what extent it does so must depend on who participates, whether participation actually affects the design of the policies or merely provides endorsement to externally designed programs, as well as on the scope and coverage of the PRSP formulation process. (cf. Steward and Wang 2003: 4) This makes country ownership a rather flexible concept.

1.2 Research objective and outline

This paper will re-examine the Bank's and Fund's roles in development by analyzing their practices with respect to ownership in Malawi³. Malawi has had a long and deep, although often problematic, relationship with the BWIs and its development strategies were significantly influenced by them. In order to get access to debt relief under the multilateral Highly Indebted Poor Country initiative, Malawi also developed Poverty Reduction Strategy Papers (the first full PRSP was approved in 2002). In what follows, the PRSP formulation process is to be analyzed, and I am concerned with how and why the idea of "ownership" has been actively promoted by the World Bank, as well as with the tensions and contradictions that resulted from applying it in development policy. My analysis is guided by three research questions:

(a) To which extent has the BWIs' development paradigm changed since the introduction of

³ I chose Malawi for several reasons: it was one of the first sub-Saharan countries to start drawing up a PRSP, it qualified for HIPC debt relief and due to its long aid relationship with the Bank and Fund, it seemed to illustrate the characteristics of the aid relationship between the Bretton Woods Institutions and Southern Countries well. Furthermore, my personal academic interest is focused on development economics and on sub-Saharan Africa and I realized that research interest about Malawi is comparatively low in Austria. These factors formed the basis for the choice of my research topic.

the PRSP approach with respect to ownership and participation?

(b) What was the aid relationship between the Bretton Woods Institutions, the Government of Malawi, Parliament and Civil Society in the first PRSP process and how did it change over time?

(c) Did Malawi “own” its PRSP?

My hypothesis, which is to be tested by this analysis, is that the introduction of the PRSP approach did not lead to any substantial changes in the aid relationship between the BWI and the Malawian counterparts, and that country ownership remained very limited. The aid relationship is still determined by the BWIs' neoliberal⁴ development paradigm, and the policy shift towards increased ownership was meant to increase local support for neoliberal policies through creating consensus by means of participation.

Through a critical reconstruction of the context of the emergence and implementation of the concept of ownership within the scope of the PRSP approach, it is possible to assess its meaning and function. My analysis is based on a neo-Gramscian theoretical framework⁵ (Cox 1983; 2001; 2002; Augelli and Murphy 1998; Gill 1993) and the research method applied, Maarten Hajer's Argumentative Discourse Analysis (Hajer 1995; 2002; 2006), also draws on Gramsci (Scherrer 2007: 78). A neo-Gramscian perspective has much to offer for an understanding of world orders, questions of development and the role of multilateral institutions in it as it “does not take institutions and social and power relations for granted but calls them into question by concerning itself with their origins and whether they might be in the process of changing” (Cox 1983: 129). It puts emphasis on how existing social or world orders have come into being and how norms, institutions or practices emerge (Bieler and Morton 2004: 86). Furthermore, it is accompanied by the relativistic assumption that discourse in some sense creates reality, and that “the objective truth of the discourse lies within and is produced by the discourse itself rather than ‘the external object’” (Ashley 1986: 281 quoted in Femia 2009: 32). Argumentative Discourse Analysis will show how ownership was discussed in Malawi, who raised his/her voice on this topic, what was said and how different stakeholders made the case for ownership, applying which arguments.

⁴ In this study, the terms “neoliberalism” or “neoliberal” refer to a set of economic principles centered on competition, deregulation, privatization and financial liberalization (cf. Neunhöffer; Plehwe and Walpen 2006). It has a political dimension too as it doesn't favor state intervention into what is considered to be the market (cf. Ötsch 2009). An example for neoliberal reform policy is the Washington Consensus (see chapter 2.2.2).

⁵ The paper at hand is not on (neo-)Gramscian thought, but I use Gramsci's and neo-Gramscian scholars' ideas to help understand the BWIs' role in development. I use Gramsci's concepts and analytical tools, isolating them from his view of history and leaving aside his political program. However I am aware that this is not possible outright, since I believe – as Gramsci also did (Augelli 1988: 5) – that totally detached, impartial social scientific analysis is not possible, and neither is separating a theoretical approach from its (initial) purpose. For a further explanation see also chapter 3.1.

In chapter 2 that follows, I will first give an overview of the World Bank and the International Monetary Fund, their conceptualization of development and their activities in their roles as financiers and policy makers. The third chapter will present the research design, outline the theoretical approach and research method. In chapter 4, I will take a closer look at the Bank's and the Fund's activities in Malawi during the PRSP process and present my interim findings. The last chapter presents a conclusion of my findings.

2. THE BRETTON WOODS INSTITUTIONS AND DEVELOPMENT: AN OVERVIEW OF IDEAS AND POLICIES

2.1 Development: intended social change

The term “development” is often used without any further explanation, taking its meaning for granted. In this short section I will give a brief overview of the history of ideas of development and outline how its meaning has changed over time.

Drawing on Cowen and Shenton (1995), Nustad (2004) starts his discussion of development as a concept by outlining a dichotomy, namely the distinction between the immanent and the intentional meanings of the word development.

This conceptual pair [...] seeks to distinguish between two usages of the word development: as active intervention, as in development project (intentional) and as process that unfolds over time, as in ‘development of capitalism’ (immanent). It was when development in the immanent sense was seen as creating problems that could be solved by active intervention, that intentional development was created. (Nustad 2004: 14)

Hence every question concerned with development is a question of planned social change, and consequently a political question (Boas and McNeill 2004: 4).

Since its inception – which is usually associated with US President Harry Truman's 1947 speech about foreign aid and burden sharing, also called the “Truman Doctrine” – development has been seen as a linear process towards increased prosperity facilitated through improvements in the fields of infrastructure, agriculture and industrialization. Western societies and industrial countries, which were perceived as “developed” were set as a role model, and resemblance to them was the goal of development. This theoretical model created a condition, “underdevelopment”, which it had set out to treat (cf. Nustad 2004). The pair of development and underdevelopment is thus mutually constitutive. The idea was that underdeveloped, poor countries would catch up if they would become nation-states and get capital, technology, democracy, education and the rule of law. (cf. Hart 2000; Nustad 2004) The absence of these factors was ascribed to internal causes in the country concerned and thus technical assistance was regarded as necessary. From its inception, development assistance was linked to the agency of elites, as “experts and scientists were given the responsibility for guiding the development of peoples seen as lacking it” (ibid.: 17).

Post-war development assistance can be broken down into seven decades and associated with different development paradigms: the birth of the Bretton Woods system in the 1940s; the era of the Marshall Plan and modernization theory in the 1950s; the heydays of industrialization and

dependency theory in the 1960s; the shift towards aid as an answer to poverty in the 1970s; the “lost decade” of stabilization and structural adjustment in the 1980s; the emphasis on good governance and democracy in the 1990s; and the decade of the Millennium Development Goals (cf. Moyo 2009: 10). Throughout the past 70 years the idea of intentional development has not been overcome.⁶

The Truman Doctrine, which set the ground for development aid, formed the basis of U.S. foreign policy from World War II until the end of the 1980s. Thus early development aid must be seen a product of the Cold War and instrument to advance the interests of the U.S. in Southern Countries. Until the 1960s, development assistance was part of the budgetary item “mutual security”. (cf. Nuscheler 2004: 78; Ötsch 2009: 90-1) As outlined above, resemblance to the West was seen as the ultimate goal of development at this time and modernization theory put forward the idea that underdeveloped, poor countries could catch up if they: would become democratic nation-states governed by the rule of law, accumulate capital and focus on economic performance, acquire technology to enable industrial production, and increase the level of education. Tradition was perceived as an obstacle to development. Walt W. Rostow’s Stages of Growth model, which postulates that development occurs in five stages, was the most important model in modernization theory. “Traditional societies” – characterized as hierarchic, fatalistic, heavily dependent on agriculture, and by their low use of technology – will reach the “Age of High Mass Consumption” after passing three sequential stages of development. The third stage, “Take-off” is of particular importance and occurs when society is driven more by economic processes than tradition what manifests in the growth of the rate of productive investment from five percent or less to more than 10 percent. For modernization theorists historic conditions and international economic structures were only of minor importance. (cf. Nuscheler 2004: 78; 214-5; Fischer et al. 2004: 35)

It was quite the opposite for dependency theorists, mainly scholars from Latin America, who

⁶ The idea of development was challenged since the late 1980s by scholars of postdevelopment and postcolonial studies which articulated dissatisfaction with the concept and practice of development (Ziai 2007: 3) and “deconstructed” (cf. Esteva 1992) it as a myth that was imposed by the West (cf. Fischer et. al. 2004: 41). Gustavo Esteva (1992), Arturo Escobar (1995), Wolfgang Sachs (1992), and others, had become disillusioned with development policy and advanced the view that “the industrial model of society could no longer be conceived as ahead in the evolutionary scale in the light of ecological predicament, that the project of development, which had been an instrument of the Cold War was bound to exhaust itself after 1989, that the development era had not led to progress of catching up for most of the ‘developing world’ but to a widening gap between rich and poor countries, and finally, that ‘development’ was a ‘misconceived enterprise’ in that it implicitly aimed at eliminating cultural diversity through the universalizing of Western institutions” (Ziai 2007: 4). In search for “alternatives to development” (Escobar 1995: 215) postdevelopment scholars looked into new social structures in grassroots movements, local communities and the informal sector which were characterized by different conceptions of the economy, politics, and of knowledge (Ziai 2007: 5). The focus of postcolonial studies is on the relationship between local cultures and global forces, the analysis of imperial power and neo-colonialism as economic dominance and “epistemic violence”(cf. Spivak 1988), with euro-centrism being a widely discussed issue (cf. do Mar Castro Varela and Dhawan 2005; Ashcroft et al. 2000).

influenced development thinking in the 1960s and 1970s. They criticized modernization theory for focusing on overcoming tradition as a barrier to economic growth, and insisted that external factors, such as unequal terms of trade had been the reason behind economic and social misery in Southern Countries. The integration of former colonies into the world market, which had been dominated by capitalist Europe at this time, led to dependence on foreign trade. (cf. *ibid.*: 36-38) This “structural dependency” (Nuscheler 2004: 216) applied to trade, financial flows and debt, as well as to class and power relations. Consequently, dependency theorists such as Henrique Cardoso or Andre Gunder Frank, argued in opposition to free market economists that Southern Countries needed to de-link from the world market and follow an auto-centric development path in order to overcome the disparities in North-South relations. Dependency theory⁷ became a leading paradigm in development thinking in times of world economic and political crisis in the 1970s and can be linked to the demand for the New International Economic Order, a set of proposals for promoting the interests of Southern Countries in international economic relations. However, in their theories, dependency theorists did not transcend the dichotomy of development and underdevelopment, but were concerned with finding the real cause for underdevelopment. This shows the extent to which (intentional) development had established itself as hegemonic idea by then. (cf. Nustad 2004: 17-20)

Current development policies are primarily concerned neither with industrialization, nor with radical changes in the terms of trade, but with neoliberal concerns such as stabilizing the world market and liberalizing trade and financial flows. Development practice and thinking is currently dominated by economists who tend to treat questions of development, like poverty, as purely technical, apolitical categories. Most of the policy recommendations of international institutions active in development are founded on the functionalist logic that economic questions can be separated from politics. (cf. Boas and McNeill 2004) “The space for debate and discussions about development and development policy [was] increasingly confined to the ‘operational framework’ of the neoliberal political agenda” (Weber 2006: 188). It seems that political debates over development have been settled, especially when it comes to the big players such as development banks and donors agencies in the development industry.

2.2 The Bretton Woods Institutions and development: means and ends

For the World Bank and the International Monetary Fund, development was, from the outset,

⁷ There are several approaches in dependency theory which vary to some extent. Early approaches put forward by the United Nations Economic Commission for Latin America and its first Secretary General, Raúl Prebisch, were followed by approaches by Henrique Cardoso and Andre Gunder Frank or the European scholar Dieter Senghaas.

defined as the promotion of economic growth, though the variables and functions of the Bank's growth model have changed over time (cf. Woods 2006: 43). The Bank's ethical and economic arguments for development have been varying and “what is so remarkable is the rapidity with which the Bank's new political rationalities shift and often contradict one another, yet circulate and become legitimate”, as Goldman (2005: 266) highlights in his elaborate study of the World Bank⁸.

The World Bank's and the International Monetary Fund's core business is lending money in order to support countries, projects and policies that may be risky, which take a long time and will not necessarily attract private sector bankers or investors. This position gives them considerable bargaining power in their relations with their clients, borrowing governments. They can lend, influence lending and assistance commitments from other donors, or even stop lending. Equally, they can define, impose and monitor development paths of countries through conditionality. (cf. Gowan 1999; Woods 2006). The Bank's and Funds' influence “in the short term depends on local conditions and whether politicians have an interest in using Fund and Bank resources or conditionality to bolster a particular position or policy. Longer term influence of the institutions is affected by the perceived quality and economic impact of their advice” (ibid.: 8).

Theoretically, the IMF and World Bank are run and governed by their 187 member countries, but in fact most of these countries have little to say, as voting power is proportional to the contributions paid to the Bank, resembling a shareholder structure. Due to their weak economic position Southern Countries' influence is very limited. Also, more than three quarters of the members are not directly represented on the Board of Directors and virtually no senior management staff comes from Least Developed Countries (LDCs); and many countries have no national working in the Bank. (cf. ibid.: 190)

2.2.1 The early World Bank and McNamara's presidency

The World Bank, via its lending arm⁹, the International Bank for Reconstruction and Development (IBRD), started lending after it was founded in 1944, and its activities were focused on the reconstruction of war-torn Western Europe and Japan. Goldman (2005) and Gowan (1999) explain that the early World Bank, which was heavily influenced by the U.S. Treasury, the U.S. State Department and Wall Street acted reluctantly based on conservative banker ethics, and invested in

⁸ In his book “Imperial Nature. The World Bank and Struggles for Social Justice in the Age of Globalization”, Michael Goldman (2005) gives a very detailed overview on development thinking and the role of ideas in the World Bank and much of this chapter is drawn on this book.

⁹ The World Bank comprises two institutions: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The latter also comprises the International Finance Corporation, the Multilateral Investment Guarantee Agency, and International Centre for Settlement of Investment Disputes.

capital intensive projects to rebuild old colonial infrastructure and promote industrialization, except when the State Department insisted on lending to Cold War allies. These conflicting rationalities made the World Bank ineffectual and it played a minor role in development and political economy. (cf. Goldman 2005: 50) Only after its first clients achieved a certain level of income per capita, the Bank turned towards new clients: countries in Africa, Asia and Latin America which had been termed developing countries after their process of decolonization and independence. (cf. Boas and McNeill 2004: 210; Goldman 2005: 50). At the time of the BWIs' foundation, poverty reduction was not on the agenda at that time since development was not understood as a process of “social upliftment” (ibid.: 31), and the rural poor for instance were not the target group of the Bank's capital investments. (cf. Woods 2006: 39-41.) This changed heavily in the next two decades, under Robert McNamara's presidency.

Goldman summarizes the causes for the reorientation of the Bank and the redefinition of its mission by pointing out that

the idea of fighting poverty with large capital interventions came from the historical conjuncture of a number of related events: the bloody and costly U.S. war in Indochina; the crash of the U.S. economy; the yearning of capital-flush Western Europe, Japan and OPEC nations to find investment opportunities outside the U.S. economy; a revolutionary spirit spreading through the global South; and a world crisis in the ‘international food order’ spurred not by food shortages but by a flood of cheap U.S. food exports (Goldman 2005:31)

He further explains that this historical conjuncture became a great opportunity for McNamara “to harness the North's capital surpluses and the South's economic woes into a new development regime that helped transform the World Bank into a global ‘defender of the world's poor’” (ibid.: 32). McNamara voiced criticism about the failure of the Bank's development model which has been pursued so far and insisted on lending to the poorest countries and for concerns which had been avoided by the Bank's economists before. Development, as it had been conceptualized in the 1970s, became the World Bank's central mission and the institution, together with the IMF, would employ a wide range of instruments in seeking to accomplish it.

Upon his initiative, capital was made available for new clients in the form of project lending for multi-sector and society-wide interventions, replacing individual loans in specific types of infrastructure. “Equity” and “poverty alleviation” became lending objectives and McNamara began to stick to the language and political strategy of “development” rather than “investment banking” and thereby created a new development discourse. Internally, McNamara faced skepticism and opposition as his staff, dominated by economists, doubted that “investing in the poor” would be a financially sound, efficient and effective route to productive capital expansion and overall economic growth. (cf. Goldman 2005: 72-77; Woods 2006: 43-45) In order to make lending and borrowing

large amounts of capital for things other than infrastructure and industrialization possible, the World Bank “needed to generate a major shift in perceptions and the institutional means to put theory into practice” and “to win support for his interventionist logic and expansive development agenda, McNamara needed to sell it as *rational, politically and economically necessary, and profitable*. The effort required a new organizational culture and a much grander development science” (Goldman 2005: 72, emphasis in original). In order to create that perception and not to lose the confidence of the Bank's main constituents through making a discursive shift, the World Bank heavily expanded its capacities for research, economic modeling, data collection, report writing, and dissemination of information on the so-called less developed world. The research department recruited heavily and although vacancies were predominantly filled with economists, some political scientists and sociologists were also employed. The trickle-down effect was to be replaced by a new paradigm in development thinking: problems needed to be measured, analyzed and overcome. (cf. *ibid.*: 76-7.) With this shift McNamara also introduced rational choice theory into the World Bank and helped it to get established as a tool for public policy.¹⁰

Under the presidency of McNamara the World Bank started lending for projects in education in order to solve the problem of low literacy rates, nutrition and ill health, population control, rural development as well as urban poverty concerns in growing megacities. This focus at first dismayed the donors and dominant players in development finance, such as Wall Street and the U.S. Treasury, but by the 1980s these types of poverty alleviation investments have become standard for the Bank, Northern investors and donors as well as the international development agency network which comprises bilateral aid agencies, Non Governmental Organizations (NGOs) and charities. (cf. *ibid.*: 71) The larger political-economic context of his era, the battles for the New International Economic Order and strong support for Keynesianism, helped McNamara to successfully convince critics that this shift in development lending was sound and necessary (cf. Woods 2006: 33-4). Furthermore, Northern creditors were no longer presented as beneficiaries of development financing, but were replaced by the new target group, the world's poor in Southern Countries. The Bank's annual reports became a discursive tool intended to a broader audience and their contents focused on the socioeconomic aspects of poverty. Goldman (2005: 83) highlights that these were not mere rhetorical changes, rather they were changes with meaningful and material consequences. The

¹⁰ Ötsch (2009) and Amadae (2003) explain how political and economic ideas are presented as scientific results in order to get accepted and thus able to influence decision making and public policy. Rational choice theory grew out of the efforts of the RAND Corporation – the first U.S. military think tank – to develop a “science” of military and policy decisionmaking. The context of the emergence of the theory, the Cold War, shaped the theory and its scope. As Secretary of Defense McNamara had links to RAND and by introducing rational choice theory into the World Bank and making it a major tool for development policy, he promoted capitalist libertarian ideas which formed the basis of rational choice theory. (cf. Amadae 2003; Ötsch 2009)

introduction of a new development regime and the broadening of the Bank's lending portfolio allowed it to influence domestic policies and decision making in borrowing countries more deeply.

2.2.2 The debt crisis and the Washington Consensus

However, the Bank's efforts to solve the problems of development and to reduce poverty in the 1970s were unsuccessful and because of imbalanced terms of trade¹¹, many developing countries became highly indebted and net importers of food from the North. Deriving from volatile flows of finance capital in and out of the South, poverty and indebtedness grew as a result of the Bank's development agenda. In the early 1980s, Southern Countries' level of debts became unsustainable¹² and the “debt crisis” started in 1982 with Mexico declaring bankruptcy. Many other Southern Countries were heavily indebted and faced a disastrous external position. The debt crisis became a threat to the very foundations of global financial stability as the survival of international creditors depended on getting paid back for loans. Debt restructuring was seen as the only solution to the crisis, and debt relief was not on the agenda, quite the contrary, the World Bank and IMF insisted on full repayment of debts. It was assumed that most countries were not insolvent, but illiquid, and that economic reform measures would answer their problems. (cf. Raffer and Singer 2001: 166). As the international private lending market dried up and commercial banks were no longer willing to lend to indebted countries, the World Bank and IMF took advantage of the vulnerable position of their borrowers and their own unique role as powerful development banks with a global mandate, and positioned themselves as managers of debt restructuring.¹³ Hence the debt crisis was important with respect to BWI influence on debtor economies, resulting in a dramatic shift in power and in spreading the neoliberal agenda to the global South. (cf. Moyo 2009; Raffer and Singer 2001)

The BWIs became the lead players in the economic restructuring of so called third world countries, and other donors, which tend to stick to BWIs' accreditation, loans, and programs, followed them. The IMF formed the Structural Adjustment Facility and later the Enhanced Structural Adjustment Facility to lend money to defaulting nations in order to help them repay their debts. From then on,

¹¹ Income from trade was falling drastically at these times, prices for commodities such as oil and sugar had fallen to historically low levels. For example, oil fell from \$38 per barrel in 1980 to \$15 in 1986 and sugar from 65 cents per pound to less than 7 cents per pound in 1978 (Moyo 2009: 19).

¹² According to the United Nations Conference on Trade and Development (UNCTAD), a level of debt is sustainable if it allows a debtor country to meet its current and future debt service obligations in full, without recourse to further debt relief or rescheduling, avoiding accumulation of arrears, and if it allows for an acceptable level of economic growth. (cf. UNCTAD 2000)

¹³ After the Bretton Woods System had collapsed and the U.S. had ended direct convertibility of the dollar to gold in 1971, the International Monetary Fund and the World Bank underwent an institutional crisis as their mandates had been ruptured. Some scholars (Raffer and Singer 2001) doubt if the BWIs' further existence without reform after the 1970s has been legitimate, and they also highlight that without the debt crisis the BWIs would have lacked a mission. The debt crisis gave the BWIs reason for their further existence and an opportunity to reposition themselves.

any financial support to debtors was contingent on approval by the BWIs which set down the conditions debtors needed to meet in order to continue borrowing or get access to debt rescheduling. Any Southern Country which wanted to receive funding from the Bank and the Fund had to undergo so-called Structural Adjustment Programs. (cf. Raffer and Singer 2001: 158-174. Woods 2006: 146)

In the early 1980s economic neoliberalism was on the rise and there was a growing consensus among leading policymakers that there were structural impediments to the smooth functioning of economic markets. Government involvement was regarded as an obstacle to growth and it was argued that governments should liberalize their economies in favor of the *laissez-faire* paradigm, which highlighted the self-regulation of private markets. While the strongest economies worldwide, the U.S. under the presidency of Ronald Reagan and the UK lead by Prime Minister Margaret Thatcher, were undergoing economic reforms focusing on deregulation, privatization, cuts in public expenditure, and trade liberalization, the World Bank also shifted its orientation in development thinking. (cf. *ibid.*: 47)

The BWIs started to fund stabilization and so called structural adjustment¹⁴. Stabilization comprised measures aimed at the reduction of a country's imbalances, such as the import-export ratio or the government's fiscal position, to reasonable levels. Structural Adjustment focused on trade liberalization, reducing prices and structural rigidities. (cf. Moyo 2009: 20-1) The set of free-market neoliberal adjustment policies imposed upon developing countries through loan conditionality was later commonly called the Washington Consensus¹⁵. It comprised the following ten policy prescriptions¹⁶:

- (i) Fiscal discipline;
- (ii) Redirection of public expenditure priorities towards fields with high economic return;
- (iii) Tax reform, including cutting marginal tax rates;
- (iv) Financial liberalization;
- (v) Unified and competitive exchange rates;
- (vi) Trade liberalization;
- (vii) Equal treatment of foreign and domestic investors;
- (viii) Privatization;
- (ix) Deregulation;

¹⁴ Stabilization and structural adjustment measures were together known as "programme aid". The most important policy tool, Structural Adjustment Programs, is discussed in more detail in chapter 2.3.

¹⁵ The term "Washington Consensus" goes back to John Williamson who dates its origins to his Congress hearing in 1989 (cf. Raffer and Singer 2001: 51).

¹⁶ The summary below draws on Raffer and Singer (2001: 51-4). For a more detailed discussion see also Williamson 2005.

(x) Secure property rights.

These conditionalities were fully in line with the neoliberal paradigm which was on the rise in Europe and the U.S.. Newly elected U.S. president Ronald Reagan had displaced former World Bank president McNamara, and his successor, A.W. Clausen, replaced the Bank chief economist and significant parts of staff with orthodox economists¹⁷. Evidently, neoliberal macroeconomic reforms, such as the ones the North was undertaking, became a blueprint for the restructuring of the South. (cf. Goldman 2005: 91-3) The neoliberal structural adjustment era

affected relations at the point of social reproduction, reconfiguring the way in which states and citizens interact [...]. Spearheaded by the Bank, these overlapping regimes of development – poverty alleviation and structural adjustment – only deepened and expanded World Bank power in borrowing countries (Goldman 2005: 91).

The Bank's neoliberal turn was supported by a network of influential policy elites and lawyers, economists, business leaders and technocrats working in a variety of state and non-state institutions and pushing the neoliberal agenda on the national level. (cf. Dezalay 2002, Goldman 2005) Critics such as Raffer and Singer or Woods highlight that the World Bank and IMF were not always lending on technical economic or developmental grounds¹⁸ and that provision of their funding occasionally had severely negative consequences for their alleged target group, the poor.

By 1989 most new loans granted by the Bank to developing countries were adjustment loans, which were accompanied by a package of strict conditionalities, and when Russia and the Newly Independent States from the former Soviet Union joined the rank of borrowers, “the Bank's adjustment regimes had definitely become global” (ibid.: 90-1).

2.2.3 The Post-Washington Consensus

“With the debt and structural adjustment crises, the Bank reformulated the [...] question of democratization and governance, and the [...] concern with redistribution and equity, into the neoliberal question of the freedom and sovereignty of capital” (ibid.: 91). The BWIs introduced an enduring managerial state of mind and by setting the frames for development, they impeded alternative development paths. Despite failed projects and the lack of desired development effects, the Bank and Fund held to their existing development paradigm. Evaluations of the effects of SAPs

¹⁷ When the older World Bank development economists signed off and nearly 800 neoliberal macroeconomists were hired the Bank committed what a Bank official called „economic genocide“ (Goldman 2005: 92; cf. George and Sabelli 1994).

¹⁸ „The extremes cases of this were the support provided to Nicaragua under Somoza, to the Philippines under Marcos, and to Zaire under Mobutu” (Woods 2005: 153).

in the 1980s showed that the policies did not achieve their objectives; neither stabilization nor growth was reached. Instead, the situation of the population in Southern Countries had severely worsened due to cuts in social welfare and due to effects on the income redistribution of the implemented policies. In short, the poverty-reduction performance of most poor countries was disappointing. Nevertheless, loan requests from countries which did not want to keep to the assumption that stabilization and adjustment would lead to poverty alleviation were not approved. (cf. Raffer and Singer 2001; Goldman 2005) Moreover, official Bank and Fund publications still promulgated the view that adjustment was the key to poverty reduction, although evidence did not back up the claims made in the reports. (cf. Woods 2006: 160)

By the end of the neoliberal adjustment decade, Southern Countries debt was at least US\$ 1 trillion and the cost of repayment “colossal” (Moyo 2009: 22). Debt servicing flows from the South to the North lead to net reverse flows from poor countries to rich countries amounting to some US\$ 15 billion per year. “From a development point of view, this was absurd” (ibid.: 22). Eventually, the BWIs and Northern creditors understood that the debt problem was not about illiquidity and that debt reduction was a necessary precondition for sustainable economic growth and development. In 1989 the “Brady Plan”, named after the US treasury secretary, was developed: it envisaged a mix of debt relief, debt reduction, and new credits for 39 of the most heavily indebted countries. Structural adjustment was again compulsory for all countries. The Brady Plan somewhat managed to ease the situation for some highly indebted middle-income countries, but in 1994, when Ecuador became insolvent, it was evident that partial debt relief for a limited group of countries was not sufficient. (cf. Neuwirth 1997: 309)

With this incident the BWIs acknowledged the failure of their development agenda, including the Structural Adjustment Programs. The World Bank “was on trial in the world’s court of public opinion” (Goldman 2005: 94) and skeptical Civil Society Organizations (CSO), governments, academia and the private sector, supported by media, voiced heavy criticism of the Bank. They strongly echoed the concerns of debtor governments, which suffered from rigid structural adjustment policies. Under such pressure the Bank and Fund had to re-conceptualize their understanding of development and revise their aid model, and, as before, the World Bank President and Chief Economist were replaced. (cf. Cammack 2004)

However, the Bank and Fund did not question the fundamentals of their development paradigm and policy prescriptions of their adjustment programs, but perceived the implementation and wider institutional setting in the borrowing states as wrong. Neoliberalism was still seen as the only way forward, and what needed to change in order to make structural adjustment reforms work, was

political leadership and the weak institutions in many Southern Countries, especially in Africa. (cf. Taylor 2004: 130) “Good governance”, a concept which includes strong and credible institutions, transparent rule of law and a legal framework including a set of operating principles for a competitive global economy, was seen as a precondition for making neoliberal reforms more effective. Corruption, which had often been supported by politically motivated aid flows¹⁹, was to be eroded with good governance. (cf. Abrahamsen 2000: 2-6) Critics highlight that good governance allegedly focuses solely on the economic and in doing so circumvents the political, although it actually has significant effects on the role and functioning of the state: “In essence, good governance promotion can be seen as an expansion of the IMF's mandate into the realms of advocating constitutional and legal safeguards for transnational capital” (Taylor 2004: 136).²⁰

In this era of reflection and reorientation further development concepts were proposed, the most prominent of which was the “redistribution with growth” approach, which recommended targeting investment to the poor in order to increase their income through economic growth but did not advocate active redistribution, as well as the “basic human needs approach” which focuses on the eradication of extreme poverty. The level of success of these approaches was limited and according to critics, this was due to the World Bank's commitment to neoclassical theory²¹, which prevented it from developing a conceptual framework which would enable it to understand the potential for growth and the dynamics of poverty, particularly in sub-Saharan Africa. (cf. Cammack 2004; Sender 2002: 185)

In the late 1990s a new development agenda, termed the Post Washington Consensus (PWC), was introduced by the BWIs. It comprised a “second generation” of reforms, especially legal, tax, social, and education policy reforms. (cf. Burchard 2002: 57) Privatization and decentralization were supposed to increase efficiency and effectiveness of enterprises, and social welfare was to be focused more on the poor in need. World Bank President James Wolfensohn²², who was appointed

¹⁹ As to Uganda's Idi Amin, Zaire's Mobutu Sese Seko, Liberia's Samuel Doe or Malawi's Hastings Banda.

²⁰ George and Sabelli (1994) summarize the rhetoric success of the concept by saying that „being against good governance is like being against motherhood and apple-pie“. Criticism of good governance is often indirectly prevented as it is mostly presented as an aspect of democracy.

²¹ Neoclassical economics is the dominant approach in microeconomics and focuses on determination of prices, income and distribution in market through supply and demand based on the hypotheses of maximization of utility and rational choice theory. For a critical discussion of neoclassical economics see Lee, Frederic S. and Keen, Steve (2004): *The Incoherent Emperor. A Heterodox Critique of Neoclassical Microeconomic Theory*. In: *Review of Social Economy*, LXII/ 2, p. 169–199.

²² Wolfensohn also highlighted the need for a clearer division of labor between the Bank and the Fund: „Our roles are clearly different. The Fund's mandate covers surveillance, exchange rate matters, balance of payments, growth-oriented stabilization policies and their related instruments. The Bank has a mandate for the composition and appropriateness of development programs and priorities, including structural and sectoral policies – and therefore, by building a sound basis for development, a responsibility for crisis prevention“ (Wolfensohn quoted in Cammack

in 1995, argued that the Bank should “consider the financial, the institutional and the social together” (Wolfensohn 1998: 5). Chief economist Joseph Stiglitz brought the state back in and assigned it a control function, governments had to work “as a complement to markets” (Stiglitz 1998 quoted in Führmann 2003: 29).

The Bank's and Fund's development discourse shifted away from growth-oriented adjustment towards emphasizing poverty reduction²³ and country ownership²⁴ as operational principles in all lending. This commitment would have meant more participatory and less conditional policy formulation processes. (cf. ODI 2001: 2) However, critics highlight that despite these principles, Bank and Fund activities did not stray too far from neoliberal principles in the actual development practice and that self-determination of national policies and development priorities was still very limited²⁵. (cf. Goldman 2005: 245; Rückert 2006: 40-7). Clearly disappointed by World Bank and International Monetary Fund policies, Sindzingre (2004: 176) argues that the emphasis on poverty is a strategic response, and that speaking of poverty “is to postpone speaking of development, making a shift in the temporality – shorter time frames – of ideas as well as policies”.

During James Wolfensohn's presidency, the Bank also opened up toward NGOs and paid more attention to their concerns. As most of the powerful and well-organized NGOs were from creditor countries, allying with them can be understood as means to satisfying creditors rather than for improving the quality of services delivered to the borrowers (cf. Wade 2002). In order to silence critics, and to better argue its case for its unpopular policies and to improve its image, the World Bank has also strengthened its public relations activities, expenditures for Public Relations surpassed its research budget in the new millennium. (cf. Kapur 2002: 349, Goldman 2005: 230)

2.2.4 Institutional features influencing development theory and practice

The World Bank and IMF are powerful and coercive intermediaries of the international community and bastions of a dominant way of thinking about global economic policy – or so they are perceived across developing, emerging, and transition economies (Woods 2006: 65). However, the World

2003: 10)

²³ The most prominent policy tool of the Post Washington Consensus' poverty reduction strategy (which again is the prescribed route to achieve the Millennium Development Goals) is the national Poverty Reduction Strategy Paper. (World Bank and IMF 2005: 1). This is discussed in more detail in chapter 2.3.

²⁴ The concept of ownership is discussed in more detail in chapter 2.3.

²⁵ In his study, Goldman analyzes the case of World Bank loans and policy recommendation in the water and sanitation sector. He points out that „in the mountains of policy papers, technical agendas, investment portfolios, and legislation [...] that have been produced by them since the mid-1990s, one discovers a remarkable global consensus on the options available to countries [...]. In less than a decade, there has been an unequivocal and narrowing set of the terms of reference, of economic models, of ethical concerns, and of the roles of actors offered as a synthetic global regime of truth, rule and right”. (Goldman 2005: 245)

Bank and the Fund evidently do not have a very good track record. Their conceptualization of development, which the Bank virtually equates with GDP growth per capita, their ineffective policy recommendations, and high level of conditionalities are often criticized by NGOs, governments and academia. The reasons and causes for their poor performance are complex, and to some extent also institutional, as Woods (2006) explains.

Woods (2006) highlights three institutional features hindering the Bank's move towards a broader conception of development: first, expanding the Bank's goals beyond GDP growth was prevented by its Article of Agreement which prevented it to take politics into account when making lending decisions. It also prohibited direct political interference: such decisions are left squarely in the hands of governments. At most it was entitled to aim to enhance the capacity of a government to address political, social and welfare objectives which it was not allowed to target explicitly. Thus, even if governments agreed to a wider set of policies, the Bank would have not been able to define what these were. (cf. Woods 2006: 45) This point is discussed somewhat controversially among academics; Raffer for instance claims that the Bank has repeatedly violated its bylaws (Raffer 2008: 11). The other two problems are more practical in nature.

Second, the Bank's analysis has always been deeply affected by its internal structure. The Bank is organized into technical departments and area departments. While the technical departments appraised projects and loans, the area departments examined macroeconomic indicators such as growth rates and trade flows. The capacity to systemically trace how development policies and processes come together in specific settings was missing and so were analyses which would have been important for forging practical cases or models for development strategies.²⁶ (cf. Woods 2006: 45)

Third, the Bank lacked the research, expertise and knowledge to analyze and explain the social and political conditions in Southern Countries, as its research department is “small and underfunded” (Woods 2006: 45). In virtually all of its thinking, the Bank is dominated by a technocratic and an economic perspective. The technocratic nature of the BWIs clearly and directly limits the extent to which external ideas can have a real impact on their thinking (cf. McNeill 2004: 120-1).²⁷ Although

²⁶ An example given by Robert Wade is the World Bank's approach to environmental issues: “In reviewing the Bank's efforts to integrate environmental considerations, one finds that the organization has handled them best when it has organized environment as a separate sector, alongside agriculture, energy, forestry, and so on – a sector bounded, moreover, by *national borders*. These are fully consistent with the Bank's long-established mode of organization: they can be given to a task manager located in a country department and handled just like any other project.” (Wade 2004: 90, emphasis in original)

²⁷ Ngaire Woods also sheds light on the structural constraints to innovation by examining the incentives World Bank staff face to adopt new ideas. “Ideas that open up new lending possibilities will best fit with the ‘disbursement culture’ that has long rewarded staff for how much they lend rather than the quality of these loans” (Woods 2006: 39)

the Bank's economic perspective has undergone changes over time, the products of the Bank's internal research departments are widely self-referential and tend to confirm results contained in reports. Research is strongly influenced by economists: while political scientists and sociologists have been hired, their power to influence decision-making is very weak and thus innovative trans-disciplinary approaches to problems are prevented. Within multilateral institutions, economics as a research discipline has a hegemonic position and is presented as an objective approach which provides a value-free and correct picture of problems. Through such an approach development is presented as a technical question, rather than a political one. (cf. Boas and Mc Neill 2004; Sindzingre 2004)

2.3 World Bank policies and policy tools

2.3.1 Comprehensive Development Framework and Poverty Reduction Strategy Papers

The Comprehensive Development Framework, the World Bank's new long-term, holistic approach to lending practices which claims to place poverty reduction at the fore and to allow recipient countries to own and direct their development agendas, was eventually introduced in the late 1990s as was mentioned above. Researchers identified three factors, besides the SAPs' limited impact on poverty reduction, which lead to the introduction of the new approach: first, the growing recognition of the importance of the national policy context for aid effectiveness; second, increased awareness of the limitations of conventional conditionalities for leveraging some of the critical changes; and third, the search for a new instrument that would be suitable to justify a major debt-reduction initiative (cf. ODI 2001: 2-3).

The most prominent tool for implementing the new CDF is the so called Poverty Reduction Strategy Papers (PRSPs). They replace the former Policy Framework Papers as the required statement of recipient government objectives for the purpose of further adjustment lending²⁸ by the Bank and the Fund. A PRSP is supposed to outline a national program for poverty reduction for three years. Furthermore, PRSPs were conceptualized as a device to ensure the proper - meaning poverty reduction related - use of additional funds from debt relief. Countries seeking to receive debt relief under the multilateral Heavily Indebted Poor Country (HIPC) initiative, which was introduced in 1996 in order to write off unsustainable debt of HIPC²⁹, need to present a PRSP or

²⁸ Both the World Bank, viz. IDA, and the IMF introduced new lending instruments that are more in line with PRSP principles and objectives. The IMF introduced the Poverty Reduction and Growth Facility (PRGF) and the Bank introduced the Poverty Reduction Support Credit (PRSC). (cf. ODI 2001: 1)

²⁹ Malawi was one of them. This is discussed in more detail in chapter 4.

Interim PRSP (I-PRSP) in order to reach the “decision point” in the debt relief process which enables partial debt relief. I-PRSPs were introduced to address the issue of tension faced by many HIPC countries between qualifying for debt relief and allowing time to develop a good full PRSP. Now the process is split up into two stages for all countries. (cf. Bretton Woods Project 2003)

The national Poverty Reduction Strategy should be based on already existing national development plans, which should then be re-presented as a Poverty Reduction Strategy Paper. The core principles underlying the CDF and the development and implementation of the PRSP, which are defined in the Sourcebook for Poverty Reduction, are outlined below (cf. World Bank 1999; 2002). The poverty reduction strategies should be:

- (i) country-driven: involving broad-based participation by civil society and the private sector in all operational steps;
- (ii) results-oriented: focusing on outcomes that would benefit the poor;
- (iii) comprehensive: recognizing the multidimensional nature of poverty;
- (iv) partnership-oriented: involving coordinated participation of development partners (bilateral, multilateral, and non-governmental);
- (v) based on a long-term perspective for poverty reduction.

Despite the core principles “country driven” and “partnership oriented”, conditionalities continue to be attached to loans. Substantive conditionality, which stressed efficiency and results, as it did in SAPs, was replaced with process conditionality, which ostensibly puts more emphasis on process and national ownership than on expected output indicators (cf. Bwalya et al. 2004: 5) However, the BWI did not discount tangible outputs, although they were thought to be more achievable if the policies which were supposed to bring them about had been grounded in a thorough and participatory process. Or,

[i]n other words, the PRSPs were not all about process at the expense of output. Rather, the process approach was not considered more instrumental towards achieving basically the same policy outcomes – albeit more broadly and with some modification – that the SAPs had failed to achieve. (Bwalya et al. 2004: 3).³⁰

Thus content still matters. The PRSP must be presented to the Bank and the Fund before a country seeks new funding through loans, and the boards of both institutions must approve a country’s

³⁰ The Overseas Development Institute comments that “[t]he phrase Poverty Reduction *Strategy* Paper has a literal meaning and an aura of solemnity that are potentially deceptive. Some of the language in which PRSPs are currently being discussed is strongly reminiscent of the early days in ‘development planning’ in the 1950s and 1960s, when the world seemed a simpler place than it does now. The concept of PRSP might seem to imply that the reduction of poverty is more straightforwardly amenable to rational thinking and action than we know to be the case.” (ODI 2001: 2; emphasis in original)

PRSP before a lending program is agreed. In addition to the PRSP, countries also need a Letter of Intent and a Country Assistance Strategy, a sort of “business plan” defining their targets and actions. The specific program outlined in these documents forms the basis of a policy matrix which is negotiated between the Bank and the borrower, but the matrix already pre-sets specific priority actions considered crucial to the success of the program by the Bank and Fund. The full PRSP is submitted to the Bank and Fund and appraised by officers from both BWIs in so called Joint Staff Assessments (JSAs). In order to get approved, a PRSP must present a coherent policy strategy for poverty reduction based on “sound policies” which basically must not differ much from the policies recommended in the SAPs.³¹ (cf. Bretton Woods Project 2003: 5-6)

Referring to the core principles outlined above, the government is responsible for writing the PRSP and for managing technical and donor inputs to it, as it is supposed to “own” its PRSP. The World Bank has signaled openness towards PRSPs’ contents, but in practice PRSPs of countries whose proposals do not follow the economic paradigm and policies favored by the Bank and the Fund are mostly not approved in the Joint Staff Assessment (cf. Raffer and Singer 2001). Though a positive Joint Staff Assessment “does not signify agreement with all the analysis, targets, or actions included in the PRSP or that the PRSP represents the best possible strategy for the country. What it does indicate is the staff’s “bottom line” judgments as to whether the PRSP is a “credible” framework within which the World Bank and IMF will provide financial and other support” (Bretton Woods Project 2003: 5). Without a positive Joint Staff Assessment and acceptance by the boards of both the Bank and the Fund, the respective government will not receive funding from the BWIs, and most likely not from other donors either since the BWIs act as gatekeepers for development finance. These two mechanisms ensure that the BWIs have the final say about the contents of the national development programs of Southern Countries, which contradicts the rhetoric of national ownership.³²

Civil Society Organizations voice their concerns about this contradiction and say that this will cause governments of Southern Countries to opt for programs which they know will be accepted even if they conflict with development priorities identified through consultative processes in the given country. Paradoxically, in the Joint Staff Assessment mentioned above, the Bank and Fund also appraise the extent to which governments have consulted with civil society and how governance issues were addressed. The PRSP must be based on an acceptable participatory process, though the

³¹ It is noteworthy that after having turned away from the SAP approach, the Bank and Fund renamed their lending facilities for poor countries. As mentioned above, the IMF’s Enhanced Structural Adjustment Facility is now called Poverty Reduction and Growth Facility, although beside the name nothing has changed: interest rates and repayment conditions remained the same. (cf. Bretton Woods Project 2003)

³² The concept of national or country ownership is explained in more detail in the next chapter.

World Bank has not specified what constitutes such an acceptable participatory process and which criteria need to be fulfilled. The Bank argues that the great diversity of country specific contexts and capacities makes the application of one standard impossible. (cf. Steward and Wang 2003)

2.3.2 Country ownership and participation

The introduction of “country ownership” as a lending principle was a response to the failure of BWIs’ development programs. It was eventually recognized that Bank- and Fund-imposed one-size-fits-all blueprints will not foster economic growth and that development policies have to be adapted to each country’s institutional context. (cf. Singleton and Weller 2006: 75) In the PRSP approach, the notion of country ownership of policies and partnership in development cooperation represent an attempt to involve developing countries more directly in the policy-making process. With respect to the PRSP approach, the World Bank presents its notion of ownership in the following way: “Country ownership is the guiding principle. ... the process and content [of PRSPs] must be designed nationally to suit local circumstances and capacities, and should be useful to the country, *not only* to external donors” (Klugman 2003 quoted in Steward and Wang 2003: 2, emphasis added by Steward and Wang). For the IMF, ownership is a willing assumption of responsibility for an agreed program of policies by officials in a borrowing country, based on the understanding that the program is achievable and in the country’s own interest (IMF 2001: 6; Cavassini and Entwistle 2005: 2). Another possible definition proposed by Eberlei (2007) is more focused on the process of policy formulation and on participation. According to him, country ownership can be defined as “broad-based participation in the designing process and strong domestic accountability during implementation” (ibid.: 7).

The World Bank admits that country ownership is multidimensional, and that it is difficult to arrive at a definition of country ownership that is operational and empirically verifiable (Cavassini and Entwistle 2005: 2).³³ It proposes four criteria to assess ownership:

- (i) The locus of initiative for the policy must be in the government;
 - (ii) The key policymakers responsible for implementation must be intellectually convinced that the goals to be pursued are the right ones;
 - (iii) There must be evidence of public support from the top political and civic leadership;
- and

³³ There are further more detailed operationalizations for assessing country ownership of policies, as e.g. Booth (2003) or Bwalya et al. (2004). These are conceptualized to assess the ownership of the policy-making process and implementation, viz. the substance of the policy outcomes. As my analysis discusses the participatory aspects of the policy-making process which led to the formulation of the Malawian PRSP only, and does not look into the policy outcomes in terms of their feasibility and efficacy in implementation or their poverty reduction impacts, I keep to Eberlei’s (2007) and the World Bank’s (2005) approach.

- (iv) There must be evidence that the government is building support among the affected stakeholders and can rely on their cooperation.

In the SAPs, the role of the state has been very limited and conditional funding often undermined national sovereignty. By emphasizing national ownership of policies in the PRSP approach, the Bank and Fund brought the state back in and assigned it regulative functions. But it was not only the governments which were supposed to have a stronger say in the policy formulation process, policy consultations with Civil Society Organizations were also foreseen as the BWIs assumed that including civil society in the process is likely to help to increase perceptions of national ownership and thus improve implementation.³⁴

Participation has often been used as a proxy for country ownership (Cavassini and Entwistle 2005: 3). As outlined in the previous chapter, the Bank takes an acceptable participatory process as a basis for the endorsement of the PRSP by the Joint Staff Assessment and the Board – without defining what “acceptable” participation ought to be. In the Sourcebook for Poverty Reduction Strategies the World Bank defines participation as “the process by which stakeholders influence and share control over priority setting, policymaking, resource allocations, and/or program implementation” (World Bank 2002: 237 quoted in Eberlei 2007: 2). The World Bank expects the following groups to participate:

- (i) The general public, particularly the poor and vulnerable groups;
- (ii) The government, including parliament, local governments line and central ministries;
- (iii) Civil Society Organizations such as NGOs, community based organizations, trade unions and guilds, academic institutions;
- (iv) Private sector actors such as professional associations;
- (v) Donors, both bilateral and multilateral.

The approach presented above envisages that participation takes place at all stages and is very inclusive. Nevertheless, in practice the meaning of participation is not as straightforward as it seems. Critics highlight that the extent to which participation increases ownership depends on who participates, whether participation actually affects the design of programs, or whether it merely provides endorsement to externally designed programs, as well as on the scope and coverage of the PRSP process.³⁵ (cf. Steward and Wang 2003: 4) Participation means involvement and climbing up

³⁴ At this point it needs to be highlighted that even a PRSP benefiting from a moderately high degree of national ownership may not be a very effective instrument for achieving poverty reduction results as it might be too weak analytically. This can be the case due to limited capacities of decision makers (ODI 2001: 57)

³⁵ The significance of participation in development has been widely discussed by academia and practitioners. Different participatory approaches and trends in development policy are discussed in detail in Cornwall, Andrea (2000):

the so called “participation ladder” (Eberlei 2007: 13), which may include: information-sharing, consultation, joint decision making, initiation of proposals, and control of decision making. All these forms of participation open up different possibilities for action and allow for different levels of influence, as Eberlei (2007) shows. According to him, the timing of participation is also highly important as getting a stakeholder involved, for instance after most decisions have been taken, will also determine his/her influence. A further question concerns who is involved in the participatory process. Different stakeholders have diverse interests and focus on particular issues in the topic discussed when they are consulted. The extent of national ownership is greatly affected by the selection of groups which are meant to participate, the way representatives are chosen and how capable they are to fulfill their task. Hence the inclusion and exclusion of certain groups and persons can significantly influence the outcome of the process. Another important aspect for country ownership is the manner in which participants are involved. This comprises amongst others the voting procedures, the place and timing of the meeting or whether information is available before the meeting. Further, the involvement of bilateral and multilateral donors in the participatory process weakens national ownership if they start to dominate the process, by setting agendas, by their capacities and by their role as financiers. The political arena in which the processes of broad-based participation and domestic accountability unfold in PRSP countries is “strongly dominated by the donor community on the one hand and the political elite on the other.” (ibid.: 7)

This chapter gave an overview of the World Bank and the International Monetary Fund, their changing conceptualization of development and their lending activities. The Bank and the Fund play an important role as financers of development, and since the 1980s they are having a lead role in development policy. By linking concessional lending to the adoption of a set of neoliberal policies, known as the Washington Consensus, they directly influence the economic situation in Southern Countries. Since this approach proved to be ineffective the BWIs have introduced a new development paradigm. The new policy tool, Poverty Reduction Strategy Papers, is supposed to deliver better results as it is country-driven and policies are owned by borrowing countries. Critics highlight that this is not the case as the Bank and the Fund didn’t refrain from imposing strict conditionalities.

In the next chapter I will present my research design, outline the theoretical approach and research method which form the basis of my analysis of the PRSP approach in Malawi which will follow in chapter 4.

3. RESEARCH DESIGN

3.1 Theoretical approach

As outlined in the introduction, Gramsci's social theory of power and its further developments, mainly by Robert W. Cox, Stephen Gill, Enrico Augelli and Craig Murphy, form the theoretical basis of my analysis. Their work, and what is often called “Italian School”, “neo-Gramscianisms” or “critical theory” is no homogenous theoretical set, rather, it is a theoretical framework which shares a common point of departure: Antonio Gramsci's thoughts. Moreover, there is no single consensual interpretation of Gramsci's fragmentary and often contradictory thoughts on hegemony and world order. This might be due to the variety of academic disciplines which use them for their scientific work. Taking this into consideration, I will pay attention to stating whose thoughts I am referring to when using the term “neo-Gramscianism” in my analysis.

Applying a Gramscian framework to the contemporary world³⁶ and using it for the study of international organizations has faced some criticism (cf. Paterson 2009). Lifting Gramsci's critical analysis from one time and space, and then correctly applying it to another has been deemed problematic (cf. Germain and Kenny 1998; Bellamy 1990). It has been widely discussed and eventually criteria for its successful application were developed (cf. Morton 2007). However, critical theorists regard his work as applicable to the analysis of any ruling or subordinate group in society (cf. Augelli 1988). Most of Antonio Gramsci's substantive work – I am referring to the theory, or rather fragments of theory, which Gramsci developed in his so called *Quaderni del Carcere* (Prison Notebooks)³⁷ – mainly focused on the analysis of national social formations in different historical periods in Italy. His work contains the principles of a sociological theory of power (cf. *ibid.*: 117), and is centered on the distinction between rule by force and rule through consensus. Based on this, Gramsci contrasts two ideal types of supremacy: domination, the exercise of power without the critical, reflective consent of the governed on the one hand and ethical hegemony, i.e. intellectual and moral leadership, on the other hand (cf. Augelli and Murphy 1993: 127-8). Gramsci intended to elucidate the complex mechanisms of hegemony, and for him, hegemony was a “new category for the interpretation of history, the state and the bourgeoisie” (Buci-Glucksmann 1981 quoted in Brand 2007: 6). Gramsci's concern when investigating the

³⁶ Gramsci's writings date back to the 1920s and 1930s.

³⁷ Machart (2007) discusses the difficulties of “canonizing” Gramsci's fragmentary thoughts into a system of Gramscianism, especially in the light of the political context and circumstances under which Gramsci developed his thoughts. He says that paying tribute to the factors that caused the fragmentary character of Gramsci's work, his imprisonment and political oppression in fascist Italy, is important, however it should not stop scholars to develop Gramsci's thoughts further and to build new theories upon them (cf. Machart 2007: 175).

concept of hegemony was to understand the dynamics of the consolidation of power, including those in international relations (cf. Augelli and Murphy 1993: 127). Gramsci's approach was rooted in Vladimir Lenin's concept of hegemony on the basis of which he built a broader theory by adding elements from theories of Benedetto Croce, Niccolò Machiavelli and Georg Wilhelm Friedrich Hegel (Augelli 1988: 117).

3.1.1 A Gramscian understanding of world orders

3.1.1.1 Epistemology and ontology in Gramsci

A neo-Gramscian approach provides an ontological and epistemological foundation for conducting non-deterministic yet structurally grounded interpretations of social change or what is called “development”. Gramsci's historicist approach is an epistemological and ontological critique of the empiricism and positivism which underpin the prevailing theories of international relations. His theory can be classified as non-structuralist, or as being opposed to abstract structuralism in so far as it has a human aspect: historical change is understood as, to a certain degree, the consequence of collective human agency. Hence with respect to agency, it offers a path between the pre-determined units in neo-realism (i.e. states) and the neglected domestic foundations of world-systems theory. (cf. Boas and McNeill 2004: 218)

This idea is consistent with that of historical structures, as Gramsci says that they are partly constituted by the consciousness and action of individuals and groups (Gill 1993: 22). Thus, in his view, history and political economy are not understood as

a sequence or series of discrete events or moments which when aggregated equal a process of change with certain governing regularities: for Gramsci, it is the *ensemble* of social relations configured by social structures (“the situation”) which is the basic unit of analysis, rather than individual agents, be they consumers, firms, states or interest groups, interacting in a (potentially) rule-governed way in the political market-places' at a given moment or conjuncture, as in modern public choice theory (Gill 1993: 24, emphasis in original).

In contrast to prevailing international relations theories, a Gramscian approach also refrains from methodological individualism and methodological reductionism. However, ontology in Gramscian approaches is not always straightforward. Mark Rupert points out that in the process of constructing a Gramscian critique of capitalist social reality “ontology itself is radicalized; no longer viewed a priori, i.e., as prior to and constitutive of the reality which we can know, it becomes instead an ongoing social product, historically concrete and contestable” (Rupert 1993: 67). However, as Joseph Femia outlines, it is worth noting that Gramsci condemned positivists for adopting “the conception of the objective reality of the external world in its *most trivial and uncritical sense*” (Gramsci 1971: 444 quoted in Femia 2009: 38; emphasis by Femia). This shows that for Gramsci, there is some acceptable sense of “objective reality”, albeit one which recognizes the contribution

of human thought to the way that reality is structured and accessed (ibid: 38). Nevertheless, Gramsci disapproved of conventional positivist approaches by saying that

bare 'facts' acquire meaning only when organized in the frame of a theory, which cannot itself be derived from the facts to be explained. Knowledge is not like a photographic plate that reproduces the picture it receives, for our images of reality are filtered through culturally determined presuppositions. (ibid: 38)

Femia concludes his analysis of Gramsci's ontology by saying that Gramsci “was a truly dialectical thinker who asserted the interdependence of mind and objective reality, and not the absolute priority of either” (ibid: 41).

3.1.1.2 Power and hegemony

As outlined above, Gramsci's sociology of power is based on the distinction between rule by force and rule through consensus. The concept that scholars of international relations most connect with Gramsci's name is that of “hegemony”, which was introduced by him in order to analyze the relation of forces and power in a given society. What Gramsci calls hegemony is the ability of a social group to exercise a function of political and moral direction in society while other groups acknowledge that the hegemonic group has this leading role in society, and a wide political consensus in support of the hegemon's goals is formed. In order to achieve power and supremacy, a social group needs to establish this kind of hegemony among a group of allies. (cf. Augelli and Murphy 1993: 130).

In Gramscian terms, hegemony is “not merely leadership of a revolutionary alliance, but intellectual and moral leadership throughout society” (Augelli and Murphy 1988: 122). Thus a hegemonic order is present when relations between classes and between the state and civil society are characterized by consent rather than coercion. (cf. Gill and Law 1993: 93) Based on that, one can distinguish between two types of supremacy: domination, the exercise of power without critical reflexive consent of the governed, and ethical hegemony, i.e. intellectual and moral leadership. When hegemony is not ethical, but based on fraud and deception, it is a form of domination. (cf. Augelli and Murphy 1993: 127-8) Hence, “hegemonies can be distinguished by the degree to which they develop the critical understanding of the ruled, or, contrastingly, the degree to which they exploit the ruled's unreflective common sense” (Augelli 1998: 126).

The quality of rule is analyzed at three levels of society: the “economic structure”, and the two super-structural levels, “civil society” and “political society”, as according to Gramsci these are the domains in which force and consent operate to consolidate power. Here, civil society is understood as

the moment of transition from economic structure to political society, the social realm in which mere corporate interests (defined by a group's position in the mode of production) can be transformed into broader, more universal, political aspirations [...] civil society is a primary political realm, a realm in which all of the dynamics in ideology, the activities of intellectuals, and the construction of hegemony takes place" (Augelli and Murphy 1993: 129).

Hence, hegemony-building, whether "ethical" or based on fraud, needs to take place in the realm of civil society.

As hegemony requires the consent and participation of the ruled, it contributes to the formation of coalitions and compromises designed to integrate diverse social forces into (asymmetric) power blocs. Instead of one global homogenous power, there are several distinct hegemonic constellations. (cf. Neunhöffer 2006: 3) Therefore an analysis of hegemony has to look into diverse, albeit interrelated, social forces and how hegemonic constellations are formed through them. An analysis of world politics should thus be looking at how global hegemony is constructed at the local, national, regional and international level through a variety of political, social and cultural agents. However, the application of Gramsci's complex model poses a challenge to researchers in academia, and there is no clear consensus as to which power constellations on the national, international and global level can be deemed as hegemonic, and which ones cannot.³⁸ (cf. Scherrer 2007: 71; Schwarzmantel 2009a, 2009b)

3.1.1.3 Defining hegemony

In his writings, Gramsci developed several concepts which allowed him to differentiate various types of hegemony. An overview and classification based on Scherrer (2007) is given below:

Domination – hegemony: in contrast to domination, which refers to a preponderance of material power, hegemony includes leadership and guidance of allied groups and is located in civil society.

Hegemony – supremacy: supremacy comprises hegemony, but adds governmental coercion to it.

Furthermore, hegemony can be differentiated based on:

(a) Its ethical dimension: hegemony is ethical when the ruled groups are guided towards *buon senso* (common sense). When hegemony is exercised by fraud and deception, it is not

³⁸ For instance, in view of the tribute payments of allies to the United States during the second Gulf War in 1993, Cox observed the end of the hegemonic system which had been prevalent at that time. More than a decade later, Arrighi deemed the high trade deficits of the U.S. as signs of an unraveling of hegemony. While, according to Robinson, a transnational hegemony exists, Gowan does not regard globalization as the enlargement of a transnational managerial class' power. According to him, the U.S. are broadening their power. Wallerstein perceives the international financial crises at the end of the 1990s as a sign of the weakness of neoliberal hegemony, whereas according to Candeias these crises can lead to the consolidation of neoliberal hegemony. (cf. Merkens 2007)

ethical.

(b) Nature of consent: consent can be either active or passive³⁹

(c) Its development perspective: hegemony can be emerging or declining.

The term hegemony describes a consolidated form of rule, where use of force and violence is only applicable under exceptional circumstances. The more the leading role of the hegemonic group is actively supported and not just passively tolerated, the steadier that hegemony will be. The scope of support normally depends on whether the ruling group's action and institutions match the other subordinate groups' interests. Alignment of interests can be achieved either by taking the other groups' interests into account when building institutions, or by influencing the process of interest formation of the other classes, so that they conceive the respective institutions as being consistent with and part of their interests. Hegemonic rule needs to comprise both functions of interest alignment, as merely aligning one's own interests to the others' would bear the risk of not being able to preserve the former and in consequence not being able to exercise rule anymore. (cf. Scherrer 2007)

If hegemony is successfully exercised on all three social spheres identified by Gramsci - the economic structure, political society and civil society - power is consolidated, and in his terms a "historic bloc" is formed. Gramsci's historic bloc refers to a historical congruence between material forces, institutions and ideologies, or broadly, an alliance of different class forces. In the creation of an historic bloc, Gramsci distinguished between three levels of consciousness:

the economic-corporative, which is aware of the specific interests of particular groups; the solidarity or class consciousness, which extends to a whole social class but remains at a purely economic level; and the hegemonic, which brings the interests of the leading class into harmony with those of subordinate classes and incorporates these other interests into an ideology expressed in universal terms (Gramsci 1971: 180-95, quoted in Cox 1993: 57-8)

As outlined above, in order to establish a true "historical economic-political bloc", a potential hegemon must make alliances. In order to link itself to other groups, it must step beyond defending its economic-corporate interests⁴⁰, and be able to place its ideal aspirations above these. (cf. Augelli and Murphy 1988: 123) When successful, institutions and ideologies built by it will be universal in form, i.e., they will not appear as those of a particular class, and will give some satisfaction to the subordinate groups while not undermining the leadership or vital interests of the hegemonic class (cf. Cox 1993: 57-8). According to Gramsci, in order to further reinforce the stability of the historical bloc and to go beyond it to extend the hegemony of the leading social group to the

³⁹ This means rule can either be actively supported or just passively tolerated.

⁴⁰ Or „immediate and narrowly selfish interests of a particular category" in Gramscian terms (Augelli and Murphy 1988: 123).

popular masses, it must provide economic development which satisfies the narrower interests of its allies. In his view this is another reason why hegemons can only come from classes which play a decisive role in the economy. He highlights that the central role the hegemonic group plays in production gives it certain influence over the economy, but that eventually; this potential must be made a reality by conscious political action. (cf. Augelli and Murphy 1993: 132)

Gramsci basically identifies two mechanisms for the alignment of interests and for the establishment of a historic bloc, namely “passive revolution” and its feature, “*transformismo*”, as Paterson (2008) points out. The former, passive revolution, explains how antagonistic political elites and subaltern groups can be absorbed into a political institution without bringing about a revolution in the social conditions or ideology of the masses. A major characteristic of 'passive revolution' is the absence of popular participation during such power shifts. In contrast, *transformismo* is a mechanism that deliberately prevents popular participation. Being a strategy of passive revolution, it used to distort ideational grievances to foster the alignment of interests and works by co-opting potential leaders of subaltern social groups (cf. Paterson 2008: 8). It works through the assimilation of potentially dangerous ideas by adjusting them to the policies of the dominant coalition, and can thereby obstruct the formation of class-based organized opposition to established social and political power. Both the concept of passive revolution and that of *transformismo* are counterparts to that of hegemony as they describe the condition of a non-hegemonic society in which no dominant class has (yet) been able to establish its hegemony.

3.1.1.4 The roles of ideas

The process of interest alignment also takes place on the ideological level, and here the work of intellectuals becomes essential: their role in hegemony-building is that they must “supply intellectual and moral support for the hegemon's dominant political role to the point that, what is 'political' to the productive class becomes 'rationality' to the intellectual class as a whole” (Augelli and Murphy 1988: 123). Simply put, they must demonstrate in every field of knowledge that the aspirations of the group they support coincide with the interests of society as a whole. Ideological hegemony is a consensus on the ideology of the ruling class, and therefore intellectuals need to “produce a philosophy, political theory, and economics which together constitute a coherent world-view, the principles of which can be translated from one discipline to another” (Augelli and Murphy 1993: 131). When the ideology of the class in power sweeps into common sense⁴¹, critical reason is squelched. In this context Gramsci focuses on what he calls the material structure of ideology,

⁴¹ What Gramsci calls “common sense” is ideology without critical reflection (Augelli and Murphy 1988: 7-8).

which is the “complex of institutions and organizations whose task is to influence common sense” (Augelli 1988: 24). The process of common sense creation takes place through forms of popularization which hide the conceptual debate over the fundamental principles of the dominant class' ideology. This means: schools, private media, press offices of governments, and other institutions spread simplified versions of the dominant class' ideology which obscure the critical philosophical debates in which that ideology originated, making the ideology appear to be just the way it is (cf. *ibid.*: 24).

3.1.2 A neo-Gramscian theory of international relations

Gramsci's concept of hegemony which was discussed in more detail above is the gist of critical theories of international relations. Next to Robert W. Cox, Stephen Gill, Enrico Augelli and Craig Murphy are the most prominent neo-Gramscian scholars and have contributed most to developing Gramsci's thoughts further and applying them to the present.

In his article Cox (1983) presented his seminal “historical structures” methodology for studying the global political economy. In contrast to realist international relations theory, which limits hegemony to the single dimension of dominance based on military and economic capabilities of states, the domain of hegemony is broader in Cox' neo-Gramscian theory (cf. Bieler and Morton 2004: 87). According to Cox, hegemony is constituted in historical structures by a set of particular configurations of forces, namely: ideas, institutions and material capabilities (cf. Berry 2007: 13). The concept of “world order” is Robert Cox' most innovative attempt at applying Gramsci to international relations and is analog to what Gramsci called historic bloc. World order is defined as “the sum of a structure whereby states and production combine to produce a 'configuration of social forces' that promote a common set of norms and values” (Worth 2009: 22). World hegemony, according to Cox, is describable as a social structure, an economic structure, and a political structure; and it cannot be simply one of these things but must be all three (cf. Cox 1983:171-2). In their work, neo-Gramscian theorists look at how dominant states are configured and how they transport ideas and construct international structures to complement them. Cox suggested that at the international level, norms and values are often embedded through international treaties or organizations and that it is through this mechanism that dominant states transport their form of hegemonic strategy to the international community. (cf. Cox 1996: 137-40; Schwarzmantel 2009a, 2009b) He describes this mechanism in the following way:

Hegemony derives from the ways of doing and thinking of the dominant social strata of the dominant state or states insofar as these ways of doing and thinking have inspired emulation or acquired the acquiescence of the dominant social strata of other states. These social practices and the ideologies that explain and legitimize them constitute the foundation of the hegemonic order. (Cox 1992: 178-9)

3.1.2.1 Epistemology and ontology in neo-Gramscian theory

“Theory is always for someone and for some purpose” according to Cox (Cox 1986: 207) and for him, the idea of a pure interest free theory, separated from time and space is delusional. In his view, for every analysis and investigation, the question of who benefits from that analysis must be posed. In neo-Gramscian thought, “[k]nowledge is not something that is discovered; it is something that is 'produced', like a work of art or fiction” and “[i]deas, words, languages – these are not 'mirrors' which copy the 'real' or 'objective' world. Theoretical preconceptions always determine what we take as 'facts'” (Femia 2009: 35). Knowledge production is of interest to critical theorists and a familiar term in neo-Gramscian literature (cf. Gill 1993, Femia 2009: 35).

Based on their respective purposes, Cox distinguishes between problem-solving theory and critical theory. Problem solving theories assume that the major components of the system, such as states, are not subject to fundamental change, and they are interested in investigating action within the limits of the system only. By contrast, “[c]ritical theory steps outside the confines of the existing set of relationships to identify the origins and developmental potential of these phenomena” (Cox and Sinclair 1996: 5-6) and therefore calls the existing world order into question by examining how it came into being and what possibilities for transformation exist⁴² (cf. Femia 2009: 33). In their writings, both Gramsci and Cox put emphasis on the transformative capacity of human beings and its potential to avoid the reification of the present world order. Femia summarizes their ontology by highlighting that “[c]ivilisations are viewed as realms of intersubjectivity and since social existence is a process of self-interpretation and self-definition by human collectivities, nothing is fixed or inevitable”. He further explains that “[o]nce we accept that reality is constituted not by objective structures but by human ideas, we can also accept that “the production of knowledge must always be considered a social process linking subject and object” (Murphy and Tooze 1991: 14). Recognizing the reality of intersubjective meanings in the construction of the global order requires us, in this view, “to abandon positivism in the name of a 'reflexive' methodology which acknowledges the political and normative content of all analysis” (Femia 2009: 35).

3.1.2.2 Hegemony and world orders

Robert Cox (1987) suggests that there are different forms of state and world orders, whose conditions of existence, constitutive principles and norms vary over time and space (Gill 1993: 29). In order to study successive world orders, he developed a structuralist model inspired by Gramsci:

⁴² For example, applying a critical approach allows to look into and deconstruct concepts such as national sovereignty or the anarchy of international relations which from a realist perspective are given and inherent (cf. Femia 2009: 33).

he analyzes power and (the formation of) hegemony in three spheres of social activity and takes three interrelated forces into account. Below, a more detailed overview of the fundamentals of Cox' model and the concepts developed by him is given, which mainly draws on Cox (1987, 1993, 1996), Augelli and Murphy (1998), Gill (1993) and Paterson (2008; 2009). According to Cox, hegemony is constituted by the interplay of three separate spheres of social activity, namely⁴³:

- (i) the social relations of production, consisting of the totality of social relations that engender particular social forces through material and ideational forms of social interaction;
- (ii) different forms of state, encompassing historically contingent and amendable state-society complexes; and
- (iii) world orders, describing how relations in the international system can be organized .

Within each of the three spheres, the interplay of⁴⁴:

- (a) ideas, defined as intersubjective meanings and shared collective images;
- (b) material capabilities, describing accumulated resources; and
- (c) institutions, understood as means of stabilization

leads to the production of a particular social order and historical structures within it.

Power relations in production are seen as the starting point for understanding people's everyday life, the forms of states they inhabit and the dynamics of world orders. However, as there is no unilinear relationship between the spheres of activity in Cox' model, the point of departure to explain the historical process may equally be that of forms of state or world order (cf. Bieler and Morton 2004: 88; Cox 1987: 8). He focuses on the relationship between production and power, i.e. how power in social relations of production may give rise to certain social forces, how these social forces may become the bases of power in forms of state and how this might shape world order (cf. Bieler and Morton 2004: 89). With respect to the social relation of productions, production is to be understood in the broadest sense as it also covers the production and reproduction of knowledge and of the social relations, morals and institutions which are prerequisites to the production of physical goods in Cox' model (cf. Cox 1989: 39). Just as for the forms of state, the state is not conceived in realist terms, instead historical constructions of various forms of state and the social context of political struggle are taken into consideration. This understanding of the state is inclusive of the realm of civil society and it draws on Gramsci according to whom "the state is the entire complex of practical and theoretical activities with which the ruling class not only justifies and maintains dominance, but manages to win the active consent of those over whom it rules" (Gramsci 1971:

⁴³ See figure 1 in Annex A.

⁴⁴ See figure 2 in Annex A.

178, 244 quoted in Bieler and Morton 2004: 92).⁴⁵ With respect to world orders and hegemony, Cox theorizes that the construction of a hegemonic bloc cannot exist without a hegemonic social class and that is a national phenomenon as various classes and fractions of classes construct, or contest, hegemony through national political frameworks (cf. Cox 1983: 168-70). Yet once hegemony has been consolidated domestically it may expand to move outward on a world scale and insert itself through the world order.

Hegemony at the international level is thus not only an order among states. It is an order within a world economy with a dominant mode of production which penetrates into all countries and links into other subordinate modes of production. It is also a complex of international social relationships which connect the social classes of different countries. World hegemony is describable as a social structure, an economic structure, and a political structure; and it cannot be simply one of these things but must be all three. World hegemony, furthermore, is expressed in universal norms, institutions and mechanisms which lay down general rules of behavior for states and for those forces of civil society that act across national boundaries – rules which support the dominant mode of production. (Cox 1993: 62)

3.1.2.3 International institutions and hegemony

Cox and other neo-Gramscian theorists such as Gill or Augelli and Murphy attribute an important role to international organizations in coordinating the policies of the global economy and in forming world hegemony. International organizations are perceived as mechanisms for the expression of universal norms, and they function as a process through which the institutions of hegemony and their ideology are developed.

In Cox' approach, “the essential function of international institutions is the justification and defense of a particular politico-economic project” and “[i]n acting thus, they promote certain values as being comparatively fixed and appearing as natural” (Taylor 2004: 125).⁴⁶ International organizations fulfill these functions through the following mechanisms:

- (i) they embody rules which facilitate the expansion of hegemonic world orders;
- (ii) they are themselves the product of the hegemonic world order;
- (iii) they ideologically legitimate the norms of the world order;
- (iv) they co-opt the elites from peripheral countries;

⁴⁵ In his analysis of world orders and hegemony building Brand comments that “international civil society is not an intermediate sector, but an international relation of societal forces. It deals with a space of struggle which is decisive for the restructuring of socio-economic and political conditions [...] As the terrain where hegemony is disputed, international civil society is at the same time “the object and the medium of struggle” (Haug 1985: 174)” (Brand 2007: 10).

⁴⁶ However, one must not forget that within multilateral institutions there are complex sets of social structures which shape the behavior of the various agents (states, civil society) involved in the power games taking place in these institutions concerning the use of ideas (cf. Boas and McNeill 2004: 209).

(v) they absorb counterhegemonic ideas; and

(vi) provide material incentives⁴⁷.

According to Cox “[i]nternational institutions embody rules which facilitate the expansion of the dominant economic and social forces but which at the same time permit adjustments to be made by subordinated interests with a minimum of pain” (Cox 1993: 62). This assimilation, through co-optation and absorption, in Gramscian terms takes the form of a passive revolution as particular elites can attain power without rupturing the existent social fabric (cf. Taylor 2004: 126). Cox continues by saying that rules governing world monetary and trade relations, as well as organizations regulating them, are particularly significant (cf. Cox 1993: 62). Thus, as they are involved in defining such rules and policy guidelines for states and are in the position to legitimate certain practices and institutions at the national level, international institutions are performing an ideological role⁴⁸. Augelli and Murphy highlight that in their roles as facilitators of international cooperation, monitoring and regulating bodies and as distributors of development assistance, intergovernmental agencies take on certain functions similar to those of the modern welfare state (cf. Augelli and Murphy 1988: 180). Analyzing the role of international organizations and dynamics of forces behind the formation of the current world order, Cox introduces the concept of “*nebuleuse*”. He wants to show that the dominant world order is not a result of the decisions of a single hegemonic state. The *nebuleuse* is a group of international elites, corporate representatives and intellectuals who are forged into a historic bloc working towards the establishment of a hegemonic policy consensus (cf. Paterson 2009: 45).

3.1.3 The Bretton Woods Institutions and hegemony

The disputed question that neo-Gramscians aim at answering is whether and in what ways the current world order can be described as a hegemonic one, in the sense of a particular model of state, economy and society being diffused on a global scale and imposed by regulatory institutions (cf. Schwarzmantel 2009a: 7).

In order to answer that question, Cox examined global power structures and following his three sphere-model which was presented in the previous chapter and finds that “[t]here is something that could be called a nascent historic bloc consisting of the most powerful corporate economic forces, their allies in government, and the variety of networks that evolve policy guidelines and propagate

⁴⁷ The five functions have been defined by Cox (1981) and the 6th function, which seems to be particularly relevant in my analysis, was added by Rückert (2007).

⁴⁸ In doing so, they mostly reflect orientations favorable to the dominant set of social and economic forces (cf. Cox 1993).

the ideology of globalization.” (Cox 1999: 12 quoted in Taylor 2004: 126). Looking back at history, Rückert recognizes that the post-war “embedded liberal” order was marked by a universal consensus and concomitant hegemony (cf. Rückert 2006: 39). The transition from that order - in Gill’s terms an “international historic bloc” of social forces - towards a “transnational historic bloc” started in the 1970s. It was characterized by forging links and a synthesis of interests and identities not only beyond national boundaries and classes, but also creating the conditions for the hegemony of transnational capital and the growing integration of developing country economies into a truly global marketplace (cf. Robinson 2004). The role of the U.S., the IMF and the World Bank in that process is particularly significant. Specifics of the neoliberal agenda “were generated through political struggles and compromises unfolding though North-South as well as World Bank-borrower relations” (Goldman 2005: 92). In order to deepen the structural power of internationally-mobile capital, interventions aimed at disciplining Southern Countries were pushed and implemented “with varying degrees of effectiveness, through a combination of market power and the surveillance of the Bretton Woods international organizations under US leadership” (Gill 1993: 32). With regard to that transnational historic bloc, Cox theorizes that

[s]tates now by and large play the role of agencies of the global political economy, with the task of adjusting national economic policies and practices to the perceived exigencies of global economic liberalism. This structure of power is sustained from outside the state through a global policy consensus and the influence of global finance over state policy, and from inside the state from those social forces that benefit from globalization” (Cox 1999: 12 quoted in Taylor 2004: 136).

Therefore, according to Cox, economic neoliberalism⁴⁹ is hegemonic ideologically and in terms of policy.

3.1.3.1 Neoliberal hegemony and interventions in Southern Countries

Although economic neoliberalism is hegemonic ideologically and in terms of policy, from a neo-Gramscian perspective, the current world order can be deemed as non-hegemonic. This is due to the increasing coercion and domination needed and applied in the (re)production of neoliberal norms and practices (cf. Rückert 2006; 2007). Gill argues that a historic bloc can be established without necessarily enjoying hegemonic rule and points out that the transnational historic bloc is exercising supremacy, not hegemony (cf. Gill 1993; 1995). For Gramsci, “supremacy prevails, when a situation of hegemony *is not* apparent and when dominance is exercised through an historical bloc over fragmented opposition” (Bieler and Morton 2004: 96-7, emphasis in original). Referring to this

⁴⁹ For Cox the “neo-liberal form of state” is rooted in the post World War II “negotiated consensus among the major industrial interests, organized labour, and government – the neo-liberal historic bloc” (Cox 1993: 265 quoted in Schwarzmantel 2009: 7). For a more comprehensive definition of neo-liberalism and how the term is used in this paper, see footnote 4 in chapter 1 and chapter 2.2.2.

Rückert highlights that neoliberalism has faced major legitimacy challenges in both the developed and the developing world and that in the latter the absence of a hegemonic world order “is expressed most palpably by the increasing unwillingness of developing country governments to voluntarily implement structural adjustment policies, and the growing popular uprisings against neoliberal reforms in many peripheral countries” (Rückert 2006: 39). The implementation of neoliberal policies, and the strengthening of neoliberalism in general, was and remains a transnational dialectical process, a product of tension, struggle, and negotiated compromise (cf. Dezalay 2002).

Evidently, in neo-Gramscian theory the IMF and the World Bank are defined as leading actors in the attempt to create hegemony around the transnational historic bloc (cf. Robinson 2004, Rückert 2006). In order to promote the neoliberal agenda on a global scale, the BWIs do not only formulate and execute certain development policies, but also persuade borrowing countries to implement them and in doing so, they organize the interests of the dominant classes and disorganize those of antagonistic groups (cf. Brandt 2007: 12 and Woods 2006: 65). Despite their strong bargaining power, which is based on to their role in providing funding and coordinating assistance, the World Bank and the Fund depend on sympathetic national policymakers to bring about domestic policy change in Southern Countries. Their intermediaries need to be interested in pursuing the policies prescribed by the Bank and the Fund (cf. *ibid.*: 149). In Gramsci’s terms, the World Bank and the Fund work through ideology, i.e. they function by building consensus, not by using force.

Although the BWIs’ endeavor to restructure the developing world and establish hegemony uses numerous mechanisms and avenues of intervention, two key processes are highlighted by Bieler and Morton (2004: 96-7): the new constitutionalism of disciplinary neoliberalism and the concomitant spread of market civilization. New constitutionalism is a concept introduced by Gill (1993) which describes “a doctrine and associated set of social forces which seek to place restraints on the democratic control of public and private economic organization and institutions” in order to promote neoliberalism on a legal basis.⁵⁰ The complementary mean for spreading market civilization was the advancement of neoliberal policies through conditional lending and obligatory macroeconomic structural adjustment. Eventually, the World Bank successfully transformed a “potentially explosive political question about rights, entitlements, how one should live, and who

50 Gill continues that new constitutionalism “can be linked to attempts to embed the hegemony of “disciplinary” neoliberalism, of the type associated with the attempts to restructure the post-communist states under IMF and Western tutelage.” (Gill 1993: 10) Redefinitions of sovereignty and constitutional reconsideration are now important political issues in many Southern Countries – also in Malawi – and Gill speaks of a “constitutionalization of neoliberal principles” (*ibid*; Gill 2000). New constitutionalism is also closely related to the concept of good governance.

should decide into technical questions of efficiency and sustainability” (Li 2002:1 quoted in Goldman 2005: 224).

An important feature is that throughout their operations, the IMF and the World Bank were concerned with transforming the policy of applying force to the developing world to one of building consensus in order to turn supremacy to hegemony (cf. Augelli and Murphy 1993: 133-4). Gill highlights the importance of elite interaction and network-building for the establishment of consensus (cf. Gill and Law 1993: 108) and Patterson provides a summary of the dynamics of this process by drawing on Cox' concept of *nebuleuse* that was mentioned above:

[A] transnational and international network of state elites, corporate representatives and intellectuals is forged into an historic bloc, which is largely responsible for formulating a 'policy consensus for global capitalism' [...] Those official policies of the *nebuleuse* emerge not only from the United Nations and the 'unholy trinity' of the IMF, the World Bank and the WTO [...], but also from the 'global private-level authorities that regulate both states and much of transnational economic and social life' [...]. These institutions establish a 'new constitutionalism' of legal frameworks to enforce transnational interests [...], and legitimize the restructuring of people's lives through propagating a neoliberal ideology (the language of competition, deregulation, downsizing, efficiency, flexibility, modernization, outsourcing, privatization and restructuring). As elites and the demos are bombarded with the dictates of this neoliberal ideology a 'common sense' emerges, which naturalizes and legitimizes the new mode of production. (Patterson 2009: 45)

As Patterson and others show, the World Bank and IMF work with projected interventions, negotiations, and conditionalities, by providing material incentives, making concessions and with consensus-building in order to get sectional interests to be displayed as the common interest (cf. Taylor 2004: 127; Rückert 2006: 40).

Hence, from a neo-Gramscian perspective, the recent shift in the Bretton Woods Institutions' development approach⁵¹ from the clearly neoliberal Washington Consensus⁵² towards poverty reduction and the introduction and revision of the so called Post Washington Consensus can also be interpreted as an attempt to facilitate the expansion of a hegemonic neoliberal world order by ideologically legitimating the norms of this order (cf. *ibid.*: 40). This happens through a shift in discourse towards emphasizing poverty reduction and country ownership as the operational principles lending activities, “without straying too far from neoliberal principles in the actual development practice” (*ibid.*: 40). The PRSP process can thus be seen as an attempt to consolidate a unified political project for development worldwide. Academics examining the BWI's development policies (Soederberg 2005; Cammack 2004; Weber 2006) point out that the allegedly revised development approach's substance “reflects concrete attempts to further entrench the dominant

⁵¹ A detailed discussion of the Bank's and Fund's development approaches and their shifts over time can be found in chapter 2.

⁵² From a neo-Gramscian perspective, the Washington Consensus can be seen as a means to protect the international financial system and defending Western interests, using international institutions.

social power relations as well as accompanying legal frameworks for a form of radical capitalism to be consolidated at a global level and on a global scale” (Weber 2006: 189). From a neo-Gramscian perspective this undertaking, co-optation of leaders of Southern Countries and alignment of interests for the establishment of hegemony, can be seen as an action of passive revolution or *transformismo*.

3.1.3.2 Neoliberal hegemony, PRSPs and country ownership

As outlined above, from a neo-Gramscian perspective the World Bank’s policy shift towards the PRSP approach and the emphasis on country ownership are fully in line with the ambition to push the neoliberal economic paradigm and to establish a hegemonic world order because

the commitment to poverty reduction and even the commitment to economic growth is a consistent commitment to the systematic transformation of social relations and institutions in the developing world, in order to generalize and facilitate capitalist accumulation on a global scale, and build specifically capitalist hegemony through the promotion of participation and ownership. (Cammack 2004)

Raising criticism of their neoliberal policies and the failure to deliver effective projects for poverty reduction in Southern Countries led the BWIs to reorient their development approach in the 1990s. As the Bank and the Fund believed that delays or failures in the implementation of programs and projects were caused by a lack of local ownership viz. local support for them, their new concept, the PRSP approach was based on the principles of participation, country ownership⁵³ and poverty reduction. Consequently the BWIs announced they would take a “back seat”, get Southern Countries to take the “drivers’ seat” and determine their own development path. (cf. Buchardt 2003: 61; Rückert 2006: 61-2)

However, scholars highlight that the contrary is what actually happened as the actual scope of participation is very limited in practice⁵⁴. The BWIs believe that ownership on the one hand would make development cooperation more effective and efficient, while on the other hand ownership is also expected to contribute to a genuine commitment to implementing neoliberal adjustment policies. “What is unique about the PRSP approach is the realization on behalf of the [BWIs] that a

⁵³ It is noteworthy that “[t]he term ‘ownership’ is borrowed from the realm of private property over good or land, where it generally has a well-defined legal meaning, but also involves a psychological aspect, a perception of possession. When transferred to policy programs, the legal aspect, which underpins the concept in its normal use, disappears, and we are left with the psychological aspect. This psychological aspect could be just a matter of perceptions, without any change in underlying realities – i.e. that governments/local people are induced to believe they have ownership of what are essentially unchanged reality, by reformed process, such as the PRSP might bring about. But a genuine change in the underlying reality is likely to be needed to bring about a lasting change in perceptions. This would require that the national contribution to the design of policy programs substantially increases, even if it does not become exclusive.” (Steward and Wang 2003: 3)

⁵⁴ Cf. chapter 2 and Klugman (2002)

strong consensus around [BWI] policies in the developing world will make the implementation of adjustment policies less contentious and more probable” according to Rückert (2006: 45). Indeed, following the BWI’s own argumentation:

[o]wnership matters because it directly affects program implementation. ... When the program is owned by the country, decisions on such actions are likely to be made quickly and in support of the program, which makes it more likely that the program will succeed. Furthermore, ownership will make it easier to generate domestic political support for the program, since it is likely to be seen, at least in part, as an indigenous product, rather than a foreign imposition. (IMF 2001: 14 quoted in Rückert 2006: 45-6)

The BWI’s limited understanding of ownership and their hegemonic ambition is very clear in this statement.

As outlined above, the fundamental contradiction⁵⁵ is that PRSP policies need to fit within a strategic framework imposed by the Bank, and should simultaneously be freely chosen and “owned” by client governments. (cf. Rückert 2006: 62) Cammack also shows that country ownership and popular participation from the beginning were subordinated to a governing logic laid down by the Bank, and that a key phase of the preparations for introduction of the PRSP approach was principally concerned with “providing an intellectual justification for it, canvassing support, and setting in motion the institutional changes through which it could be advanced” (Cammack 2004). As the BWIs were aiming to establish hegemony and wanted to work through consensus, they had to “persuade the populations that an adjustment package is legitimate” following a World Bank official (cf. Taylor 2004: 134). The BWIs were aware that their proposed policy ideas could only be successfully translated into local policies “if configurations of power at the domestic level can sustain such policies” (Boas and McNeill 2004: 10). In order to create such support for the PRSP approach on the governmental level the BWIs acted through training and transnational policy networks⁵⁶. Governments were convinced by the neoliberal economic paradigm through dissemination, performance monitoring, seminars, publications and what Woods (2006: 66) calls “disciplinary training”. The Bank’s and Fund’s strong leverage is reinforced by the fact that they often step into crisis situations in which governments are uncertain while they employ consultants with technical knowledge sympathetic to their reform agenda. The BWIs successfully redefined state interests by introducing their ideas. (cf. Goldman 2005; Woods 2006: 68)

Besides analyzing the mechanisms of persuading governments, Rückert also looks into the meaning

⁵⁵ Another contradiction highlighted by Rückert is the incompatibility of neoliberal macroeconomic and poverty-sensitive social policies (cf. Rückert 2006: 62).

⁵⁶ For a detailed discussion of transnational policy networks, their meaning for policy reform in Southern Countries and their power to frame development agendas in a neoliberal way see Goldman 2005: 221-272.

of including previously excluded people – the poor, marginalized and rural communities – into the policy process. The policies proposed and accepted in the PRSP framework are focused on integrating the formerly excluded people in the formal economic system. Micro-level incentive structures which shape behavior in ways conducive to the promotion of competition and capitalist accumulation were created. Rückert cites the example material incentives for the extremely poor through subsidization of health care and water in an effort to control subaltern forces and coopt them into the neoliberal system. He perceives the inclusion of these social groups as a refinement of the neoliberal political project and thus calls it “inclusive neoliberalism”. Overall, then, a neo-Gramscian reading of the BWIs efforts in Southern Countries suggests that “the ultimate goal of inclusive neoliberalism is the combination of broadly macroeconomic neoliberal policies with micropolitical rationales and technologies of social inclusion” (Rückert 2006: 41-2).⁵⁷

It is important to note that the inclusion of previously excluded people also has a counter-hegemonic potential. It lies primarily in the description of Southern Countries as agents in the new development discourse of the World Bank and the Fund. This discursive shift from portraying Southern Countries as passive recipients of development aid to partners in development cooperation acknowledges the active role of Southern Countries in shaping their own future and development agenda, rather than seeing them as objects of external agency. (cf. Abrahamson 2004; Rückert 2006)

3.2 Research method

In this chapter, I will outline the research methods and materials used in my analysis. With regard to the scope of a Master’s thesis, my limited capacities, and the available materials, I choose to limit my methodical approach to one qualitative research method. I chose Argumentative Discourse Analysis, which is closely related to and draws on a very common research method for policy analysis, namely qualitative content analysis⁵⁸.

⁵⁷ Cammack criticizes the concept of „empowerment” and how it is employed by the BWIs in a similar way: “Empowerment means enhancing the capacity of poor people to influence the state institutions that affect their lives, by strengthening their participation in political processes and local decision-making. And it means removing the barriers -- political, legal, and social -- that work against particular groups and building the assets of poor people to enable them to engage effectively in markets. Expanding economic opportunities for poor people indeed contributes to their empowerment. But efforts are needed to make state and social institutions work in the interests of poor people -- to make them pro-poor [...]. Once again, the ‘empowerment of the poor’ serves the purposes of the neoliberal state” (Cammack 2003: 13)

⁵⁸ Handbooks for qualitative content analysis which were consulted for this study are Lamneck 1993 and Mayring 1997; 2000.

3.2.1 Materials

I will base my analysis on official documents of the Government of Malawi (GoM) such as the interim PRSP, the full PRSP, the PRSP progress reports as well as documents of the BWIs such as Joint Staff Advisory Notes and the Country Assistance Strategy. As the final versions of official documents often reveal little about the politics of negotiations and (in)formal channels of influence which shape decision other documents, such as policy and position papers by NGOs, and relevant research papers have also been consulted.

3.2.2 Argumentative Discourse Analysis

My aim is to answer the second research question by using Argumentative Discourse Analysis:

“What was the aid relationship between the Bretton Woods Institutions, the Government of Malawi, Parliament and Civil Society in the first PRSP process and how did it change over time?”

This research question can be divided into two operationalized questions:

- (i) Who was involved in the PRSP process and what interaction was there between the stakeholders? Which stakeholders directed the formulation of the PRSP?
- (ii) How was ownership perceived by the different stakeholders involved?

Argumentative Discourse Analysis can also provide answers for my third research question “Did Malawi ‘own’ its PRSP?” However, the World Bank and the IMF have themselves proposed criteria to assess ownership (cf. Cavassini and Entwistle 2005a: 2) and I will also apply these, and assess the results of both approaches for answering my third research question. I believe an answer based on two methods which complement each other in this case will allow for giving a more informed answer to my complex third research question.

Argumentative Discourse Analysis was introduced by the public policy analysis scholar Maarten Hajer (1995; 2006a; 2006b). In general, discourse analysis is concerned with how ideas are assembled and held together by means of framing and promoting certain meanings or sometimes disputed “truths”. Hajer’s concept is somewhat broader, since he defines discourse “as an ensemble of ideas, concepts, and categories through which meaning is given to social and physical phenomena, and which is produced and reproduced through an identifiable set of practices” (Hajer 2006a: 67) it refers to a set of concepts that structures contributions of participants to a discussion on a given topic. Discourse should be distinguished conceptually from discussion so as to allow for the differentiation of plural discourses, which might exist in the discussion of a single topic issue. Based on this definition, discourse analysis is “the examination of argumentative structure in documents and other written or spoken statements as well as the practices through which these

utterances are made” (Hajer 2006a: 66).

Hajer’s method is perceived as a discourse analysis influenced by Gramscianism (cf. Scherrer 2007: 78) as he also addresses concepts like power of ideas, institutional support for certain visions, and consensus building. Like Gramscian scholars who say that discourse in some sense creates reality (cf. Ashley 1986; Femia 2009), Hajer points out that the basic assumption of discourse analysis is that language shapes our view of the world and reality and is not merely a neutral medium mirroring it. Establishing a clear connection between ideas and institutionalization, he theorizes that language has the capacity to make politics, create signs and symbols which are capable to shift power balances and can impact on policy making and institutions. The aim of any Argumentative Discourse Analysis thus should be to examine “how the definition of a political problem relates to the particular narrative in which it is discussed” (Hajer 2006a: 66), or in other words, to see how discourse, cognition, strategic behavior, and institutional patterns interrelate and how change comes about. The latter definition also emphasizes the importance of discursive interaction for the creation of meanings. Argumentative Discourse Analysis examines the exchange of arguments, i.e. contradictory suggestions regarding how to make sense of reality, and how realities are (re)produced in specific discursive patterns.

Hajer highlights that the analysis of discourses is especially fruitful if conducted in the context of the study of the socio-historical conditions in which the statements were produced and received.

Discourse analysis then opens up methodologically sound ways to combine the analysis of the discursive production of meaning with the analysis of the socio-political practices from which social constructs emerge and in which the actors that make the statements engage. (Hajer 2006a: 67)

Hence Argumentative Discourse Analysis is an adequate tool to analyze the aid relationship between the BWIs, the Government of Malawi, Parliament and Civil Society in the PRSP process and to answer the question whether Malawi “owned” its PRSP, viz. who gave direction in the formulation process. In order to maximize the explanatory power of my analysis of ownership of the PRSP, I also analyze the socio-historical conditions in Malawi and at the Bretton Woods Institutions.

Unlike some other approaches in discourse analysis⁵⁹, Hajer’s method is precisely defined and clearly operationalized, although Hajer begins his elaborations by saying that “how you operationalize discourse analysis, of course depends very much on the type of questions you have” and that “[i]t is, after all, a matter of research design” (ibid.: 68). In Argumentative Discourse

⁵⁹ Michel Foucault, for instance, who plays a decisive role for discourse analysis and is treated as the “father” of this method, is often criticized for his lack of clear operationalization.

Analysis, statements are examined with the help of concepts such as “story lines”, “narratives”, “discourse-coalitions” or “practices”. The definitions of these concepts which are given below draw on Hajer’s methodological articles (Hajer 2006a; 2006b), and the glossary available on his website⁶⁰.

Story lines

Hajer defines story lines as follows: statements are often told in the form of a narrative or a story. Mostly, people use a given (buzz)word assuming that the hearer will know what he/she means or refers to. Story lines are condensed statements summarizing complex narratives, and are used by people as “short hand” in discussions. In any field, there are several such stories which are regarded as particularly important. It is often assumed that the meaning a receiver seeks in a message is the same as the sender intended to put into the message, but for Hajer, this assumption of mutual understanding is false. Much communication is in fact based on interpretative readings, and ideas are interpreted differently in different institutions, while ideas and interpretations change over time, in different ways in different institutions (cf. Boas and McNeill 2004). However, Hajer highlights that gradual misunderstandings can be functional for creating a political coalition or consensus. Identifying story lines shows that people actually do something with the discussed topic when talking about it, they do not merely refer to a problem with a fixed identity, but are continually changing the problem definition. (cf. Hajer 2006a; 2006b)

Discourse-coalition

A discourse-coalition refers to the ensemble of a set of story lines, the actors who utter them, and the practices through which they are expressed over a particular period of time. Story lines function as a medium through which actors try to impose their view of reality on others, suggest certain social positions and practices, and criticize alternative social arrangements. This suggests that politics is a process in which different actors form various backgrounds from specific coalitions around specific story lines. As it is important to take into account the situation and specific circumstances in which story lines are uttered and discourses drawn upon, Hajer introduces the concept of practice, which is discussed below. (cf. *ibid.*)

Practices

Practices are defined as embedded routines and mutually understood rules and norms which provide

⁶⁰ http://www.maartenhajer.nl/index.php?option=com_content&task=view&id=17&Itemid=19 [23.02.2011]

coherence to social life.⁶¹ Drawing on Wittgenstein, Hajer highlights that linguistic utterances cannot usefully be understood outside the practices in which they are uttered. Hence discourse should always be conceived of in interrelation with the practices in which it is produced, reproduced and transformed. Hajer writes that “if discourse analysis is the analysis of language-in-use then practices are the sites where language is used.” (Hajer 2011)

Discourse coalitions are not primarily connected to a particular person, they are related to practices in the context of which actors employ story lines, and (re)produce and transform particular discourses. Thus it becomes possible for some people to utter contradictory statements, or even reproduce different discourse-coalitions. (cf. Hajer 2006a; 2006b)

Discourse and power

In order to measure the influence of discourse Hajer proposes a two-step procedure assessing whether a discourse coalition is dominant in a given political realm. First, central actors should be forced to accept the rhetorical power of a new discourse which is widely used for conceptualizing the world. This situation is called “discourse structuration”. Second, if the discourse solidifies into the institutions and organizational practices of that given political domain, and the actual policy process is conducted according to the ideas of a given discourse, one can speak of “discourse institutionalization”. If both criteria are fulfilled, that particular discourse is deemed dominant. (cf. *ibid.*)

3.2.3 Conducting Argumentative Discourse Analysis

Argumentative Discourse Analysis is an examination “of what is being said to whom, and in what context” (Hajer 2006a: 72). With every statement, people react to one another and thus interactively produce changing meanings. Hajer acknowledges that the emphasis on the argumentative – understood as interplay in the context of practices – puts methodological constraints on the way in which data can be accessed, collected and interpreted.

Hajer defines ten basic steps for an argumentative discourse analysis (cf. Hajer 2006a; 2006b) which are listed below:

1. *Desk research*: a general survey of the documents and positions in a given field; for example newspaper analysis, analysis of news sections in relevant journals in order to make a first chronology and arrive at a first reading of events;

⁶¹ On his website, Hajer gives two examples for practices: “we can think of going to church as a practice, or writing articles for academic journals as a practice characteristic for the life world of university professors.” Another practice could be writing a progress report for a donor, for instance.

2. *'Helicopter interviews'*: interviews with three or four actors chosen because they have an overview of the field, albeit from different positions. They might comprise a well-informed journalist, a key advisor to the government, or an expert policy-maker;
3. *Document analysis*: analyzing documents for structuring concepts, ideas and categorizations; use of story lines, metaphors, etc. This should result in a first attempt at defining structuring discourses in the discussion. At this stage one gets a basic notion of the process of events as well as the sites of discursive production.
4. *Interviews with key players*: on the basis of the preceding steps interviews can be conducted with central actors in the political process. The interviews can be used to generate more information on causal chains ('which led to what').
5. *Sites of argumentation*: a search for data should go beyond reconstructing the arguments used and also include a reconstruction of argumentative exchange. Examples might include parliamentary debates, minutes of inquiries, presentation and interpretation of evidence presented to a particular research commission, panel discussions at conferences.
6. *Analysis of positioning effects*: actors can get "caught up" in an interplay. They might force others to take up a particular role, but once others are aware of what is happening, they might also try to refuse it (indicators: "This is not what I meant", "That is not what it is about at all"). This positioning occurs on the individual level of persons but can of course also be found among institutions or even nation-states.
7. *Identification of key incidents*: identification of key incidents which are essential to understand the discursive dynamics in the chosen case. If possible, these key incidents are then transcribed in more detail allowing for more insights into what determined their political effects.
8. *Analysis of practices in particular cases of argumentation*: rather than assuming coherence on the part of particular actors, at this stage one goes back to the data to see if the meaning of what is being said can be related to the practices in which it was said.
9. *Interpretation*: on this basis one may find a discursive order which governed a particular domain at a given time. Ideally, one should come up with an account of the discursive structures within a given discussion, as well as an interpretation of the practices, namely the sites of production which are of importance in explaining a particular course of events.
10. *Second visit to key actors*: is a way of controlling if the analysis. Discourses are inferred from reality by the analyst, yet when respondents are confronted with the findings, they should at least recognize some of the hidden structures in language.

In my analysis, I will omit points 2, 4 and 10 (helicopter interviews, interviews with key players, second visit to key actors) and will be using secondary literature in which relevant data have been collected through such interviews (Bwalya et al. 2004; Fozzard and Simwaka 2002; Jenkins and Tsoka 2003; ODI 2001; VENRO 2008). Drawing on that secondary literature is a necessity for me as conducting such interviews by myself would have gone beyond the scope of a Master's dissertation.

4. CONTESTED OWNERSHIP: MALWI'S PRSP

4.1 A general overview of Malawi

Malawi is a landlocked country located in southeastern Africa⁶² with a population of approximately 15,7 million. It has a comparatively low urbanization rate of only 17 percent and more than 83 percent of Malawi's population live in rural areas. With a very high population density, it is more densely populated than neighboring states in the region. It borders Lake Malawi and has no sea access, what poses a significant trade barrier. Malawi is one of the world's poorest countries in terms of GDP per capita and is currently ranked 153rd out of 169 countries on the United Nations Development Program's Human Development Index (HDI)⁶³. Life expectancy is rather low (54,6 years), infant mortality comparatively high (the under five-mortality rate is of 100/1000 live births), illiteracy significant and years of schooling low (the school enrollment ratio lies at 61% and the mean years of schooling for adults is 4,3). A major problem in Malawi is health care, as there is only one medical practitioner per 50.000 inhabitants⁶⁴. Poor medical care and the high HIV/AIDS rate (about 14%) are jointly responsible for the low life expectancy. In the past twenty years Malawi's HDI has increased, though it remains below the regional average.⁶⁵ (cf. UNDP 2011)

As mentioned above, Malawi is one of the world's poorest countries in economic terms. Poverty is a serious problem with 29% of the population being affected by extreme poverty at the beginning of the millennium. Poverty is more prevalent in rural than in urban areas, where approximately 55% of the population lives below the national poverty line of MK 16.165 per year, equivalent to about USD 115 (cf. IFAD 2009: 4).⁶⁶ There are also regional differences, with more poor and ultra-poor living in the southern and northern regions. Distribution of wealth is not equal: the richest 20% consume 46% of the total goods and services, while the poorest 20% consume only 6%. (cf. IFAD 2009; Kubalasa 2004: 3)

⁶² A map of the Republic of Malawi can be found in Annex B.

⁶³ The Human Development Index (HDI) was introduced in 1990 as alternative to conventional measures of national development, such as the level of income or rate of economic growth (which are used as indicators by the BWIs). The HDI measures well-being on the basis of three basic dimensions of human development: health, education and income.

⁶⁴ Brain drain is a particularly severe in the health sector: allegedly, there are more medical practitioners from Malawi working in the United Kingdom than in their home country. (cf. Meinhardt 2010)

⁶⁵ For my analysis it is noteworthy that there seems to have been a period of stagnation between 2000 and 2006, and there are no data available for the period between 2001 and 2004 – the years of the first PRSP. (cf. UNDP 2011)

⁶⁶ According to the PRSP definition from 1998, the poor are defined as persons who can only afford to spend USD 0,10 or MK 10,47 per day on food and non-food needs. (cf. Kubalasa 2004: 3)

“Poverty is deep, severe and widespread” (Kubalasa 2004: 3), smallholder farmers, female- and child-headed households, estate workers and the disabled are worst affected by poverty. The poverty gap index, showing the ratio of the average extra consumption required to bring all poor people up to the poverty line indicates that poverty, is deep in Malawi. Estimates show that the poverty gap amounted to around 20% of GDP at the end of the 1990s. The principal causes of poverty are the limited access to land, low education levels, poor health status and care, limited off-farm employment and lack of access to credit. Some of these factors, such as poor education and ill health, are simultaneously consequences of poverty. (cf. Bwalya et al. 2004: 7; Fozzard and Simwaka 2004: 5)

4.1.1 History and the political system in Malawi

4.1.1.1 Independence and the Banda Regime

In the colonial era, Malawi had been a British protectorate since 1891 and became known as Nyasaland in 1907. The Republic of Malawi gained its independence in 1964 after a long period of comparatively peaceful struggle for autonomy, which was led by Hastings Kamuzu Banda. Banda, a medical physician trained in the U.S. and the United Kingdom, returned to Malawi in 1958 after having spent more than four decades abroad. He became the political leader of newly independent Malawi and subsequently established an autocratic leadership, imposing himself as the undisputed leader. (cf. Meinhardt and Patel 2003: 3)

The first parliamentary elections were held in 1961, and all seats were won by Banda’s Malawi Congress Party (MCP). After independence in 1964, Malawi set up a parliamentary system of government following the British model, formally a multiparty system. However, the 1964 elections were cancelled, what paved the way for Banda’s autocratic regime. When Malawi introduced a new constitution in 1966 and formally became a republic, the parliamentary system as well as the multiparty system was abolished and the MCP was declared to be the only legal party. All constitutional powers were transferred to the president, as a result of which Banda, who was also commander-in-chief of the armed forces, had almost unlimited powers to rule the country “like a private estate” (ibid.: 3) as he would say himself. Besides these formal powers, Banda had additional leverage based on his economic power: he was by far the largest private commercial farmer and entrepreneur in Malawi. In 1971 Banda was appointed Life President, and strengthened the personality cult around his person, the “*Ngwazi*” (“great lion” or “conqueror” in Chichewa, the strongest local language in Malawi). (cf. Meinhardt 2010)

In economic and social terms, Malawi was characterized by rapid economic growth (over 5%) under Banda's rule. This growth was based on agriculture since a significant private sector in manufacturing or mining was absent and the government kept to promoting an agricultural development strategy. As it favored estate and neglected smallholders, income distribution in Malawi was worsening, rural households were impoverished and in the late 1960s the top 10% of the population accounted for over 50% of national income. This agriculture-centered development policy has been consistently pursued by the government, but proved unsustainable in the long term as there had not been much structural transformation. A series of exogenous shocks (oil price peaks, disruptions in trade routes, influx of refugees due to the civil war in neighboring Mozambique and droughts) in 1979-81 exposed the weakness of Malawi's economy. (cf. Booth et al. 2006: 4-5)

During the Banda era political opposition was suppressed and critical political activists and individuals were prosecuted by the judiciary which was narrowly controlled by the president. It was forbidden to form or join any political organization other than the MCP. Human rights violations were common, and there was no organized, open or clandestine opposition movement in Malawi and due to the climate of mutual distrust and repression, there was no active civil society. The only non-state institution not deprived of the right of association was the church. In short, there was no meaningful participation in the political process due to these restrictions and this oppression. (cf. *ibid.*: 15-16)

There were also no independent media, and the streamlined information system as well as the effective repression were important backbones of Banda's autocratic power. Another was patronage: Banda allocated wealth and power to his supporters; however he maintained tight control of the extent of benefits granted and withdrew these privileges deliberately. There was a permanent rotation of portfolios and positions in his cabinets, and only a few top politicians remained in office for more than a few years. (cf. Meinhardt and Patel 2003: 3-7)

Until the early 1990s, there was virtually no reaction, or any sanctions, to the repression and severe human rights violations from Western Europe and the U.S. On the contrary, the Banda regime received aid flows from Western donors who were supporting it generously due to its anti-communist stance.⁶⁷ Only after the end of the Cold War in 1991, criticism of the Banda regime was raised and donors did start to demand respect for human rights and to push for democratic reform. Donors were on the verge of cutting aid when Banda responded with an appeasement strategy, including the release of some political prisoners and an arbitrary discussion on the future of the

⁶⁷ It is noteworthy that Malawi's neighboring countries were not having close relations to the Banda regime, and Malawi was the only southern African country to maintain diplomatic relations to South Africa during Apartheid.

single party system, and didn't show any willingness for fundamental reforms. (cf. Meinhardt and Patel 2003: 4-6)

4.1.1.2 The transition to a multiparty system

Drawing on the experience from other countries in sub-Saharan Africa, the political and economic conditions in Malawi were highly unfavorable for a successful democratic transition, as there was no opposition which would have had strong support and would be likely to take over power. The majority of the population was constituted by economically and politically marginalized rural farmers and the small and educated urban elite was either repressed or part of the government. Civil society was virtually nonexistent, in 1985 there were still only 25 local NGOs registered in Malawi. (cf. Booth et al. 2006: 16; Meinhardt and Patel 2003: 7) It was due to external pressure from donors that the government opened up the NGO sector. In addition the formation of the two emerging underground opposition groups in 1991 was initiated with the assistance of expatriates working in Malawi.⁶⁸ (ibid.: 8)

The strongest opposition group was composed of former MCP politicians who had been deposed by Banda, earned their living as businessmen and entrepreneurs, and mostly came from the Southern Region. This group, which later became the United Democratic Front (UDF), was led by Bakili Muzuli. The other opposition group which emerged in 1991 was dominated by professionals and intellectuals from the Northern Region, and was later known as the Alliance for Democracy (AFORD). AFORD distrusted the UDF movement as most of its members had served under Banda.⁶⁹

As the opposition had to remain underground and did not have the necessary capacity to voice its criticism, it reverted to the only institution which had an adequate nationwide platform to carry its message: Malawi's two biggest churches, which so far had never been critical of the regime (cf. ibid.: 8-10). The Catholic clergy was approached and encouraged by the UDF to read a Pastoral Letter criticizing the regime for its human rights violations, corruption, inefficiency and the lack of democratic rights in all Catholic churches in Malawi on March 8 1992. This action had two effects: first, international support for the bishops ensured that they were not persecuted by the regime for their actions; second, the fact that the bishops had publicly criticized the regime without consequences broke a long-held taboo. Subsequently, for the first time since Banda had taken over

⁶⁸ Following Meinhardt and Patel (2003: 8) two Europeans used their important advantages – access to information about developments inside and outside Malawi through diplomatic channels, as well as not being suspected to be an agent of the regime – to get in touch with and support the initiation of opposition movements.

⁶⁹ Another factor which fuelled distrust was regional differences: the North-South disparity had been deepened under Banda's regime as it neglected and sidelined the northern regions. While UDF's supporters mostly came from the Southern Region, AFORD's supporters were from the north. (Meinhardt and Patel 2003: 9)

power in the 1960s mass-demonstrations and strikes took place in Malawi in 1992. (cf. Meinhardt and Patel 2003: 8-9)

In response to the recent domestic developments in Malawi and due to external pressure from donors who had partly suspended aid flows in 1992, Banda agreed to the churches' demand for a dialogue with the regime to liberalize the political system. The government wanted to restrict the participation in the discussion to churches only, but had to give in to other groups such as the Chamber of Commerce and the Law Society. Eventually, the two opposition movements UDF and AFORD officialized their existence and joined the discussion forum as pressure groups. Consequently, Banda called for a referendum on the question whether a multiparty system of government should be introduced. He was prepared to take this step as he was convinced that the rural population (about 85% at that time) would support him and back his government. However, two-thirds of the voters casting ballots were in favor of the introduction of a multiparty system, and Banda had to agree on elections to be held in 1994. This marked another step in the democratization process in Malawi. Since this transition, Malawi has a presidential system of government. The president, who is the chief of state, the head of government, and the supreme commander of the armed forces, is elected for five years. (cf. Booth et al. 2006: 8-13; Meinhardt and Patel 2003: 10)

In economic terms, the era of transition was a period of economic liberalization under the influence of international donors. It was characterized by declining per capita incomes and further falls in per capita grain production. The latter was due to U-turns and inconsistencies in development strategies. (cf. Harrigan 2003) Most policies were guided by the BWIs' stabilization and Structural Adjustment Programs, and the government of Malawi was fairly compliant with donor conditionalities. Between 1981 and 1994, Malawi implemented six Structural Adjustment Programs supported by the BWIs, while after 1995 three Fiscal Restructuring and Deregulation Programs, another form of SAP supported by the BWIs, were implemented. (cf. World Bank 2008: 21-9) During the 1990s the government turned away from investing into economic infrastructure and shifted towards the social sectors, in accordance with the new development paradigm promoted by donors. But since the policies adopted did not address the underlying structural problems in Malawi (massive population growth, disadvantage of smallholders, and declining soil fertility), economic growth and macroeconomic stability were not restored. (cf. Booth et al. 2006: 5)

4.1.1.3 The era of democratization and reform

The role of external influence in the transition to multiparty democracy in Malawi was significant: “[t]he democratization process was initiated and encouraged by Western donors who demanded democratic reforms in return for aid” (Meinhardt and Patel 2003: 11). Donor influence remained strong throughout the reform era which was to come (cf. Booth et al. 2006). After it was clear that elections were to be held in 1994, a new democratic constitution was drafted within a few months, with considerable inputs from donors and foreign consultants. This constitution, whose donor driven content and quick adoption is fully in line with Gill’s concept of new constitutionalism,⁷⁰ was passed by the one-party parliament only one day before the first multiparty parliamentary and presidential elections were held in May 1994. Muluzi’s UDF won the elections with 47% of the votes, Banda’s MCP became second receiving approximately about 30%, and AFORD won only 19%. As the UDF did not win a majority in the National Assembly, it had to form a coalition, and as forming one with the MCP was not acceptable for donors who wanted to see a new constellation of power, AFORD became UDF’s alliance partner. Being aware of UDF’s limited possibilities in coalition building, AFORD demanded a large share of government offices and government coalition talks lasted until mid 1995. (cf. Fozzard and Simwaka 2002: 3; Meinhardt 2010)

In 1995, a constitutional conference with broad societal participation took place but its results did not have much influence on the decision-making process. The review of the constitution which was passed in parliament by the UDF-AFORD majority did not reflect many inputs given outside parliament, nor any of those given in the participatory consultations which had been initiated. (cf. Meinhardt and Patel 2003: 13)

In the 1999 general elections UDF was able to win a slight majority in parliament and Muluzi was appointed president for another 5 year term. The losing parties challenged the results of the election pointing out electoral irregularities, and there were outbreaks of violence (cf. Jenkins and Tsoka 2003: 198). In 2000 the first local elections since democratization were held in Malawi with a participation rate of only 14% voters. UDF won most wards and ended up controlling 33 out of 39 local assemblies. The slight ideological differences between the three major parties increased throughout the 1990s, and in the run-up to the elections.⁷¹ (cf. Fozzard and Simwaka 2002: 3)

At the end of his second term, it was strongly debated if Muluzi should be allowed to run for a third term although the constitution does not provide for it. Eventually, he chose not to run for another

⁷⁰ Cf. Gill 1993 and chapter 3.1.3.1.

⁷¹ “UDF presented a liberal manifesto, balancing interests of government, people and private sector, while AFORD placed greater emphasis on workers’ rights and the MCP was more conservative, stressing the importance of clean and efficient administration, peace and stability” (Fozzard and Simwaka 2002: 3).

term and nominated another presidential candidate for the UDF, Bingu wa Mutharika, his Minister of Economic Planning and Development. With strong support from Muluzi, the almost unknown Mutharika won the elections in 2004. However, because of differences based on the government's initiatives against corrupt party officials in high-ranking positions, Mutharika left the UDF and founded the Democratic Progressive Party (DPP). Consequently, the president did not hold the majority in parliament as UDF and MCP had formed an informal opposition alliance. This made decision making in parliament difficult and hampered the government's work; it took months until important bills were passed and reforms were delayed. This situation did not change until elections were held in May 2009. Mutharika won the presidential elections, and his DPP got the two-thirds majority in parliament which allows for constitutional amendments. (cf. Meinhardt 2010)

From 1999 on, during Muluzi's second term as president, Malawi's development performance was continuously worsening and there was frequent crisis. Until 2005 the economy was characterized by misappropriation of public resources, collapse of state services provision, fiscal indiscipline and consequent macroeconomic instability resulting in an inflation of 27% and interest rates of 44%. Moreover, inadequate and delayed government response to a crop failure in 2001/2002 caused an acute food crisis. (cf. Boot et al. 2006: 5-6)

With the introduction of a new approach to lending practices by the BWIs in 1999, Malawi was also obliged to introduce a Poverty Reduction Strategy for continued lending. The first full PRSP was presented in 2002, and the PRSP-II was introduced in 2006.⁷² Since Malawi was granted debt relief in 2006, its macroeconomic situation was improved and GDP growth rates increased from 2 to 7%. This was also due to the introduction of economic development schemes and subsidies on fertilizer, which were introduced by newly elected president Mutharika although they violated BWIs' requirements. Productivity in agriculture increased by 200%, but a long term strategy for economic development which goes beyond the agricultural sector is missing. (cf. Knaup 2010)

4.1.2 The state, democracy and civil liberties

The majority of the rural population in Malawi is politically and economically marginalized, lacks access to information and is not aware of its constitutional rights, or of how to enforce them. The level of political interest and activity is low, which is also due to historical reasons. (cf. Booth et al. 2006: 16; Meinhardt and Patel 2003: 7) Under the Banda regime NGOs were tightly controlled and their activities were strongly limited. With the democratization process and multiparty politics, Civil

⁷² This will be discussed in more detail in the next chapters.

Society Organizations (CSOs) have emerged and played a direct role in political issues. However, their role, significance and influence remain limited: while the church is still playing a leading role, academia and trade unions, which had been involved in the transition process to democracy lost significance. NGOs missed the opportunity to link up in networks, work together, and to establish a collective strength, and thus they do not have the capacities to oversee the government. For a long time, the relationship between CSOs and the government was characterized by mistrust and suspicion rather than by cooperation and mutual understanding. (cf. Meinhardt 2010; Meinhardt and Patel 2003: 34)

Evidently, democracy in Malawi is not yet consolidated: it can be classified as a neo-patrimonial⁷³ democracy. Patrimonialism occurs “where the resources of the state are treated as the patrimony of the ruler, not as public wealth in the modern sense. Official servants and their retainers are rewarded by access to the spoils of office – by prebends, rather than salaries” (ODI 2001: 9). Neopatrimonialism prevails if such principles (still) operate within the context of a bureaucratic state structure. This can be the case within the framework of an authoritarian or democratic constitutional setting. One characteristic which also applies to Malawi is the “big man syndrome”, namely systematic clientelism and the use of state resources for the political legitimization of the leadership. (cf. *ibid.*: 9)

In Malawi, the concept of government is still widely understood in its traditional sense, as Meinhardt and Patel (2003) explain.. Government is called “*boma*”, a Swahili word for an enclosure around the dwelling units of traditional chiefs, slave owners and influential people in pre-colonial society, a term also used to describe the colonial administrative centers. *Boma* refers to the administrative regime and is conceptualized as a powerful and feared institution protected by the police or guards. It operates independently and people do not see themselves as necessarily being part of the governance process. (cf. Meinhardt and Patel 2003: 50) Under Muluzi, the government was “preoccupied with its short-term political survival” and “employed authoritarian tactics against rivals, tried to bolster its position by satisfying the economic interests of supporters within the legislature and electoral constituencies, and resorted to populist policies” (Fozzard and Simwaka 2004: 4).

Although there is freedom of opinion and speech, there are serious shortcomings as regards freedom of the press and media. The two national dailies are owned by opposition politicians while television is owned and controlled by the state. There are several independent radio stations, though

⁷³ A discussion of patrimonialism and neo-patrimonialism in Africa can be found in Hyden (2006) or Medard (1987).

many of them broadcast at the regional level only. However, the influence of the media is limited by poverty: newspapers are relatively expensive and mostly published in English, as a result of which they are almost exclusively read in urban areas. (cf. Meinhardt and Patel 2003: 17; Meinhardt 2010)

4.1.3 Malawi's economy

With a Gross National Income (GNI) of USD 4,2 billion and a per capita income of USD 280 (cf. World Bank 2009), Malawi is one of the world's poorest countries in economic terms. In the past decade, economic growth has been positive, albeit fluctuating, and Malawi remains highly dependent on Official Development Assistance (ODA). Financial flows from multilateral and bilateral donors fluctuate between 20 and 25% of Gross Domestic Product.⁷⁴

Malawi's economy is strongly dominated by agriculture. About 90% of the rural population live from agriculture characterized by a very labor intensive mode of production, and the majority are smallholders or self-sufficient farmers producing for their own needs. Agriculture also accounts for more than 90% of export earnings. Therefore, Malawi's economy remains extremely vulnerable on several counts: it is dependent on a small basket of raw agricultural exports which renders it vulnerable to fluctuations in world commodity prices, and its dependence on rain-fed agriculture means that it is also extremely vulnerable to changing climate conditions. Some unexpected climate changes and consequences, such as drought or floods, can cause food shortages with dramatic effects for the population. (cf. Tearfund 2007: 23-4) Agriculture accounts for 35,5% of GDP, industry for 17,5%. The industrial sector remains small, and having shrunk considerably since the 1980s, it is limited to the four cities of Blantyre, Lilongwe, Zomba and Mzuzu, and is not of any international significance. The service sector has grown and is now the main contributor to GDP, accounting for 47%. However, its contribution to employment remains small. Malawi's trade balance is negative and its deficit has been rising in the past years. As a landlocked country with no sea ports it faces a natural barrier to trade. (cf. Meinhardt 2010; World Bank 2009)

Most commodities produced in Malawi are agricultural products. The most important crops are maize, tobacco, tea and sugar. While the tea sector is still dominated by British entrepreneurs, the two existing sugar plantations are owned by a South African firm, and the tobacco plantations are owned by Malawian businessmen. Many politicians, like former presidents Muluzi and Banda, are successful and influential businessmen and virtually control certain business sectors (cf. Meinhardt 2010: 10; Meinhardt and Patel 2003: 4, 60). As mentioned above, the processing industry is very

⁷⁴ The most important donors in terms of volume are the United Kingdom, Japan, U.S., Germany, Sweden, Norway, Canada and the People's Republic of China. The most important multilateral donors are the European Union, the World Bank and the African Development Bank. Official Development Assistance to Malawi amounts around half a billion USD. (cf. www.aidflows.org [17.02.2011]; Bwalya et al. 2004: 7)

small and the main export crop, tobacco, which accounts for almost 75% of Malawi's exports, is traded unprocessed as there is no industrial infrastructure for the production of cigarettes. Furthermore, while fertilizer is widely used, it is not produced in Malawi and must be imported.

4.2 BWIs' aid relationship with Malawi

4.2.1 BWIs' aid relationship with Malawi: Structural Adjustment Programs

Malawi applied to the World Bank for its first International Development Association (IDA) credit in February 1965 and received the loan one year later. The volume of the "Highway Engineering Project" was USD 490.000 and the term of the credit was 10 years including a two-year period of grace (World Bank 1966). Since then, Malawi has received another 123 project loans (6 projects were dropped) amounting to about USD 3 billion at the time of writing. The first macro-economic stabilization programs based on the International Monetary Fund's Stand-By Arrangement⁷⁵ were introduced in late 1979, and the first World Bank Structural Adjustment Program in mid 1981. Between 1981 and 1994, Malawi implemented six Structural Adjustment Programs supported by the World Bank and after 1995 three Fiscal Restructuring and Deregulation Programs, another form of structural adjustment supported by the BWIs, were implemented (cf. GoM 2002: 11). The International Monetary Fund's Independent Evaluation Office uses the term "prolonged users" for countries engaged in IMF supported loan programs for at least seven years out of ten. For the period from 1971 to 2000 51 countries can be categorized as prolonged users. Malawi is one of the 16 most prolonged users as it was under IMF arrangements for 17 years out of that 30 year period. (cf. Kubalasa 2004) This pattern must be seen in the light of aid dependency, and the IMF's mandate to only provide temporary balance of payment support to countries (cf. *ibid.*: 3): Malawi's aid dependency expresses itself in financial and in institutional terms. "Institutional aid dependency is understood [...] as a loss of capacity to make and implement planning decisions arising from the gross imbalance between domestically-generated revenues and the actual or potential availability of external finance" (ODI 2001: 12; cf. Booth et al. 2006: 33)

In general, Structural Adjustment Programs are designed, negotiated and implemented in several stages. First, a Country Economic Memorandum, a situation analysis of the economy, is prepared by World Bank and IMF staff in consultation with the government. Second, sector-specific issues and

⁷⁵ The IMF's Stand By Arrangement is a lending facility through which a member country can use IMF financing up to a specified amount to overcome short-term or cyclical balance of payments difficulties. Installments are normally phased on a quarterly basis, with their release conditional upon the member's meeting performance criteria, such as monetary and budgetary targets (IMF 2003 quoted in OECD 2006)

constraints are identified in a Policy Framework Paper and concepts aimed at addressing the issues are developed. Third, based on the results of a mission, the World Bank prepares a white-cover Memorandum of the President and Staff Appraisal Report. The Memorandum outlines how funds provided by the BWIs are to be utilized. The draft Memorandum is given to the government to agree or disagree with its contents. Fourth, a yellow-cover Memorandum of the President is prepared by the World Bank and given to the government for review in consultation with various stakeholders in the country. This step is regarded as a critical stage in the design of the national SAP, as the yellow-cover document is the basis for negotiations. The government can reject some of the policies and conditionalities according to the views of the stakeholders involved. Fifth, after the yellow-cover Memorandum has been reviewed, the government can proceed with requesting funding for the SAP which was agreed upon. This is formally done in a Letter of Development Policy from the Minister of Finance to the President of the IDA. The submission of the letter leads to the preparation of the green-cover Report and Recommendation of the President of IDA to the Executive Directors. At the stage where the green-cover report is prepared, the World Bank and the government must effectively have agreed on all policies, conditionalities and the timing of disbursement of resources. (cf. Chilowa and Chirwa 1999: 245)

In Malawi “experience has shown that, prior to the agreement about adjustment programs where wider consultations with stakeholders are expected, things have tended to go wrong” (ibid.: 245). The problem was that the government negotiating team comprised officials from only three key departments, namely the Ministry of Finance, the Ministry of Economic Planning and Development and the Reserve Bank of Malawi. It is noteworthy that line ministries, departments and the private sector which were directly involved in the implementation of the SAP were not involved in its design and negotiation. There was no effective forum for consultation with the private sector and trade unions. The Malawi Chamber of Commerce and Industry criticized the fact that consultations only took place after the programs had been implemented and their negative effects have become obvious. (cf. ibid.: 245)

The review process of the Memorandum was influenced by institutional constraints and there was no effective discussion. Three constraints were observed by Chilowa and Chirwa (1999: 245). First, the document for discussion was not circulated internally for discussion within departments of the involved institutions. Second, there was no common understanding of the program among the three institutions in the government’s negotiating team. Finally, the negotiation team lacked the skills to develop alternative programs and to make a critical policy analysis of proposed the content. “As a result, the few government official involved in the negotiations panic when they receive the yellow document and agree to it without really appreciating the policies and conditionalities.” (Chilowa

and Chirwa 1999: 245) This also creates resistance in line ministries since the agreed policies often effectively conflict with their priorities. The World Bank criticized this lack of equivocal political commitment to the SAP which was agreed by the three key departments.

The Structural Adjustment Programs implemented in Malawi between 1981 and 1995 focused on the liberalization of the agricultural sector, parastatal sector reform, finance sector reform, and rationalization of the budget. In the agricultural sector, the reforms centered on price controls and on lifting restrictions on smallholder production of tobacco.⁷⁶ Financial sector reforms included the liberalization of the exchange rate, relaxation of exchange controls, and the liberalization of interest rates. These reforms also brought a shift in monetary policy from direct to indirect instruments. Major industry and trade reforms, including strong reductions in tariffs, were implemented. Furthermore, public enterprises were privatized, leaving redistributive issues, such as popular ownership and employment, unresolved. In general, the Government of Malawi assesses that “the adjustment programs have had limited impact on economic growth and poverty reduction”, two of their primary goals. As outlined above, as growth rates fluctuated and were even negative in the early 1990s, sustainable growth has proved to be “elusive” (GoM 2002: 12). The set of structural reform programs did not translate into poverty reduction, and macroeconomic instability actually aggravated the poverty situation. In order to address this situation, in 1994 the Government of Malawi introduced the Poverty Alleviation Program, whose impact remained limited. The Government admits that the main constraint of the Program was the absence of a well-articulated action plan, and disjointed initiatives which lacked coordination proved to be ineffective. (cf. *ibid.*: 11-17)

4.2.2 BWIs’ aid relationship with Malawi: debt relief

Malawi was a highly indebted country and was granted debt relief within the framework of the Heavily Indebted Poor Countries (HIPC) Initiative. The HIPC Initiative was launched in 1996 and is a multi-creditor initiative which grants conditional debt relief to poor countries. Participating creditors comprised all multilateral, official bilateral and commercial creditors. External public and publically guaranteed debt was reduced – but not totally cancelled – in the HIPC Initiative. Debt

⁷⁶ The BWIs were heavily criticized for their agricultural sector advice to the Government of Malawi. The initial impact of the SAP reforms led to a substantial increase in the production and increased revenues for the rural sector. However, these effects were offset by input prices – especially prices for widely used fertilizer – increasing faster than producer prices. The BWIs enforced the lifting of price controls and the elimination of fertilizer subsidies left the Government of Malawi with no possible policy response in order to intervene against the rapidly increasing producer prices. Consequently, farmers and the rural population suffered greatly and famines were aggravated. (cf. Harrigan 2003).

relief under the HIPC Initiative is a two-stage process. Eligible countries⁷⁷, including Malawi, first need to reach “decision point” which means that they have a track record of macroeconomic stability and have prepared a Poverty Reduction Strategy. PRSPs were seen as mean for creating national commitment to poverty reduction and to ensure that HIPC funds are used appropriately, this means for poverty reduction. In an endeavor to loosen the HIPC-PRSP link and to give beneficiary countries more time to draw up a full PRSP, the concept of an Interim PRSP was introduced by the BWIs. This Interim PRSP is a document which enables a country to access partial debt relief while preparing the full PRSP. When reaching decision point, the amount of debt relief necessary to bring countries’ debt indicators to HIPC thresholds is calculated, and countries begin receiving interim debt relief on a provisional basis. Countries reach the second stage, completion point, if they maintain macroeconomic stability, carry out key structural and social reforms, and satisfactorily implement a Poverty Reduction Strategy for a minimum of one year. At completion point the remaining amount to be written off is released. (cf. World Bank 2010) After reaching decision point in December 2000 Malawi was granted partial debt relief. In August 2006 it reached completion point as 20th country in a row. In sum, Malawi’s total external debt stock, which was at USD 3 billion in nominal terms, was reduced to USD 400 million. (cf. World Bank 2008) By reaching the completion point of the HIPC initiative, Malawi also became eligible for further multilateral debt relief under the Multilateral Debt Relief Initiative. Due to its debt structure Malawi greatly benefited from the HIPC Initiative.⁷⁸ However, scholars and NGOs advocate that the amount of debt relief granted to Malawi is not sufficient and the HIPC initiative is regarded as inadequate compared to the preferred total debt forgiveness (cf. Chimango 2002: 1).

4.2.3 BWIs’ aid relationship with Malawi: Poverty Reduction Strategy

In 1999 the BWIs introduced the Comprehensive Development Framework (CDF), the new development approach replacing the SAPs. The most prominent tool for implementing the CDF are the Poverty Reduction Strategy Papers, which form the basis for lending programs with the IMF and the World Bank. PRSPs lay out a country’s macroeconomic, structural, and social policies and programs to promote growth and reduce poverty, as well as associated external financing needs. The

⁷⁷ Eligible countries must have debt burden indicators above the HIPC initiative thresholds using the most recent data for the year immediately prior to the decision point. A debt level is regarded as sustainable if it is below 15% of GDP, Malawi had a debt service ratio of 19%. The net present value of debt to exports ratio stood at 267% against the sustainable threshold of 150% and the net present value of debt to domestic revenue at 472% compared to the threshold of 250%. (Bwalya et al. 2004: 7)

⁷⁸ Malawi’s debt structure is as follows: the World Bank is the largest creditor, accounting for around ¾ of multilateral debt; Japan is the largest bilateral creditor, holding about 85% of the country’s debt to the Paris Club; commercial debt is at a low level of about 2%. (cf. www.aidflows.org [17.02.2011])

core principles underlying the PRSP (cf. chapter 2.3.1) approach suggest that PRSPs would be expected to include (cf. Klugman 2002; World Bank 2010):

- (i) A description of the participatory process used (including the format, frequency, location and contents of consultations);
- (ii) Comprehensive poverty diagnostics;
- (iii) Clearly presented and costed priorities for macroeconomic, structural, and social policies (which should not become a “wish list”);
- (iv) Appropriate targets, indicators, and systems for monitoring and evaluating progress.

The PRSP cycle⁷⁹ comprises the following successive steps (cf. Bretton Woods Project 2003):

- (i) Understanding the nature of poverty in the lending country;
- (ii) Choosing poverty reduction objectives (based on the Millennium Development Goals);
- (iii) Defining the strategy for poverty reduction and growth (prioritization of focus areas and development challenges);
- (iv) Implementation of programs and policies;
- (v) Monitoring outcomes and evaluating impact.

As mentioned earlier, a PRSP should be developed in a participatory way and thus nationally owned. The level of participation is decisive for whether or not the given country's PRSP will be approved. In each country, the government is responsible for writing the PRSP and for organizing technical and donor inputs.⁸⁰ The PRSP must be presented to the Bank and the Fund before a country receives funding, hence after step (iii) and before step (iv) as above. The boards of both the World Bank and the IMF need to approve a country's PRSP before a lending program is agreed. The contents of the PRSP are appraised by officers from both BWIs in so called Joint Staff Assessments. The PRSP also provides the framework for developing the BWIs' national Country Assistance Strategy. (cf. *ibid.*)

When the PRSP approach was introduced, researchers warned that “there will inevitably be tensions between the PRSP drafting efforts and commitments that governments have already entered into with the IFIs” (ODI 2001: viii; cf. *ibid.*: 21). Theoretically, the PRSP should also be based on

⁷⁹ An illustrated description of the PRSP cycle can be found in Annex C.

⁸⁰ For more details on ownership of Poverty Reduction Strategy Papers see chapter 2.3.2 and for a detailed analysis of ownership of the national PRSP in Malawi see chapter 4.3

existing national development strategies and this can also turn out to be problematic. The PRSP was not Malawi's first poverty-reduction policy, but previous approaches had been centered on safety nets to ameliorate the situation for the poorest and these measures failed to address the root causes of poverty. The Poverty Alleviation Program introduced after democratization also failed to deliver the expected results as it suffered from the absence of an action plan, poor prioritization and inadequate linkages to the budget. (cf. Bwalya et al. 2004: 7-8) Furthermore, there was the Malawi Vision 2020, which has been drawn up in with inputs from public consultations, but was a "wish list" with no framework for implementation (cf. Jenkins and Tsoka 2003: 199-202.) Based on these existing national programs in theory, and with a weak link to them in practice, the Government of Malawi developed an Interim Poverty Reduction and Growth Strategy Paper (I-PRSP) which it presented it in May 2000 (cf. Peretz 2007: 19). The revised final document was then agreed by the boards of the Bank and Fund in December 2000 and consequently partial debt relief was granted to Malawi. The I-PRSP submitted was supposed to lay out a road map for the full PRSP and was not comprehensive (Fozzard and Simwaka 2004:8).

The Government of Malawi wanted to proceed swiftly and started the preparations for the full PRSP in January 2001. They should have been finished already 4 months later, in April 2001. However, due to pressure from various stakeholders, and especially Civil Society Organizations, the Government changed its initial schedule and extended the PRSP preparation process to ensure that the paper is based on broad national ownership. As the first full PRSP has not been operational at the time initially scheduled by the GoM, a PRSP Findings to Date document was drawn up and designated to provide inputs for the 2000/2001 budget. After an extended consultation process, the final full PRSP was presented in April 2002. The first progress report was presented one year later, in 2003, and two others followed in 2005 and 2006.⁸¹ In addition to the PRSP the Government of Malawi developed the Malawi Economic Growth Strategy (MEGS) in 2003. The MEGS highlighted the importance of economic development and in particular the significance of the private sector for poverty reduction and Malawi's prosperity as this was missing in the full PRSP document. (cf. VENRO 2008) Although the full PRSP was approved in 2002, and it informed the budget for the years 2002/2003, its effective implementation did not start until several years later (cf. Peretz 2007:1). This was due to previous failures in macroeconomic policy and subsequent shortfalls in donor support. In the fiscal year 2001/2002 Malawi's economic management commitments got "off track", and consequently the IMF withheld parts of its funds, with other donors following suit. As the implementation of the PRSP built on the commitment of donors (to

⁸¹ A detailed chronology indicating most relevant milestones of the PRSP process in Malawi can be found in Annex D.

provide 60% of the resources) a loss of funds hampered the swift and successful implementation of the first PRSP (cf. MEJN 2002). In 2003 Malawi got back “on track” and financial flows resumed, however this rebound was not long-lasting and the government’s performance was again poor soon afterwards (cf. Bamusi 2006: 7). After three years, the second PRSP was introduced in 2006; it is entitled Malawi Growth and Development Strategy, and also draws on the MEGS. (cf. VENRO 2008)

The content of Malawi’s first PRSP was built around four policy areas: sustainable pro-poor economic growth and structural transformation; human capital development; quality of life for the vulnerable; and good governance. These four areas constituted the main strategic elements around which interventions and policies were grouped into a framework for poverty reduction. (Bwalya et al. 2004: 10)

4.3 Ownership in Malawi’s PRSP process: Argumentative Discourse Analysis based on Hajer

The PRSP process is based on the assumption that participation will increase national ownership which in turn will ensure the effectiveness and sustainability of the reforms. Scholars highlight that ownership of the PRSP depends on who participates, whether participation actually affects the design of policies or merely provides endorsement to externally designed programs, as well as the scope and coverage of the PRSP process (cf. Steward and Wang 2003). Country ownership is therefore a rather flexible concept. In order to analyze the aid relationship between the BWIs and Malawian stakeholders in the PRSP process and how it was changing over time, and in order to address the question who “owned” the PRSP – how far it was nationally owned, and how far it was perceived as imposed from outside – I will examine the dynamics in various steps of the PRSP cycle outlined in the previous chapter, the negotiations with the BWIs, and the endorsement process.

In order to find answers to my research question “What was the aid relationship between the Bretton Woods Institutions, the Government of Malawi, Parliament and Civil Society in the first PRSP process and how did it change over time?” I will conduct an Argumentative Discourse Analysis⁸² and for this purpose I split it up in two operationalized questions:

- (i) Who was involved in the PRSP process and what interaction was there between the stakeholders? Which stakeholders directed the formulation of the PRSP?
- (ii) How was ownership perceived by different stakeholders?

⁸² My research method, which formed the basis for collecting the findings that are presented in this chapter, is described in more detail in chapter 3.2.

I will base my analysis on research papers and official documents of the Government of Malawi such as the interim PRSP, the full PRSP, the PRSP progress reports,⁸³ as well on documents of the BWIs such as Joint Staff Advisory Notes and the Country Assistance Strategy, and on documents published by other stakeholders such as NGOs and parliamentarians.

4.3.1 The process of PRSP formulation: stakeholders and interaction

In this chapter, I will give an overview on the stakeholders which participated in the PRSP process, the timing, quality and coverage of participation, as well as on the content of the participative action in order to get an idea whether participation actually affected the design of the PRSP.

Who participated in the PRSP process?

The World Bank and the IMF demand that PRSPs are drawn up based on a participatory process involving national civil society and the private sector, as well as bilateral, multilateral, and non-governmental development partners (cf. World Bank 1999). Yet, the design and negotiations of the Malawian PRSP were dominated by the Government of Malawi. The I-PRSP was drafted by the Government of Malawi with assistance from the BWIs, and it was produced speedily in a non-inclusive process with virtually no consultation of any further national stakeholders (cf. Jenkins and Tsoka 2003: 201). Civil society was almost completely excluded; also bilateral donors did not get included and complained about the heavy BWI interventions in the drafting process. (cf. MEJN 2001: 9)

According to a study by the NGO VENRO (2008), which conducted broad research into participation in PRSP processes in more than 60 countries, insiders observed that in Malawi the Government dominated the PRSP process extensively and that it might have accepted the PRSP process, including participation, only in order to fulfill the requirements to be granted debt relief through the HIPC initiative. Other studies (Bwalya et al. 2004; Jenkins and Tsoka 2003) also arrive at the conclusion that the political elite was not favorable to the process and that its support was limited.

Institutionally, the PRSP process was organized in a four-tiered committee structure (cf. Bwalya et

⁸³ The BWIs expect a PRSP to include a description of the participatory process which was used and to comprise a description of “the format, frequency, and location of consultations; a summary of the main issues raised and the views of participants; an account of the impact of the consultations on the design of the strategy; and a discussion of the role of civil society in future monitoring and implementation.” (World Bank 2010) This should give a full picture of aspects of ownership and participation of the Malawi PRSP, however as final versions of official documents often reveal little about the politics of negotiations and (in)formal channels of influence that shape decision, documents from other stakeholder will be consulted as well in this analysis.

al. 2004: 9; GoM 2000):

- (i) The *Ministerial Committee* consisted of representatives of six ministries and was chaired by the Minister of Agriculture, yet the Minister of Finance played a dominant role. The Reserve Bank of Malawi was also represented.
- (ii) One tier lower was the *National Steering Committee*. It comprised the principal secretaries of all ministries, the manager of the Central Bank, representatives of the Treasury and the National Economic Council. The National Steering Committee was chaired by the Secretary to the Treasury. It also included the National Coordinator, a World Bank officer of Malawian descent, who was in charge of the overall coordination of all activities at all four tiers.
- (iii) The *Technical Committee* was the third tier. It was chaired by the National Economic Council and played a pivotal role in the actual management and oversight of the PRSP formulation process.
- (iv) At the fourth tier were all *Thematic Working Groups*, 21 in total. The working groups included representatives from the Government of Malawi, civil society, the private sector and donors. Not all stakeholders were equally represented in each working group. The Thematic Working Groups (TWGs) constituted the main arenas for participation. The results of the substantive discussions of each working group were fed into the work of the Technical Committee (one tier up) and the drafting team.

The *parliament* was also involved in the PRSP process. However, the parliament is not a very strong political institution in Malawi, and its role in the PRSP process remained rather limited. No measures to strengthen its role in the design of the PRSP were taken. Some parliamentarians were involved in working groups focusing on specific topics, though it is noteworthy that government officials considered the parliament to belong to the Civil Society Organization category when the Thematic Working Groups were composed. (cf. Bwalya et al 2004: 14) Many Members of Parliament (MPs) lacked the technical expertise and time required for their activities in the working parties.⁸⁴ Eventually, the full PRSP was passed by parliament, after having been designed by the Government with very little contributions from MPs. The World Bank and IMF criticized the limited participation of parliamentarians. (cf. IMF and World Bank 2003: 4; 2006: 2; VENRO 2008).

⁸⁴ Parliamentarians were supported in their work by civil society which provided parliamentarians with research outcomes and commented and simplified versions of the PRSP. In return, the parliament was supposed to ally with civil society and voice its concerns, such as for instance about budget priorities, in parliamentary debates and influence contents of acts and annual budgets. (cf. VENRO 2008)

The *government* has been very hesitant to involve *civil society* in policy-making and at the beginning only four Civil Society Organizations were directly involved in the design of the PRSP, one of them being the Council for NGOS in Malawi (CONGOMA). One representative of CONGOMA – which was founded in 1985 and due to its parastatal structure it is not an independent NGO – was eventually invited by the Government to join the team drafting the PRSP (Bwalya et al. 2004: 12). In general, civil society in Malawi has long been weak and disorganized, NGOs had little influence on politics and missed the opportunity to work together on certain issues. The PRSP process in Malawi initiated stronger cooperation between NGOs: civil society identified opportunities to be heard within the framework of the PRSP process, consequently improved their organization in order to seize them, and to provide constructive inputs. In this respect the foundation of the Malawi Economic Justice Network (MEJN), a network or umbrella organization of around 100 NGOs active in Malawi, in 2001 is particularly noteworthy⁸⁵. (cf. VENRO 2008) MEJN has played a part in the PRSP process from its very beginning. It successfully lobbied for the stronger involvement of CSOs in the PRSP process, and although a few NGOs had originally been formally invited to the PRSP process by the government in the beginning, around 100 civil society representatives were later taking part in Thematic Working Groups later. MEJN also developed a project devoted to monitoring the PRSP, especially budgetary policies. In general, it can be said that the PRSP process strengthened the position and role of Malawian civil society. (cf. Bwalya et al. 2004 12-3)

The *private sector* was also involved in the PRSP process, as several of its representatives were active in the Thematic Working Groups (on Industry, Credit and Macroeconomic Stability) working on the draft PRSP (cf. *ibid.*: 13). Though, the private sector was not involved in the review process and the BWIs recommended getting the private sector more involved in future (cf. IMF and World Bank 2003: 4; 2006: 2). The Malawi Economic Growth Strategy, which was developed in 2003 in addition to the PRSP, aiming at highlighting the importance of economic development and in

⁸⁵ MEJN was almost exclusively financed by Northern donors, especially by the UK-based NGO OXFAM. MEJN representatives say that their dependency on external donor funding has not comprised their activities but studies point out that “the low educational level at the grassroots and limited analytical skills among NGO staff compound the situation and hamper the development of a forceful stance on policy issues. Combined with a servile attitude, the result might be a tendency to dance to the tune of donors or other external agents” (Bwalya et al. 2004: 13; 25). Another scholar agrees that foreign involvement in local NGOs brings the risk that the organizations can feel more accountable to the North, rather than to the local poor, and adds that such cooperation bears another risk: “While expats may have the eloquence and writing skills in dealing with policy-makers, their prominence can fuel government suspicious that CSO are the pawns of ‘troublesome white men from Oxfam’”. (Rick 2002: s.p.) However, since more than 100 NGOs have been involved in the PRS process, it can be concluded that grassroots interests have also been advocated and heard. (cf. Bwalya et al. 2004: 12)

particular the significance of the private sector for poverty reduction was drawn up with significant contributions from the private sector (cf. VENRO 2008).

Trade Unions were not much involved in the PRSP formulation process at all. Their involvement was limited to general consultations which were targeted at CSO. (cf. Bretton Woods Project 2002)

Another important stakeholder in the PRSP process were *donors*, (i.e. the World Bank and IMF, the British Department for International Development and the European Union (EU)), who were involved in the Thematic Working Groups and the National Steering Committee. (cf. Jenkins and Tsoka 2004: 201, 203; VENRO 2008) All donors in Malawi were organized into an aid coordination group, chaired alternatively by the World Bank and UNDP. Through this donor coordination group, donor representatives were deployed to Thematic Working Groups. Donor behavior was ambivalent: on the one hand they refrained from deep involvement in the drafting process highlighting the principle of ownership, while on the other hand they emphasized that the content of the PRSP must meet the expectations of the World Bank and the IMF. For instance, after the first draft PRSP was circulated to all stakeholders, the BWIs submitted “substantial written comments” (Bwalya et al. 2004: 15) on the draft and did not hide that they were particularly concerned about the sections on the macroeconomic framework. (cf. *ibid.*: 15-6, 25)

Timing and quality of participation in the PRSP process

The initial *timeframe* scheduled by the GoM needed to be amended. As outlined in chapter 4.2.2, the GoM developed the I-PRSP through a non-participative process with the BWIs virtually being the only stakeholder consulted and presented it in May 2000. The revised final document was then agreed by the boards of the Bank and Fund in December 2000 and consequently partial debt relief was granted to Malawi. The Government of Malawi wanted to proceed swiftly and started the preparations for the full PRSP in January 2001. They were to be supposed to be finished already 4 months later, in April 2001. Due to pressure from various stakeholders, the Government changed its initial schedule and extended the PRSP preparation process to ensure that there is sufficient time for consultations and that the paper would be based on broad national ownership. It has been the MEJN that was leading the lobbying campaign for the extension of the timeframe together with the support of donors (cf. MEJN 2001a: 4; VENRO 2008). After an extended consultation process, the final full PRSP was presented in April 2002. The first progress report was presented one year later, in 2003

and two further followed in 2005 and 2006.⁸⁶

The *quality of participation* varied during the PRSP formulation process.⁸⁷ When the PRSP approach was introduced by the BWIs, knowledge about it was very limited in beneficiary countries. Since then, it has spread and deepened, but at the beginning of the PRSP process in Malawi, it did not extend across the whole of government or into local government. (cf. Jenkins and Tsoka 2003: 200; ODI 2001: viii) A survey of sub-Saharan African countries formulating PRSPs finds that “there is a tendency for the facts of the PRSP initiative to be fully grasped only by a small core of government personnel who have been directly responsible for carrying it forward. In some cases, a similar level of understanding is shared by a small number of academics or civil-society representatives.” (ibid.: 20) And it highlights that “the availability of even quite elementary information on the subject declines quite steeply as one moves away from these central points” (ibid.: 20).

In Malawi, participation in the three first stages of the PRSP process – poverty analysis, setting poverty reduction objectives, and defining the strategy for poverty reduction and growth – was very limited at the beginning, and the Government of Malawi tended to dominate the process. Civil society was not represented in the Technical Committee responsible for the overall process, but only in sectoral working groups, and took part in ad-hoc workshops at the national level. At the district level, representatives of CSOs were sometimes invited to join consultations, though the consultations focused on members of district parliaments, administration (police, district health officers), traditional authorities and “other influential people within the districts” (PRSP Technical Committee quoted in Jenkins and Tsoka 2003: 202). The Technical Committee organized consultative meetings in all of Malawi’s 27 districts, most of which lasted half a day or a full day at most. Since many of the meetings were organized at short notice, attendance was far below what had been anticipated. Especially in the first design stages of the PRSP the consultations were organized ad-hoc and were not supposed to become permanent mechanisms. (cf. Bwalya et al. 2004: 15; VENRO 2008)

The results of the Thematic Working Groups’ work were discussed in a workshop, which formed the basis for the drafting of the final PRSP. The composition of the drafting team was strongly debated, as the Government had not arranged for a strong participation of civil society and the drafting team originally consisted predominantly of government representatives and a BWI

⁸⁶ A detailed chronology indicating most relevant milestones of the PRSP process in Malawi can be found in Annex D.

⁸⁷ It needs to be pointed out that public participation in policy formulation has not been established in Malawi before the PRS process started and there was virtually no legal basis for participative processes at that time. (cf. VENRO 2008)

consultant. It refused independent CSO representatives joining the team pointing out that two representatives of the parastatal Council for NGOs in Malawi were already part of it. The newly founded MEJN which focused its work on the PRSP process exercised pressure on the GoM to allow joining the drafting team and eventually two MEJN representatives were allowed to participate. MEJN seems to have enjoyed donor support in this regard. (cf. MEJN 2001b: 4; VENRO 2008. The draft paper was circulated to all stakeholders and civil society, along with donors, for submission of written comments. Due to the constraints outlined above, civil society did not succeed in advocating the adoption of policies favored by it in the final PRSP. Issues brought up by CSOs, such as corruption or the promotion of agricultural cooperatives, were not considered. (cf. *ibid.*)

*Participation in the implementation*⁸⁸ of the PRSP was also limited. In the first progress report on the implementation of the PRSP, which was submitted in 2003, activities of civil society are not mentioned, despite their relative significance. This is partly due to the fact that the report was written by the Government of Malawi, and not in a participative process. The World Bank and IMF criticized this behavior and called upon the GoM to get all stakeholders – civil society, the private sector, religious groups and donors – more involved. (cf. IMF and World Bank 2003: 2; 2006: 4) The GoM, which had changed after elections had been held in 2004, took this criticism into account and put more emphasis on NGOs' role in the implementation of the PRSP in the second and third progress reports. It mentions the activities of several NGOs in specific sectors, such as agriculture (GoM 2005a: 57).

According to VENRO, MEJN has been actively involved in the implementation of the PRSP, including beyond its limited mandate in official PRSP structures. It analyzed and commented the poverty reduction strategies put forward by the GoM, leading to conflicts with the Government about budgeting priorities⁸⁹. The second PRSP progress report also described the participative process in which it was drafted: a team of government officials and a few civil society representatives worked on a first draft of the second progress report, which was then discussed in meetings with high-ranking government officials, donors and NGOs. It was then presented to the members of the working party on budgeting, monitoring and evaluation who initially delivered inputs for the PRSP (cf. *ibid.*: 1). Donors seemed comfortable with the content of the second

⁸⁸ As outlined above, the study does not focus on the implementation of the PRSP, and I tackle issue only very briefly at this point with respect to participation.

⁸⁹ For example, MEJN criticized the Government's spending policy in the education and health sectors. MEJN acknowledged that the Government has increased education and health spending, but criticized that it has used funds which had become available through partial debt relief from the HIPC initiative, and not funds from the core budget, especially in the light of strong increases the President's international travel expenses. (cf. VENRO 2008)

progress report, and the World Bank and IMF certify that civil society was relatively well involved in the implementation of the PRSP (cf. IMF and World Bank 2006: 2).

Participation in monitoring and evaluation of the effectiveness of the PRSP was also rather limited. Participative monitoring had not been very common in Malawi before and no fully functional monitoring system has been established during PRSP implementation. Monitoring and evaluation co-ordination points were established by the Ministry of Economic Planning and Development, and overall monitoring and evaluation of the process were supposed to take place at the local, district and national levels. However, involvement of all stakeholders was not arranged for. In response to this deficiency MEJN introduced an independent tool for monitoring the implementation of the PRSP. Besides MEJN, the Civil Society Coalition of Quality Basic Education, a network with around 80 member organizations, conducted a budget analysis in the education sector and referred explicitly to the PRSP in their results. The growth in relevance of civil society's PRSP work led the government to commit itself to accept "external" monitoring systems by NGOs. (cf. Kubalasa 2004: 6-8) The BWIs also criticized the lack of a proper monitoring and evaluation system explicitly and in doing so, they also highlighted that monitoring and evaluation need to be conducted in a participatory manner (cf. IMF and World Bank 2003; 2006).

Lacking capacities and funding also limited the *scope of participation*. Information flows from the Government to other stakeholders has not always been smooth and many NGO activists, as well as parliamentarians lacked the expertise to give meaningful inputs into highly technical debates. Both problems were particularly significant in the rural areas of Malawi. Hence the PRSP process remained virtually focused on the capital city, Lilongwe. (cf. MEJN 2001a, 2001b)

What was discussed?

The contents of the PRSP - and thus also that of any consultation - had been pre-set by two factors: first, the content was considerably limited by some of the HIPC and PGRF conditionalities. HIPC Competition Point triggers (conditionalities) were included into the I-PRSP which was "Bank-orchestrated" (Jenkins and Tsoka 2003: 201) and publicly justified by the Bank as Malawian-owned. As the PRSP was developed on the basis of the I-PRSP, the road map outlined in the latter directly limited the content of the full PRSP. Three specific triggers were the subject of considerable consternation.⁹⁰ (cf. *ibid.*: 209) Another factor influencing the content of the PRSP and the

⁹⁰ The first trigger was progress in the implementation of the National Safety Net Strategy. The strategy had been set up under strong World Bank influence and its inclusion into the PRSP appeared to pre-determine the outcome of the

consultations was the fact that the GoM showed “an absence of high-level political commitment to serious reform and the lack of a thoroughgoing overhaul of conditionalities” (Jenkins and Tsoka 2003: 197). This was also reflected in its acceptance of strong BWI involvement in the formulation of the PRSP chapters on macro-economic policy. MEJN underlined that much of the prioritization of measures proposed in the PRSP was based on donor pressure (cf. MEJN 2001: 17).

In addition to these restrictions, during the drafting process of the final PRSP there was high uncertainty concerning the level of support from bilateral donors due to some shortfalls of the GoM in fulfilling macroeconomic policy commitments. As it seemed probable that donors (especially DANIDA, the EU and USAID) would withhold aid flows, the drafting team was forced to cut some previously prioritized activities in the PRSP and scale down others (cf. Jenkins and Tsoka 2003: 204).

Nevertheless, participation by civil society in the formulation also affected the design of the PRSP. For instance, HIV/AIDS organizations have been influential in shaping the policies of their TWGs (cf. Steward and Wang 2003: 17). However, most NGOs reported to MEJN that the recommendations made during consultations have largely not been incorporated in the documents that were passed on to the Technical Committee which was in charge of drafting the final PRSP (cf. MEJN 2001a; 2001b). When it came to structural reform and structural policy issues, “NGOs and their coalition in Malawi have been totally unable to influence macro-economic policy or even engage government in dialogue about it” (Steward and Wang 2003: 18). In its review of the draft PRSP, MEJN also criticized that the final paper needed to be more coherent and more poverty-focused (cf. MEJN 2001a: 19).⁹¹

4.3.2 Discussing ownership: discourse coalitions

In this chapter, I will focus on how different stakeholders perceived the concept of ownership, their roles in the PRSP process and how the topic issue was discussed. In analyzing statements by different actors, particular attention is paid to the employment of story lines, narratives and metaphors by each actor in order to identify their discourse(s) – a set of concepts that structured their contributions – when they were discussing ownership in the PRSP process. The aim of this

Thematic Working Group on safety nets. The second trigger causing controversy was achieving performance indicators in HIV/AIDS and education, as it appeared “a bit random” to government officials and seemed to pre-empt the PRSP process. The third trigger was the submission of the draft Land Law to Parliament. Again, it was regarded as pre-empting and changing the content of the PRSP as it was already “prefabricated”. (cf. Jenkins and Tsoka 2003: 211)

⁹¹ Steward and Wang (2003) strongly criticize the missing link between macroeconomic policy and poverty in Malawi’s PRSP and the BWIs action in this respect. Two tables in Annex E, which are based on Steward’s and Wang’s findings, give an overview on reforms contained in PRSP, and on poverty and macroeconomic reform linkages.

chapter is to investigate whether different actors formed discourse coalitions, i.e. specific coalitions around specific story lines. As discourse coalitions are not primarily connected to a particular person, but are related to practices in the context of which actors employ story lines, it becomes possible that some actors utter contradictory statements, or even reproduce different discourse-coalitions. (cf. Hajer 1995, 2006; see also chapter 3.2.)

Ownership

The term “ownership” was hardly used in the discussion of the PRSP process in Malawi. Many other terms that are related to the concept – participation, consultation, consensus and political will – were used much more frequently and were discussed in more detail. When the expression ownership was used by local stakeholders in Malawi, in general no explanation of its meaning was given; it was also not listed in the glossary which the GoM attached to the full PRSP in order to explain some key terms used in the document. Scholars point out that “ownership” is sometimes used as misnomer for participation and/or consultation in PRSP processes, and that this was the case in Malawi (cf. Jenkins and Tsoka 2003: 213).

Without explaining the causality in detail in their PRSP documents, the government and the NGO coalition MEJN both advance the view that ownership of the PRSP will enhance its effectiveness (cf. GoM 2000: 18; MEJN 2001: 17). This argument had been put forward by the World Bank and IFM when the Comprehensive Development Framework was introduced, and they argued that national ownership of policies would enhance the likelihood of policy adoption, implementation and sustainability. This hypothesis was not questioned by the GoM and MEJN in official documents, communiqués or position papers and they promoted the idea of national ownership. However, government officials proved to be skeptical of the viability of this hypothesis when speaking off the record in unofficial interviews (cf. Jason and Tsoka 2001: 55).

Government, civil society and the BWIs also agreed that stakeholders’ will to support the implementation of the PRSP can enhance its effectiveness (cf. GoM 2002: xiv; MEJN 2001a: 17; Cavassini and Entwistle 2005b). The same stakeholders also underlined that the PRSP should be based on „broad” national ownership and agreed on the range of stakeholders which are expected to take part in the PRSP process: civil society, the private sector, the poor, parliament and local authorities were named. While the government and the BWIs tend to speak of “broad” ownership, civil society also demands that it should be “meaningful” and adds a qualitative dimension to the discussion of ownership. However, in their Sourcebook for Poverty Reduction Strategies the BWIs also acknowledge that the quality of participation and consultation has an impact on the ownership

of the content of PRSPs (cf. GoM 2000: 18; 2002: 57; MEJN 2001a: 2; Klugman 2002: 238-243). These two actors, MEJN and the BWIs, also form a coalition in highlighting that transparency is important for ownership (cf. IMF and World Bank 2006: 2; MEJN 2001a: 15; Klugman 2002: 238, 240). MEJN did so in light of the poor information flows from the Government to civil society which it regarded as unsatisfactory, and in light of the lack of transparency of negotiations between BWI officials and the GoM. This shows that apparently the World Bank and the Fund did not live up to their principles in practice, or at least their performance was perceived as weak by MEJN. (cf. ODI 2001: 28; Steward and Wang 2003: 10)

Participation

As outlined above, all stakeholders involved tended not to discuss the guiding principle of ownership. However, they discussed “participation” as a means to achieving ownership. The term was used very often, although the meaning of participation and how participation could be achieved was perceived quite differently by all stakeholders. Nevertheless, there was a common understanding of some aspects of participation and actors formed discourse coalitions around it.

The World Bank, which again had introduced the concept of participation as an element of the PRSP process, outlined in its Sourcebook that “participation is the process by which stakeholders influence and share control over priority setting, policymaking, resource allocation and/or program implementation” (Klugman 2002: 237) in the PRSP process. From this statement it appeared that public participation comprises initiation and control of the PRSP, and should take place at various stages of the process, including monitoring and evaluation which should be carried out in a participative manner. In their Joint Staff Advisory Notes, the World Bank and the IMF attested that the Malawi PRSP’s main strengths were “a highly participatory process involving government, civil society, the private sector and donors” and “an adequate institutional structure for monitoring the PRSP” (IMF and World Bank 2002: 1). They concluded that the participatory process “has helped develop a relatively high degree of national ownership over the strategy” (ibid.: 2).

Participation in the PRSP formulation was perceived somewhat differently by the GoM. In the first draft it said that the process of developing the PRSP would require the broad participation of civil society and other stakeholders, including parliament and the poor. It also devoted an entire section of the full PRSP to participation and showed commitment to getting other stakeholders actively involved in the PRSP process. However, in other sections of the same document the GoM showed that it also regards information dissemination as a mean of participative action, and this idea differs substantially from the World Bank’s definition of a participative process. The GoM also highlighted

that in terms of policy content the PRSP “will not duplicate existing work or ‘reinvent the wheel’” (GoM 2000: 26-27) and by doing so it confined the scope of the participatory process a priori. Since civil society has not been involved in the formulation of the I-PRSP, MEJN expressed its reservations about the GoM’s approach to participation from the beginning of the PRSP process by underlining that participation had a limited impact on the content of the PRSP and that people were merely brought together to discuss items on an agenda pre-set by others. (cf. Bwalya et al. 2004: 9; MEJN 2001a, 2001b; Rick 2002; Steward and Wang 2003: 17) It also raised the issue of representation by pointing out that the number of participants as well as logistics – time and place of meetings – limited the possibilities for meaningful participation in the PRSP process. As outlined in the previous chapter, the timing of the PRSP formulation process was a hotly debated issue. Both MEJN and donors lobbied the government to extend the time frame envisaged for the consultations in order to ensure that a truly participative process would be possible. Another issue strongly criticized by MEJN was the composition of the Thematic Working Groups and the Technical Committee, which was in charge of writing the final draft: MEJN highlighted that “representation is critical as it is directly linked to ownership” (MEJN 2001a: 21). The organization solicited help from donors in this regard (cf. *ibid.*: 4) and they seem to have enjoyed the Bank’s support in that cause (cf. VENRO 2008).

It is noteworthy that the general tenor on the range and quality of participation in the process became more critical towards the end of the PRSP cycle. While MEJN stuck to its position and continued to highlight the deficiencies in the government and donors’ actions, the World Bank which had been speaking of “a highly participative process” (IMF and World Bank 2002: 1). in the first Joint Staff Advisory Note which approved the Malawi PRSP, raised some criticism about missing participation in the preparation of the first progress report (cf. IMF and World Bank 2003: 4). The Bank and Fund were very clear about the lack of participation by the private sector and parliamentarians in the JSAN of the second progress report (cf. IMF and World Bank 2006: 2) This shift is based on the fact that the World Bank observed that the government had only paid lip service to comprehensive consultation processes and its actions proved to be the opposite (cf. Jenkins and Tsoka 2003: 201). This is particularly true for participation in monitoring and evaluation. In the full PRSP, the GoM presented a participative approach to monitoring and evaluation, but a proper system was not set up until the end of the first PRSP cycle three years later. Eventually, civil society and the BWIs formed a coalition around criticizing limited participation.

Consultation

Participation and consultation were often used interchangeably, or in a pair, when stakeholders were discussing the PRSP process in Malawi and for all actors consultations seemed to be as important as participation for implementing the principle of ownership. As was the case with participation, the term consultation was used rather often, although its meaning was quite differently perceived and defined by all stakeholders involved. However, there is a common understanding of some aspects of consultation and actors form discourse coalitions around it.

First of all, all stakeholders, including parliament, agree on the fact that capacities for consultations are missing and that Civil Society Organizations, Members of Parliament, officials from district administrations and the like are not able to make significant contributions to the PRSP due to this lack of capacities. Although no clear capacity building efforts had been made during the formulation process, both the World Bank and the government praised the “extensive ‘bottom-up’ consultations” (IMF and World Bank 2002: 2) and highlighted that the PRSP is “the product of a highly consultative process involving a broad range of stakeholders and represents a consensus about how Malawi can develop and achieve its core objective of poverty reduction” (GoM 2002: xi). However, in other documents the government underlined that consultation does not necessarily involve participation in decision making, and admitted that building ownership and consensus is not as simple as holding consultations (cf. GoM 2000: 19). Its ambivalent attitude towards consultations as means for participation in order to ensure ownership became clear in the I-PRSP, which had been developed in a non-participative process: the GoM imprudently announced that it had resisted “the temptation to consult for consultation’s sake to pacify the donor community” (ibid.: 19). It also warned that ineffective consultations which have no impact on policies might lead to consultation fatigue, and admitted that this was the case in previous public consultations it had held. From these statements it became clear that the GoM was not truly committed to the idea of consultations. Consequently, MEJN responded that consultations, which it perceived as a “top-down process” at that time, must not be stopped, rather the process should be improved so it could inform the content and improve the ownership of the strategy (cf. MEJN 2001a: 4; 15). The government’s skepticism towards the participative elements of the PRSP was also known to parliament which confirmed that the GoM regarded participation and consultations merely as a donor-imposed precondition for debt relief (cf. Chimango 2002: 1).

Donor involvement

The starting point of the PRSP approach is the assumption that donor driven development strategies are less effective and that countries should be in the driver’s seat in the PRSP process. There was a

general consensus on that fact and when national ownership of the PRSP was discussed, donor involvement was also mentioned, both implicitly and explicitly. Donors were most reluctant to speak about their role in the formulation process, the government hardly ever referred to it and was rarely critical about it, while Civil Society Organizations both welcomed and rejected donor involvement, depending on the context.

There was no doubt about the fact that the process of PRSP formulation was clearly pre-set by the BWIs. All stakeholders, including donors, reveal that there was donor pressure or that the process was BWI driven (cf. Banda 2005; Bwalya 2004: 16; GoM 2002: 74; World Bank 2003: 18). However, in Malawi the World Bank and the Fund did not only pre-set the process, they also got involved in the formulation as such and provided inputs for the PRSP's content. As outlined above, this was especially the case in macro-economic policy. While the government only touched on BWI involvement very briefly in its PRSP documents, the World Bank said in its Country Assistance Strategy document that the Malawian government "welcomed the Bank's participation in the PRSP theme groups" (World Bank 2003: 15). MEJN openly criticized the negative impact such involvement has on country ownership and expressed concern whether the PRSP could differ significantly from previous BWI initiatives (MEJN 2001a: 12-3). However it is noteworthy that MEJN welcomed the Bank's and Fund's involvement when it came to making the process more participatory by getting more civil society representatives to join the Thematic Working Groups and the drafting team (cf. MEJN 2001a: 4; VENRO 2008).

Consensus

A story line which was repeatedly voiced by all stakeholders involved is that the PRSP needs to reflect a broad consensus in order to enhance the effectiveness and sustainability of policy implementation. The term consensus seems to have replaced the term ownership which was hardly ever used, possibly due its difficult operational definition which strongly depends on the role each stakeholder envisages for him/herself.

In the full PRSP, which has an extensive chapter on participation, the GoM highlighted repeatedly that the preparation process was designed to ensure that there was consensus on the strategy across Malawian society and that all stakeholders were engaged in the process (cf. GoM 2002: 106). It also pointed out that one of the overall objectives of the process is to "build consensus on Malawi's Poverty reduction strategy in order to enhance likelihood of policy adoption, implementation and sustainability" (GoM 2000: 18). For the World Bank "participation and consensus building in government decisionmaking processes for macroeconomic policy formulation and implementation"

(Klugman 2002: 239) are a key output of a PRSP participatory process. In a handbook on strategic communication in the PRSP process, which is part of the Sourcebook, the World Bank explains that strategic communication is more than disseminating information to people, it is a means “to build consensus among stakeholders about the development agenda” (Mozammel and Zatlouk 2002: 3). Like the GoM and the World Bank, MEJN also repeatedly mentioned the need for consensus on policies in its PRSP documents repeatedly. It was eager to show that by participating in the PRSP process it did not aim at sabotaging, but at improving its contents, and at reaching agreement on them (cf. MEJN 2001b: 4).

4.3.3 Findings of the Argumentative Discourse Analysis

As outlined in chapter 3.2.2, discourse analysis is “the examination of argumentative structure in documents and other written or spoken statements as well as the practices through which these utterances are made” (Hajer 2006a: 66). Practices are the sites where language is used. In this analysis the PRSP process itself and its various elements, for instance the Thematic Working Group meetings, workshops and consultations which were held, as well as reports and position papers which were written, are practices.⁹² According to Hajer (ibid.: 66), the aim of any Argumentative Discourse Analysis is to examine how the definition of a political problem relates to the particular narrative in which it is discussed, and the aim of my analysis was to examine how the formulation and the ownership of development policies in Malawi is related to the World Bank’s ownership discourse.

In the previous chapter I examined how different stakeholders perceived the concept of ownership, their roles in the PRSP process and how the topic issue was discussed. Particular attention was paid to the employment of story lines, narratives and metaphors by each actor in order to identify discourses and discourse coalitions, namely coalitions around specific story lines.⁹³ Since discourse coalitions are not primarily connected to a particular person, but are related to practices in the context of which actors employ story lines, it is possible that some actors utter contradictory statements, or even reproduce different discourse-coalitions, as was the case in Malawi.

It can be observed that in discussing the concept of ownership, and its proxy participation and consultation, as well as donor involvement as some sort of counterpart to ownership, different

⁹² A more detailed discussion of Hajer’s definition of practices can be found in chapter 3.2.2.

⁹³ An overview of different story lines applied by the BWIs, the GoM, civil society and the parliament can be found in Annex F. This overview is strongly condensed and presents some preliminary results of steps 1 to 7 of Hajer’s proposed approach for conducting discourse analysis (cf. chapter 3.2). Their employment was discussed in the previous chapter.

stakeholders employed various story lines and formed diverse discourse-coalitions in Malawi. It is noteworthy that during PRSP implementation unusual coalitions around specific political interests were formed, as the World Bank and IMF supported civil society for instance.

Throughout the PRSP process the Government of Malawi uttered contradictory statements and reproduced different discourse-coalitions at the same time. In general, it can be said that government statements which were made in official documents such as the I-PRSP, the full PRSP or the Progress Reports were uncritical of the PRSP approach and supportive of the BWIs. In these statements the GoM tended to let aside controversies which emerged during the PRSP process. However, in statements made “off the record”, such as for instance in interviews for studies, and in statements which were expected to be off the record, such as comments to MEJN, the GoM employed different story lines. Here it tended to be more skeptical of the PRSP process as such, the scope and range of participation, as well as of donor involvement. After the end of the first PRSP cycle and after general elections had been held, the GoM raised criticism of the BWIs more openly. The BWIs tended to be very reluctant to make comments on the PRSP formulation process. In the Joint Staff Advisory Notes and the Country Assistance Strategy they emphasized the high quality of the formulation process, and praised the GoM for arranging broad participation in the beginning of the PRSP cycle. Towards the end of the process, after the GoM had also been under crossfire from several donors due to weak performance, the BWIs criticized the GoM for some deficiencies and the lack of participation in the review of the PRSP.

MEJN, representing the voice of most Malawian Civil Society Organizations, was uttering consistent statements throughout the formulation process, but formed discourse coalitions with varying actors based on who else was supporting its concerns. While it joined a discourse coalition with the BWIs arguing for stronger involvement of CSOs in the PRSP process in order to make participation more meaningful, it formed a (informal) discourse coalition with the GoM when criticizing the BWIs for their strong involvement in the formulation process and deploring that the process was donor driven. Taking the prevailing skepticism of the Malawian civil society towards international donors into account, it is somewhat surprising that donor involvement increased the possibilities for broader and more serious involvement by CSOs in the PRSP formulation process in Malawi.

The most prominent discourse coalition formed by all stakeholders which can be identified in my analysis is the one around ownership of PRSPs, namely the hypothesis that ownership will enhance the effectiveness of reform and development policies. Although doubts about how ownership can be

ensured and how donor involvement can diminish national ownership were raised by MEJN (and the GoM when talking off the record), no one questioned the Comprehensive Development Framework, the PRSP approach, and the new emphasis on ownership as such. Achieving ownership of the PRSP in order to enhance policy implementation was a goal for all stakeholders involved.

The other strong discourse coalition was the one formed by MEJN and the World Bank who jointly advocated for stronger and more meaningful participation of civil society, parliamentarians and the private sector. Their definition of participation was wider than that of the government, especially when it came to participation in monitoring and evaluation.

Another important discourse coalition voiced by civil society representatives, the GoM, and cautiously also by donors, was criticism of the existence of various forms of conditionality and BWI involvement. The PRSP process was perceived as donor imposed or donor driven, especially after the Bank and the Fund became involved in the Thematic Working Group on macro-economy and dominated the content of the PRSP in this sector.

Last, a further particularly noteworthy discourse coalition was formed around the idea that the PRSP needs to reflect a broad consensus on the strategy. All stakeholders agreed that consensus needs to be formed around the PRSP policies by means of participation, and consensus-building was regarded as particularly important by the GoM and World Bank, which defined it as an overall objective or a key output of the PRSP process. Nevertheless, most stakeholders seem to have had a different idea of how such a consensus could and should emerge given their different understandings of participation.

In order to measure the influence of discourse Hajer (2006a; 2006b) proposes a two-step procedure which assesses whether a discourse coalition is dominant in a given political realm. First, central actors should be forced to accept the rhetorical power of a new discourse. The situation here a discourse is widely used for conceptualizing the world is called “discourse structuration”. This is clearly the case in Malawi: the World Bank introduced the ownership discourse together with its new development paradigm and persuaded other central actors to accept it. As the findings of the analysis show, both national stakeholders, the GoM and civil society, use the concept of ownership and the hypothesis that ownership of policies will enhance implementation and sustainability of reforms. This was the case, even though the national stakeholders did not seem to have a clear understanding of its meaning and operationalization in the PRSP framework. All stakeholders are speaking about ownership and the proxy participation and/or consultation.

Second, if the discourse solidifies into institutions and organizational practices of that given

political domain, and the actual policy process is conducted according to the ideas of a given discourse, one can speak of “discourse institutionalization”. If both criteria are fulfilled, the particular discourse is deemed dominant, according to Hajer (2006a, 2006b). The second criterion is also fulfilled in Malawi: as the Bank and the Fund introduced the ownership discourse together with a policy tool, the PRSP, it provided the basis for allowing its discourse to become institutionalized from the outset. The ownership discourse solidifies into institutions and organizational practices through the participatory process and holding of consultations. Thus, as both criteria are fulfilled and the World Bank’s and the International Monetary Fund’s ownership discourse is dominant in development policy.

4.4 Ownership in Malawi’s PRSP process: assessment based on the World Bank’s Operations Evaluation Department’s approach

As outlined in chapter 3.2.2, I complete my findings by applying the criteria the World Bank has put forward to assess ownership in order to answer my third research question “Did Malawi ‘own’ its PRSP?”

In the World Bank’s handbook “An Operational Approach for Assessing Country Ownership of Poverty Reduction Strategies”, the authors discuss the possibilities and difficulties of defining and measuring country ownership. They admit that “it is difficult to arrive at a definition of country ownership that is operational and empirically verifiable” (Cavassini and Entwistle 2005a: 2) and present four criteria to assess ownership proposed by the World Bank’s Operations and Evaluation Department (cf. *ibid.*: 2-7)⁹⁴:

- (i) The locus of initiative for the policy must be in the government;
- (ii) The key policymakers responsible for implementation must be intellectually convinced that the goals to be pursued are the right ones;
- (iii) There must be evidence of public support from the top political and civic leadership; and
- (iv) There must be evidence that the government is building support among the affected stakeholders and can rely on their cooperation.

First of all, it is noteworthy that in these criteria the role of donors and the Bank and Fund are not mentioned explicitly although they play a significant role, especially for the first point. In the case of Malawi, as in all other countries which were producing a PRSP, the locus of program initiation

⁹⁴ The following is based on Cavassini and Entwistle 2005: 2-7 who draw on World Bank OED 1995: 64 and on Johnson and Wasty 1993, as well as on ODI 2001: 54-5.

was clearly not in the government, but in external donor agency. Development of a PRSP was mandatory for both debt relief and for lending from the Bank and the Fund. Although in theory governments were free to reject funds from both sources, in practice their choice was quite limited due to the lack of alternatives. Thus it can be said that the locus of initiative for the policy was external, not in the government. (cf. ODI 2001: 54-5)

Second, when looking into the principle of ownership, key policymakers responsible for implementation did not seem to have been intellectually convinced that the goal to be pursued was the right one. As outlined in the previous chapter there was a lack of understanding of and skepticism towards the principle of country ownership and/or participation. In their early study which was completed while the full PRSP was still being developed, Jenkins and Tsoka (2001: 55) observed that government officials were extremely skeptical about the viability of the ownership–effectiveness function. As for the contents of the PRSP, the GoM needed a long time to incorporate the PRSP policies into the budget and to start with implementation, which indicates that the goals to be pursued might not have been perceived as “the right ones” by key policy-makers.

As regards support of the top leadership – the political dimension of a PRSP process – there was again no clear commitment from politicians. “It was apparently not until the end of the process that the President Muluzi himself fully grasped that the PRSP was more than a method for deciding how to spend resources freed up through HIPC debt relief” (Jenkins and Tsoka 2003: 201). Confusion and lack of information among the top political leaders prevented them from supporting the PRSP process pro-actively. As for the civic leadership, it can be said that NGOs and the Catholic church were in favor of the PRSP in general, but they remained critical about many aspects of the formulation process and its contents. In most of their comments they shed light on the shortcomings of the PRSP and thus do not appear to have been very supportive.

The relationship between the government and other affected stakeholders was problematic as was shown in the previous chapters. The government did initiate a participative process and hold consultations, but when doing so it made an effort to limit the scope of these activities as much as possible. In short, the government solicited inputs it did not deem valuable. Therefore it failed to build support among affected stakeholders who initially had been willing to cooperate.

Evidently, the four criteria for assessing ownership of poverty reduction strategies put forward by the World Bank and the IMF have not been fulfilled in Malawi. Thus it is obvious that Malawi did not “own” its PRSP.

5. CONCLUSION

This paper examined the World Bank's and the International Monetary Fund's roles in development by analyzing their practices in the first PRSP process in Malawi. In the examination of the process, I was particularly concerned with how and why the idea of “ownership” was promoted by the World Bank, as well as with the tensions and contradictions that resulted from applying it in development policy.⁹⁵ My analysis was guided by three research questions:

- (a) To which extent has the BWIs' development paradigm changed since the introduction of the PRSP approach with respect to ownership and participation?
- (b) What was the aid relationship between the Bretton Woods Institutions, the Government of Malawi, Parliament and Civil Society in the first PRSP process and how did it change over time?
- (c) Did Malawi “own” its PRSP?

At the beginning of the paper an overview of the World Bank and the International Monetary Fund, their conceptualization of development and their activities was given. The BWIs' shift to the PRSP approach and the principle of ownership were analyzed from a neo-Gramscian perspective. Then, I examined the process of introducing the PRSP approach in Malawi and the way in which the document itself was formulated, in order to answer whether the PRSP process effected a transformation in the relationship between donors, i.e. the Bank and the Fund, the Government of Malawi and civil society. This aid relationship was analyzed by means of an Argumentative Discourse Analysis based on Hajer (1995; 2006a; 2006b).⁹⁶ This also gave insights into how the PRSP initiative was received by national stakeholders, and how far the behavior of the Bank and the Fund has altered in their views. Furthermore, it illustrated the scale of commitment shown and the types of action taken by all stakeholders involved. To answer how far the PRSP was nationally owned and how far it was imposed from outside, I completed the findings from the discourse analysis with results from an approach to assess ownership of PRSPs proposed by the World Bank.

In what follows, I will first go back and discuss how and why the BWIs development paradigm changed since the introduction of the PRSP approach and examine the meaning of ownership from a

⁹⁵ The detailed research design can be found in chapter 1.

⁹⁶ My research method is outlined in more detail in chapter 3.2.

neo-Gramscian perspective in order to answer my first research question. Drawing on that and the findings of my analysis from chapter 4, the remaining two research questions will be answered.⁹⁷

5.1 Ideologies of development or practices of power?

The World Bank and the International Monetary Fund have played an increasingly important role as financiers of development over the past 50 years. Their areas of activity have been widening over time and since the 1980s they have played a lead role in development policy and have influenced North-South relations heavily. In order to get access to development finance from the Bank and the Fund, any borrowing country from the South had to agree to comply with a set of macroeconomic policy recommendations and fulfill certain conditionalities. By linking concessional lending to a set of macroeconomic policies the BWIs had a direct and profound influence over the ways in which Southern Countries organized their economies and integrated into the world economy. (cf. Woods 2006)

The debt crisis in the 1980s helped the Bank and the Fund to increase their leverage towards Southern Countries and the developing world had virtually no alternative to following the BWIs' policy prescriptions. From 1980 until the mid-1990s the BWIs promoted a set of policies which became known as the Washington Consensus, while the Structural Adjustment Programs were its most prominent policy tool. Key elements of the Washington Consensus, which aimed at macroeconomic stabilization in light of the debt crisis, were: macroeconomic prudence, economic outward orientation, domestic liberalization, liberalization of trade and finance, fiscal and monetary austerity, privatization, and minimal government intervention.⁹⁸ Soon, all Southern Countries seeking funding from the Bank and the Fund were obliged to implement a SAP. (cf. Goldman 2005; Raffer and Singer 2001)

As the SAP development approach proved not to be effective and not to bring about effects in macroeconomic stabilization and economic growth, the BWIs in the late 1990s announced to move away from the Washington Consensus towards a new development paradigm. It was widely believed that a lack of local enthusiasm for what appeared to be standard policy sets was due to limited "country ownership" of these programs and that this was leading to delays or failures in implementation. Consequently, the Bank and Fund began to argue the case for greater national ownership of development policies. In the late 1990s a new development agenda, termed the Post

⁹⁷ At this point, I would like to repeat that I am aware of the limits of general findings which can be generated from a single-country study and refer to the limited scope of a Masters dissertation.

⁹⁸ For a more detailed discussion of the Washington Consensus see chapter 2.2.2 or Raffer and Singer (2001) who give a very clear and detailed overview of economic development policy of the past 60 years.

Washington Consensus, was introduced and a new policy tool, the Poverty Reduction Strategy Paper replaced its widely criticized predecessors, the SAPs. Poverty Reduction Strategy Papers now form the basis of virtually all multilateral lending to the poorest Southern Countries. They are policy documents produced by borrower countries outlining the economic, social and structural programs envisaged to reduce poverty. The PRSP approach is regarded as the most concrete and widespread manifestation of the BWIs' efforts to increase country ownership of development programs as it ostensibly prioritizes civil society participation in the formulation of the national poverty reduction strategy. (cf. Steward and Wang 2003: 2)

Although PRSPs are ostensibly drawn up in a participative process and meant to be "owned" nationally, they must receive endorsement from the boards of both the Bank and the Fund before becoming effective. This limits the actual scope of national ownership of PRSPs as the BWIs have identified specific policy criteria for approval, namely: a sound macroeconomic framework and structural reform policies including trade and financial liberalization, fiscal prudence and low inflation, privatization, deregulation of labor markets and civil service reform, appropriate sectoral policies and programs, good governance and realistic costing and appropriate funding (cf. Klugman 2002). Herein lies a fundamental contradiction: adopted PRSP policies must fit within a strategic framework imposed by the BWIs, and should simultaneously be freely chosen and "owned" nationally. (cf. Cammack 2004) The Bank's and the Fund's expectations of PRSP policies are very clear, especially when it comes to macroeconomics, where a neoliberal set of policies is required which hardly differs from that recommended in SAPs. True ownership of policies in terms of national self-determination is hardly possible and thus the BWIs' development paradigm seems to have not changed since the introduction of the PRSP approach.

A neo-Gramscian perspective can help make to make sense of the BWIs' shift towards the PRSP approach, and of the reasons why the Bank and Fund introduced the ideas of ownership, civil society participation and poverty reduction while adhering to neoliberal economic policy.

As outlined in chapter 2, the disputed question which neo-Gramscians aim to answer in their work is whether, and in what ways, a current world order can be described as hegemonic, in the sense of a particular model of state, economy, and society being diffused on a global scale and imposed by regulatory institutions (cf. Cox 1983; Schwarzmantel 2009a: 7). Cox' complex three sphere model⁹⁹

⁹⁹ See chapter 3.1.2.2. According to Cox (1983), hegemony is constituted by the interplay of three separate spheres of social activity, namely : (i) the social relations of production, consisting of the totality of social relations that engender particular social forces through material and ideational forms of social interaction; (ii) different forms of

which explains how hegemony is constituted proofs to be useful to examine global power structures: since the 1970s a restructuring of production has been taking place in the world economy which is often termed “globalization”, or “transnationalization of production” by neo-Gramscians. This process has promoted the emergence of a transnational capitalist class and resulted in a change of forms of state with a shift from Keynesian welfare states to neoliberal competition states. As a consequence this has also changed the world order and the role of international institutions, which are now acting as regulatory bodies propagating the ideology of globalization, viz. promoting the interests of the transnational capitalist class and economically strong states. (cf. Rückert 2007; Taylor 2004: 126) In this context, Cox’ himself was speaking of a “nascent global historic bloc” (Cox 1999:12).

According to Gill (1993, 1995) and Rückert (2006, 2007), the neoliberal world order is not yet hegemonic – or still “nascent” in Cox’ terms – due to the increasing coercion and domination which are needed and applied in the (re)production of neoliberal norms and practices.¹⁰⁰ In Southern Countries for instance, highly contested neoliberal policies such as the SAPs and the PRSPs have faced increasing resistance from civil society as well as governments.

In neo-Gramscian thinking the IMF and the World Bank are perceived as leading actors in the attempt to create hegemony around the current neoliberal world order, including in Southern Countries. In doing so, they work through ideology by building consensus rather than by using force. (cf. Robinson 2004; Rückert 2007) In his seminal work, Cox (1983) explained how hegemony can be (re)produced through international institutions, such as the BWIs, on an international level. Out of the six avenues of intervention he and Rückert (2007) propose, three can be identified as particularly relevant¹⁰¹ for explaining how the World Bank and the Fund work to restore hegemony and build consensus around the neoliberal world order in Southern Countries,

state, encompassing historically contingent and amendable state- society complexes, and (iii) world orders, describing how relations in the international system can be organized .

¹⁰⁰ Gill argues that a historic bloc can be established without necessarily enjoying hegemonic rule and points out that the transnational historic bloc is exercising supremacy, not hegemony (Gill 1993; 1995). For Gramsci, “supremacy prevails, when a situation of hegemony is not apparent and when dominance is exercised through an historical bloc over fragmented opposition” (Bieler and Morton 2004: 96-7, emphasis in original, see also chapter 3.1.3.1). Although the world order is yet not hegemonic, economic neoliberalism is hegemonic ideologically and in terms of policy (cf. chapter 3.1.3).

¹⁰¹ Cox presents five elements which are important to understand how hegemony operates through international institutions: (i) they embody rules which facilitate the expansion of hegemonic world orders, (ii) they are themselves the product of the hegemonic world order, (iii) they ideologically legitimate the norms of the world order, (iv) they co-opt elites from peripheral states, and (v) they absorb counter-hegemonic ideas. Rückert (2007) adds another element to Cox’ lists: the provision of material incentives to subaltern social forces. For a more detailed discussion of Cox’ model see chapter 3.1.2.3.

including Malawi, and how the introduction of the PRSP is helping them in this attempt:

First, the BWIs work to coopt elites from Southern Countries to give an appearance of broad representation in order to legitimize their own policies.

In the PRSP process, incorporating CSOs into the policymaking process could be seen as an attempt to coopt civil society actors in the developing world into the development framework [of the BWIs] and to legitimize the contested neoliberal policy reforms in developing countries. (Rückert 2007: 97).

Second, the BWIs absorb, assimilate, and domesticate potentially dangerous ideas and adjust them to the dominant coalition (Cox 1983: 166-7). This is made “to make it seem as though the concerns of critics are being heard and taken seriously. In the process, however, the meaning of these ideas and concepts is usually transformed to fit the interests of the hegemonic forces” (Rückert 2007: 97). In the PRSP process, through participation and consultations the ideas and language of those who mobilize public support for change are absorbed, and then written into official documents and policies of the PRSP.

As a consequence, the language and rhetoric of the [BWIs] changes, but the principles that determine the substance of the policies and procedures of the institution do not change. [...] In doing so it appears to the public that the leaders of the campaign for popular participation and systemic change are now engaged in the policy process. (Paterson 2008: 9)

This gives the impression that the issues they have been advocating have been incorporated into the PRSP. However, this is not the case, as the contents of the PRSP are widely pre-determined and the scope of participation is limited to consultation and information sharing, and does not involve the possibility to influence decision-making processes, as was the case in Malawi.

Third, the BWIs provide material incentives to Southern Countries so as to coopt the “beneficiaries” into a hegemonic world view. These material incentives for instance can be debt relief under the HIPC initiative or increases in poverty-related spending for subsidizing the extremely poor who are usually most adversely affected by neoliberal policies. (cf. Rückert 2007)

In Gramscian terms, this mechanism of assimilation can be called passive revolution or *transformismo*. It is a way to attain power through a process of compromise and amalgamation, without breaking the existent social fabric. Counter-hegemonic ideas and antagonistic groups became disorganized and some of their elements of them are integrated into the broader consensus (cf. Taylor 2004: 126).

Civil society plays an important role in *transformismo*, as it does in the Malawian PRSP process. As discussed in chapter 2, civil society participation has become a crucial element of BWI practice with the introduction of the PRSP approach. From a neo-Gramscian perspective, this must be

understood in the context of the BWIs' attempt to hegemony around the neoliberal world order: civil society is the ideological sphere where social struggles are fought, consensus is created and hegemony maintained,¹⁰² hence the BWIs' turn towards civil society and formerly excluded groups – such as the poor, marginalized and rural communities – is no surprise (cf. Rückert 2007: 102). The policies proposed and accepted in the PRSP framework are focused on integrating the formerly excluded people in the formal economic system. Incentive structures which shape behavior in ways conducive to the promotion of competition and capitalist accumulation, such as for instance subsidization of health care and water, were created in an effort to control subaltern forces and coopt them into the neoliberal system as an example. (cf. Rückert 2006: 59)

Thus, from a neo-Gramscian perspective, public participation can be seen as an attempt to facilitate hegemony-building by creating a broad-based consensus around development policies. The BWIs have acknowledged this function in the hypothesis which underlies the Malawian PRSP approach: participation in policy formulation will generate consensus and a sense of ownership, and will lead to domestic political support for reforms, making program implementation consequently more sustainable and effective. In this context and in view of Gramsci's theory it is noteworthy that the need for creating consensus is explicitly highlighted by the BWIs, as well as the national stakeholders, in the PRSP documents in Malawi. As it becomes evident in the discourse analysis in chapter 4, the demand for consensus sometimes even replaces the demand for ownership. The World Bank also underlines the role strategic communication can play in consensus building, and reveals that much of participation in the PRSP process is not about real ownership of policies (cf. Mozammel and Zatlökal 2002: 3). As it appears from the Malawian PRSP experience, the main goal of participation in the PRSP process is not the incorporation of alternative ideas by civil society into the strategy, but rather the creation of a consensus around the content of the PRSP, whose neoliberal parameters have already been largely defined before the participatory process started (cf. Rückert 2006). Therefore, from a neo-Gramscian perspective the World Bank's policy shift towards the PRSP approach and the emphasis on country ownership are fully in line with the ambition to push the neoliberal economic paradigm and to establish a hegemonic world order because

the commitment to poverty reduction and even the commitment to economic growth is a consistent commitment to the systematic transformation of social relations and institutions in the developing world, in order to generalize and facilitate capitalist accumulation on a global scale, and build specifically capitalist hegemony through the promotion of participation and ownership. (Cammack 2004)

¹⁰² According to Gramsci „the state is the entire complex of practical and theoretical activities with which the ruling class not only justifies and maintains dominance, but manages to win the active consent of those over whom it rules” (Hoare and Nowel-Smith 1971: 178 quoted in Rückert 2007). This means the state and civil society are not separate spheres, as dominant social forces always use civil society in order to maintain hegemony.

Thus, to summarize, the fundamentals of the BWIs' development paradigm have not changed significantly since the introduction of the PRSP approach. Ownership and participation are tools supposed to build consensus around these BWI policies.

5.2 The aid relationship between stakeholders

In Malawi, the power relationship between both multilateral and bilateral donors and the government had been asymmetrical, conflict-ridden and was characterized by the use of conditionalities to promote reforms which generated nominal compliance followed by non-implementation (cf. ODI: 2006). The introduction of the Comprehensive Development Framework and its policy tool, the PRSP, offered, at least potentially and to some extent, an opportunity for changing the aid relationship between the BWIs and Malawi. This potential could only be used to a certain extent, primarily because of the maintenance of conditionalities, which were a source of much contention. (cf. Bwalya 2004: 6; Jenkins and Tsoka 2003: 209)

When analyzing the configuration of power within and the relationship between the three groups of stakeholders involved in the PRSP process in Malawi – the BWIs and bilateral donors, the Government of Malawi, and civil society – based on the findings from chapter 4, the following picture emerges.

Although there were some differences in the level of knowledge about and commitment to the PRSP between single ministries, with the Ministry of Finance taking the lead in the formulation process, the government acted as one. The parliament, which in general has a weak role in Malawi, was not strongly involved in the formulation process, although the final PRSP had to be approved by parliament. In sum, there were no internal power shifts at the state level. The same applies to the BWIs and other donors. The BWIs remained gatekeepers for development finance and although some donors slightly criticized the BWIs for getting too much involved into the PRSP formulation process, their criticism had no impact on the BWIs' behavior. (cf. Booth et al. 2006; Bwalya 2004: 27-8; Jenkins and Tsoka 2003) Quite the contrary applies to the Malawian civil society which was fragmented and weak before the PRSP process and underwent strong changes. During the initiation phase more than 20 CSOs organized themselves and founded a network, MEJN, in order to be able to better advocate their perspectives and interests in the PRSP policy making process. MEJN underwent strong growth in terms of membership during the first PRSP cycle,¹⁰³ but its legitimacy

¹⁰³ It seems that MEJN has suffered from internal problems which have had a negative impact on its work after the end

in terms of representativeness is debatable (cf. VENRO 2008). For instance, critics argued that interests of the rural population and the poor have not been taken into consideration by civil society. As for the relationship between the three groups of stakeholders, it can be observed that civil society strengthened its position vis-à-vis the state and formed a coalition with the BWIs and donors. This was apparent when the civil society felt excluded from participating in the formulation process of the I-PRSP and with support from donors lobbied the government to ensure that civil society representatives would be more involved in the remaining PRSP process. Taking the prevailing skepticism of Malawian CSOs towards international donors into account, it seems somewhat paradoxical, that the latter's interventions facilitated broader formal involvement of NGOs in the process. It should be kept in mind that forming this coalition had its price and that a "trade off is discernable between assertion and strengthening vis-à-vis the state at the cost of greater dependence of donor funding" (Bwalya et al 2004: 27). However, despite the strengthened position of civil society the government tended to dominate the process at the national level and CSOs had no decisive say. In Malawi, civil society participation has been wide but shallow, as it was limited to consultation, rather than including joint decision making (cf. Steward and Wang 2003: 27). As for the relationship between the BWIs and the government, no significant shift or change occurred and the aid relationship remained virtually the same. As the PRSP came with many strings attached and given the government's high aid dependency, it had virtually no possibility to resist against the BWIs. The latter were able to influence the content of the PRSP through conditionality and thus dominated the process. (cf. Bwalya et al. 2004)

Thus, the aid relationship between the stakeholders is still problematic and the BWIs tend to dominate it. Through the PRSP process civil society gained influence in Malawi and strengthened its position, particularly vis-à-vis the government.

5.3 Ownership of development strategies

As became evident in chapter 4, the PRSP approach did not bring about the alleged change in the nature of conditionality in Malawi, and the process was perceived as donor driven, rather than "owned" nationally by Malawian stakeholders, despite broad participation and consultation. The initiative for developing the PRSP did not come from national stakeholders. The persistence of a set of BWI conditionalities already known from the Washington Consensus era and its Structural Adjustment Programs posed an obstacle for generating a dynamic of national ownership of the

of the first PRSP cycle. (Walter Eberlei, personal communication [05.11.09])

Malawi PRSP. This would not have been such a great problem if the BWI conditionalities coincided to a large extent with the views of the government. (cf. Rückert 2007, Steward and Wang 2003) As this was not the case in Malawi, it came to direct donor involvement in sectoral policies, especially macro-economic policy, when the government wanted to part from standard BWI policies. (cf. ODI 2001) The other major constraint to national ownership was the absence of high-level political commitment to serious reform, as is shown in chapter 4.4.

Thus, since the PRSP process was not initiated by national stakeholders and there was only weak support for it, it is obvious that Malawi did not “own” its PRSP. However, it needs to be acknowledged that the participatory nature of the PRSP process has underpinned the legitimacy of the policy documents and consensus has been built around them. (cf. Bwalya et al 2004: 26)

5.4 Ownership or empowerment?

PRSPs were intended to increase national “ownership” of programs and reforms through extensive public participation. The findings show that – as I assumed in my hypothesis – Malawian civil society was strongly involved in the PRSP formulation process, but it could not make meaningful contributions to strategy design as the degree of participation stopped far short of joint decision making and control. The policy shift towards increased ownership was meant to increase local support for BWI policies through creating consensus by means of participation. The government, which was formally leading the process on the national level, was also constrained in influencing the design of policies, especially macroeconomic policy. The fact that the PRSP had to comprise certain reform policies, which were very similar to previous BWI recommendations made in SAPs, suggests that the BWIs’ development paradigm has not changed substantially since the introduction of the PRSP approach. Thus PRSPs may give a *sense* of greater national influence and ownership, but since there is no significant underlying change, the BWIs’ turn to ownership is basically rhetoric and does not have empowerment of Southern Countries as a goal. The Bank and the Fund were successful in changing perceptions: they managed to present PRSPs as nationally owned through emphasizing public participation in the process, and thereby increased enthusiasm for their policies in Southern Countries. In neo-Gramscian terms, their passive revolution was successful.

5.5 Ideas for further research

This study only analyzed “ownership” in the formulation process of the first PRSP in Malawi, and looked into implementation only very briefly. Thus further research could examine implementation,

and the time frame of such an analysis could also be extended to the second PRSP cycle. A comparative examination of the countries' experience with their first and their second PRSPs could be carried in order to analyze how developments changed over time.

As was mentioned above, there are limits to general findings which can be generated from a single-country study, and thus further research would need to look into the PRSP experience of other countries in sub-Saharan Africa and other continents in order to be able to make more general conclusions.

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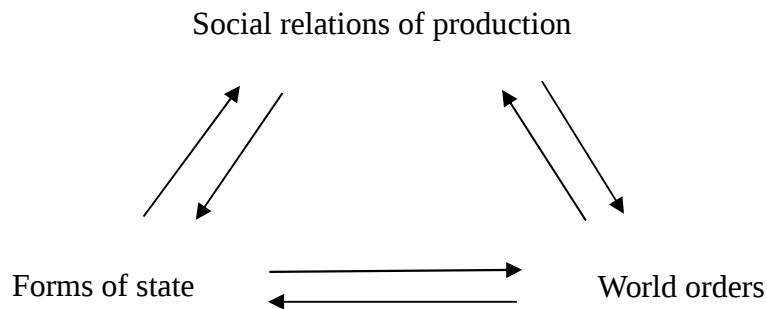
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ANNEX A

Figure 1

Hegemony: Relation between spheres of activity

Hegemony within a historical structure is constituted on three spheres of activity which are in relation to each other. Social forces operate within and across all spheres of activity.

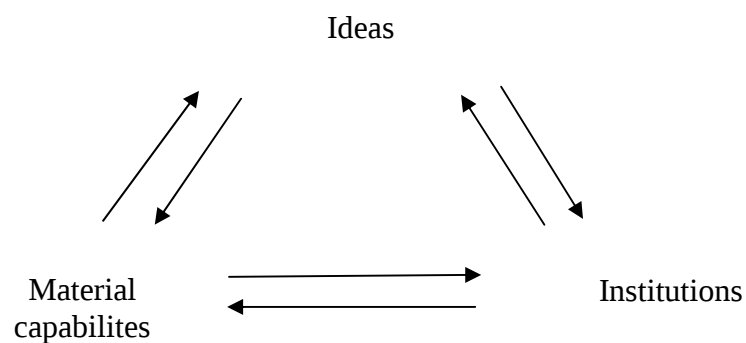


Source: Bieler, Andreas; Morton, David (2004): A critical theory route to hegemony, world order and historical change: neo-Gramscian perspective in International Relations. In: Capital & Class; Spring 2004, No 82, p. 88.

Figure 2

Hegemony: Relation between elements of spheres of activity

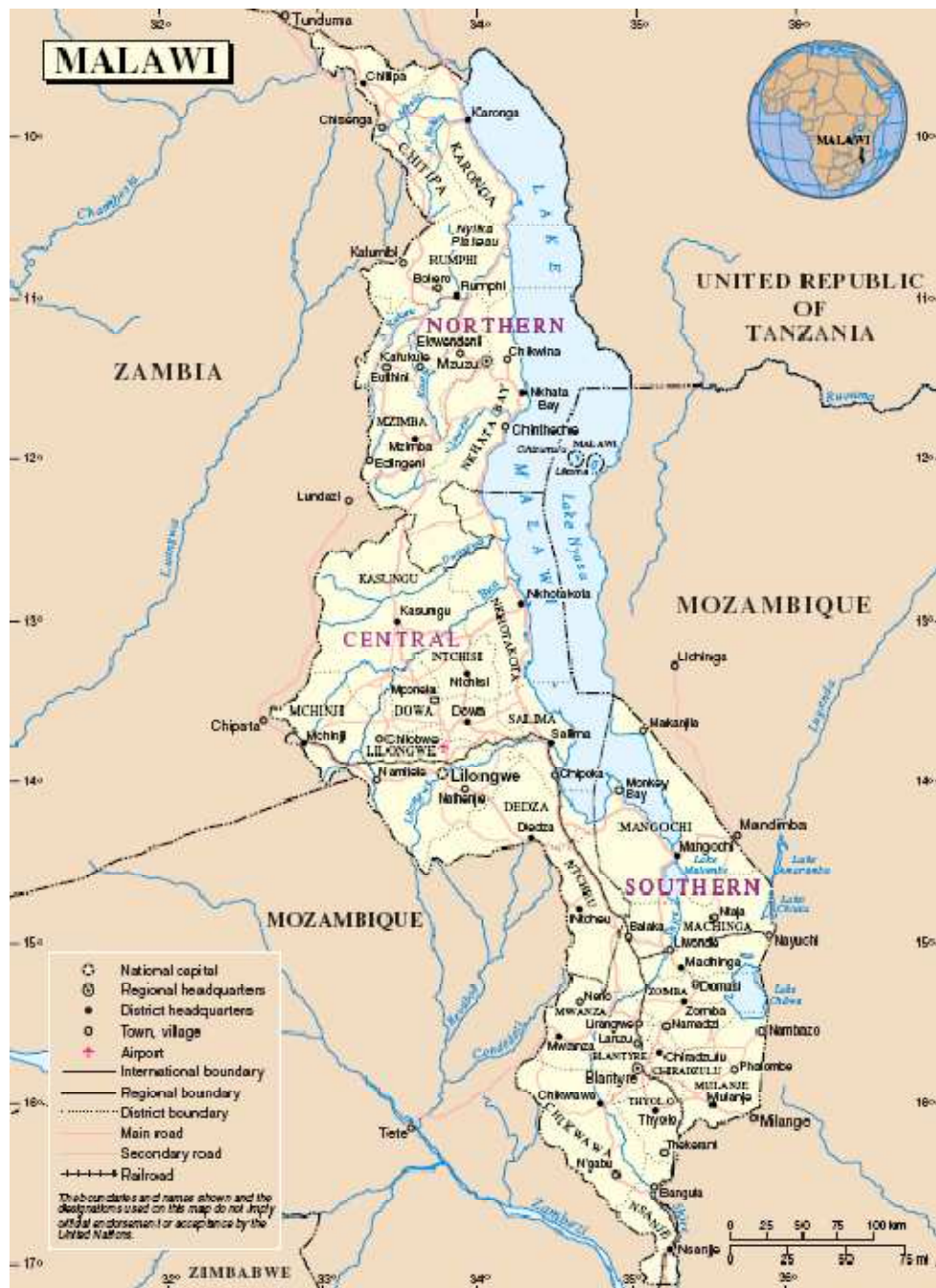
Within each of the spheres three elements reciprocally combine to constitute a historical structure.



Source: Bieler, Andreas; Morton, David (2004): A critical theory route to hegemony, world order and historical change: neo-Gramscian perspective in International Relations. In: Capital & Class; Spring 2004, No 82, p. 88.

ANNEX B

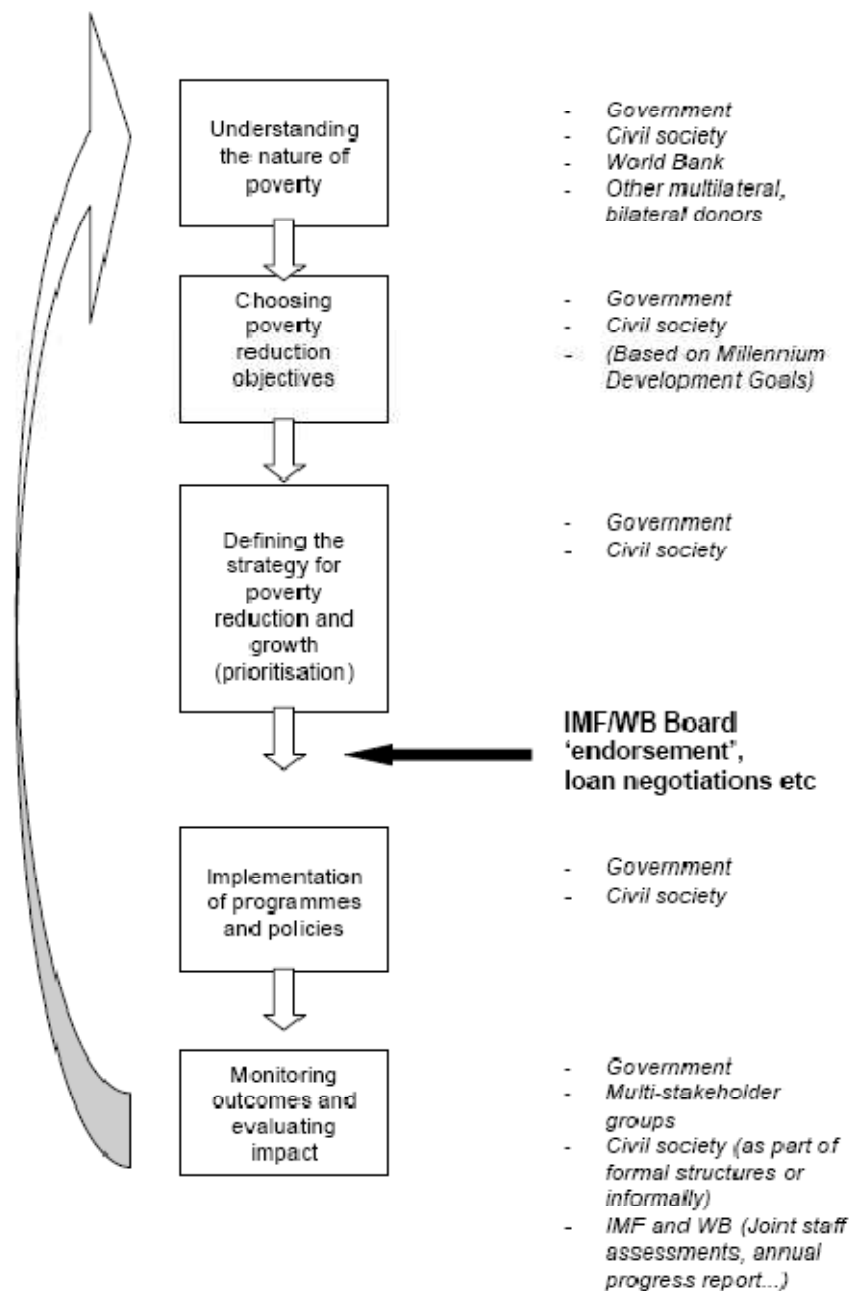
Figure 3
Map of the Republic of Malawi



Source: United Nations (2004): Map No. 3858 Rev. 3

ANNEX C

Figure 4
The PRSP cycle: successive steps and actors involved



Source: Bretton Woods Project (2003): Poverty Reduction Strategy Papers (PRSPs): A Rough Guide. p.9

ANNEX D

Table 1
Chronology of the PRSP Process in Malawi (revised schedule)

October 2000	Issuance of Issues Paper by the Technical Committee
December 2000	Malawi reaches the decision point under the enhanced HIPC Initiative
January 2001	Official launch of PRSP process
January 2001	Launch of Thematic Working Groups at the Malawi Institute of Management. Clarification of roles and discussion of terms of reference
February 2001	District consultations in all 27 districts, facilitated by the TC and some TWG members
April 2001	Circulation of first PRSP draft
May 2001	Workshops for comments on first draft by TC, experts, civil society and TWGs, and charting of the way forward
May 2001	Stakeholders' meeting on draft PRSP document
July 2001	Sharing of TWG costing experience and addressing problems
August 2001	Status reports by TWGs and charting the way forward
September 2001	Media campaign
October 2001	Workshop for comments on first draft by private sector, traditional authorities, councilors, donors, and civil society
October 2001	Comments on first draft by Members of Parliament
November-December 2001	Finalization of third draft by drafting team
December 2001	Discussion of third draft by Principal Secretaries
January 2002	Discussion of comments by donors, based on written submissions
March 2002	Cabinet discussion of PRSP document
March 2002	Submission of final civil society comments, coordinated by MEJN
April 2002	Final draft completed, printed and circulated
April 2002	National launch of PRSP document

Source: Bwalya, Edgar et al. (2004): Poverty reduction strategy processes in Malawi and Zambia. CMI Report. <http://www.cmi.no/publications/2004%5Crep%5Cr2004-8.pdf> [22.02.2011]

ANNEX E

Table 2
Reforms contained in Malawi PRSP

Economic Management	
Reliance on macroeconomic stability for poverty reduction	
Trade Policy (tariff reduction/export promotion)	
Monetary Restraint	X
Exchange Rate Policy	
Fiscal Restraint	X
Tax & Customs Reforms	X
Price Control/Wage Policies	
User Fees	
Sectoral Policies	X
Public Sector Governance and Management	
Budget Management	X
MTEF	X
Decentralization	X
Public Administration Reform	X
Anti-corruption	X
Financial Sector Reform	
Financial Institutions	
Financial Intermediation Policies	
Private Sector Development	
Privatization	
Price Liberalisation	
Legal and Judicial Reform	X
Land Tenure Laws	X
Social Sector Reforms	
Education	X
Health	X
Social Protection/Employment Promotion	X
Rural Livelihoods	
Food security	X
Environmental Protection	X
Ethnic Minority Protection	
Gender Equity	X
Children/Disabled	X
Vulnerable Groups	X
Macro and Poverty sections separate?	Yes
Ex ante assessment of impact?	Yes

Source: Stewart, Frances; Wang, Michael (2003): Do PRSPs empower poor countries and disempower the World Bank, or is it the other way round? QEH Working Paper Series – Working Paper Number 108, p. 21

Table 3
Poverty and macro-reform linkages in Malawi policy

Links between growth and poverty reduction	
Links between Poverty and Trade Policy	
Links between Poverty and Monetary Policy	
Links between Poverty and Tax Policies/Fiscal Reform	
Links between Poverty and Privatization	
Links between Poverty and Legal/Judicial Reforms	
Links between Poverty and Civil Service Reforms	
Links between Poverty and Financial Sector Reforms	
Assessment of Past Policies	X
Discussion of policy trade-offs	
Poverty Impact Evaluation	

Source: Stewart, Frances; Wang, Michael (2003): Do PRSPs empower poor countries and disempower the World Bank, or is it the other way round? QEH Working Paper Series – Working Paper Number 108, p. 24

ANNEX F

Table 4
Ownership of PRSP in Malawi: story lines and discourse coalitions
Preliminary results of Argumentative Discourse Analysis

	GoM	BWI	Civil Society	Parliament
Ownership				
Ownership of PRSP will enhance effectiveness	X	X	X	
Stakeholders' will to implement strategy will enhance effectiveness	X	X	X	X
Goal: government needs to assume full ownership	X			
Goal: broad national ownership	X	X	X	
Quality of participation and consultation has an impact on OS of content		X	X	
There is need to create the <i>sense</i> of ownership	X		X	
There is little true ownership of PRSP	X			
Transparency is important for ownership		X	X	
Participation				
Participation = influence and control		X	X	
Info dissemination = participation				
Monitoring and Evaluation as participative process	X	X	X	
Participative process only to meet donor requirements, pacify donor community	X			
Participation had limited impact on content of PRSP			X	X
Broad range of stakeholders participated in the formulation process	X	X		
Stakeholders consulted need to be representative		X	X	
Consultation				
Capacities for consultation are missing	X	X	X	X
Comprehensive consultations took place	X	X		
PRSP will not duplicate existing work or "reinvent the wheel"	X			
Building ownership and consensus is not as simple as holding "consultations"	X	X		
Consultations are not means to validate a strategy prepared by others	X		X	
Consultation does not necessarily involve decision making	X		X	
"Consultation fatigue" exists	X		X	X
Donor involvement				
Donor driven strategies are less effective	X		X	X
PRSP process is donor driven/donor pressure	X	X	X	

The content of the PRSP was pre-set			X ¹	X	X
Donor involvement was welcomed		X ²	X	X	
MPRSP					
Is government-dominated				X	
There were limits to quality of participation			X	X	X
Parliament was not adequately involved in PRSP process			X	X	X
There were limits to quantity of participation			X	X	
Logistics: time pressure, lack of time			X	X	X
Logistics: Linlongwe-centered				X	
Review process was not inclusive			X	X	
PRSP is a living document/process			X	X	
PRSP does/need to reflect a broad consensus to enhance policy adoption		X	X	X	

¹ Statement is made by bilateral donors, not World Bank.

² Statement made by World Bank, not Government of Malawi.

ANNEX G

ABSTRACT

This study examines the Bretton Woods Institutions' roles in development by analyzing their practices with respect to "ownership" in Malawi and focuses on the formulation process of Malawi's first Poverty Reduction Strategy Paper (PRSP). It is concerned with why and how the idea of "ownership" has been actively promoted by the World Bank, as well as with the contradictions that resulted from applying it in development policy. Applying a neo-Gramscian perspective, the paper examines to which extent the development paradigm of the World Bank and the International Monetary Fund changed since the introduction of the Poverty Reduction Strategy approach with respect to "ownership" and participation. The aid relationship between the Bretton Woods Institutions and national stakeholders in Malawi and its change over time are examined by means of Argumentative Discourse Analysis, and the paper asks whether Malawi "owned" its PRSP. It comes to the conclusion that Bretton Woods Institutions' development paradigm has not changed substantially. The policy shift towards increased "ownership" was meant to increase local support for Bank and Fund policies through creating the *sense* of greater influence by means of participation.

ABSTRACT

Diese Arbeit untersucht die Rollen der Bretton Woods Institutionen im Entwicklungsbereich anhand ihrer Praktiken hinsichtlich „ownership“ in Malawi. Der Schwerpunkt der Untersuchung liegt auf dem Prozess der Entwicklung des ersten Strategiepapiers zur Armutsminderung (PRSP). Sie befasst sich damit, warum und wie das „ownership“-Konzept durch die Weltbank vorangetrieben wurde, sowie mit den aus seiner Umsetzung resultierenden Widersprüchen für Entwicklungspolitik(en). Von einem neo-Gramscianischen Ansatz ausgehend untersucht die Arbeit, inwieweit sich das Entwicklungsparadigma der Weltbank und des Internationalen Währungsfonds seit der Einführung des Armutsminderungsstrategie-Ansatzes hinsichtlich „ownership“ und Partizipation verändert hat. Der Wandel der Beziehung zwischen den Bretton Woods Institutionen und der nationalen Beteiligten in Malawi wird mittels argumentativer Diskursanalyse untersucht und die Frage gestellt, ob Malawis Strategiepapier zur Armutsminderung tatsächlich im nationalen Eigentum lag. Die Arbeit kommt zum Schluss, dass das Entwicklungsparadigma der Bretton Woods Institutionen sich in der Praxis nicht grundlegend verändert hat. Der Kurswechsel hin zu „ownership“ zielte lediglich darauf ab, lokale Unterstützung für Politiken der Bank und des Fonds zu sichern und dies geschah anhand der Vermittlung des Gefühls erhöhter Einflussmöglichkeiten durch Partizipation.

ANNEX H

CURRICULUM VITAE

Sonia Ada Niżnik

Born on 4 October 1986 in Kraków/Poland

Education

Since 10/2004

University of Vienna

Development studies (specialization in economics and development economics)

10/ 2007 – 06/ 2008

University of Warsaw

International relations (ERASMUS exchange program)

06/2004

GRG XV

High-school diploma

Work experience

Since 03/2011

European Centre for Development Policy Management, Brussels/Belgium

Information Assistant

02/2010 – 07/2010

United Nations Conference on Trade and Development (UNCTAD), Geneva/Switzerland

Consultant, Policy Capacity Building Section

08/2009 – 12/2009

CARE Österreich, Vienna/Austria

Communications and marketing assistant

09/2008 – 08/2009

Kommunalkredit Public Consulting , Vienna/Austria

Project assistant in the international consulting department

01/2008 – 04/2008

Centre for International Relations, Warsaw/Poland

Project assistant intern

09/2007

Austrian Development Agency, Vienna/Austria

Development Education intern

09/2006 – 10/2006

CARE Österreich, Vienna/Austria

Marketing and communications intern

International volunteering experience

03/2005 – 06/2005

Masibambane College, Orange Farm/South Africa

Assistant teacher

06/2005 – 07/2005

Bamboozi Beach Lodge, Tofo (Inhambane)/Mozambique

Management intern