Interpreting ‘Governance’:
An analysis of the World Bank’s discourse on governance and its impact on bilateral donors in the context of aid harmonization – the case of Irish Aid.

Introduction
A recent speech by the head of the OECD Development Assistance Committee expressed widely held fears in the OECD donor community that new donors, notably China, would disrupt the consensus on the way forward for Africa. That China is perceived to be such a threat is an indication of the extent to which there exists a unified and cohesive approach to the aid relationship with sub-Saharan Africa within the OECD and the International Financial Institutions. At the centre of this unified consensus is a general agreement that economic liberalization and market globalization represent a positive development path, and that these elements ‘provide the dominant policy guidelines and conditionality framework for ODA-funded development’ (Tujuan, 2005: 2).

This cohesion of ideas is expressed in the Paris Declaration on Aid Effectiveness (2005) and the associated Rome Declaration on Harmonisation (2003) which reflects and formalises a process that was already underway amongst key donors. These agreements represent the norms for aid delivery among OECD donors. According to the World Bank, any challenges to this consensus from new donors would also create ‘new challenges for harmonization and alignment [as] non-DAC donors are a heterogeneous group: the degree to which DAC approaches and norms as regards the provision of aid finance are applied by non-DAC donors varies from country-to-country’ (IDA/World Bank, 2007).

This process of aid harmonization and alignment took place in the same period that the World Bank undertook a review of the conditionalities it attaches to its lending and development programmes (World Bank, 2005) and with the backdrop of a depressing review of sub-Saharan Africa’s progress towards meeting the MDG targets (UNDP, 2005). In the context of these developments, this paper examines the extent to which the World Bank view of governance and its related conditionalities are setting the agenda for bilateral donors in their poverty reduction efforts, looking specifically at Irish Aid as an example of a ‘best practice’ donor. It is clear that, for the Bank at least, governance has become a prism through which it views the development challenge.

The World Bank has increasingly referred to itself as a ‘knowledge bank’. Since this idea was articulated in 1996 by the Bank’s President, a view has emerged that knowledge has replaced capital lending as the Bank’s greatest asset (Mehta, 2001: 195). The World Bank policy is used as a benchmark of the international donor discourse on governance because of the influential role it plays, both as a forum for policy discourse and as a shaper of policy ideas (Mawdsley and Rigg, 2003). In particular, the World Bank Review of Conditionalities (2005) is an expression of the Bank’s position on the role of governance in development, and the way in which aspects of governance are part of the Bank’s system of conditionalities.

The World Bank and ‘Governance’
Governance has increased in importance to the international development paradigm, with nearly half of the World Bank’s conditionalities relating to public sector governance. Aggregate governance indicators, covering more than 200 countries, based on more than 350 variables, are captured in the Bank’s six ‘dimensions of governance’: Voice and accountability, political instability and violence, government effectiveness, regulatory quality, rule of law, and control of corruption (World Bank, 2005). The broad range of conditionalities used under the World Bank’s rubric are highly interventionist, and the development benefits to poor countries of imposed governance reforms is contested. Governance requirements imposed on developing states are contentious because they are considered by some to be overly intrusive, including such inherently domestic issues such as legal framework building, corporate governance, tax reforms, public procurement procedures and anti-corruption initiatives; and furthermore their contribution to pro-poor policies is questioned (de Barra, 2005). Similarly, the relationship between this governance agenda and the deepening of functioning democracies has also been questioned (Burnell, 2004; Stiglitz, 2003). External intervention into domestic institutions has implications for domestic democratic processes, and democracy promotion is viewed by some to be subordinate in the World Bank agenda to economic development, as ‘the political imperative of democracy promotion is treated as simply a technical and supplementary element, only mobilized to reinforce the prevailing economic catechism of export-oriented free markets with little state intervention’ (Hibou, 2002: 174).

The World Bank’s policy on ‘governance’ is linked to its thinking on the causes of underdevelopment and the role of governments. World Bank discourse on the causes of underdevelopment shifted markedly during the 1990s, from varying degrees of acceptance of responsibility for global development on the part of developed states to the role of state failure on the part of African states (Mawdesley and Rigg, 2003). This shift reflects the evolution in the nature of the ‘desirable’ state: from the developmental state, to the rolled-back state of neo liberalism, to the current focus on a strong and efficient state which facilitates economic development (Fukuyama, 2005). This framework includes the concept of a democratic state, or at least a state which embodies the formal structures of a representative democracy, as the best framework to promote development (African Development Bank, 1999). As part of this discourse the need to promote ‘good governance’ emerged, with the aim of ensuring effective development through the correction of the institutional failures and shortcomings of developing states.
The emergence of this thinking within the Bank can be traced back to its 1989 report *Sub-Saharan Africa: From Crisis to Sustainable Growth* which stated that what was needed was ‘not just less government but better government - government that concentrates its efforts less on direct interventions and more on enabling others to be productive’ (World Bank 1989: 5). This was followed by a number of high level ‘pronouncements on governance, democracy and development’ from key donors including the OECD (1989); the Nordic Minister of Development (1990); the US, British and French governments (1990); the EC Commission (1991) and the UNDP (1991) (Leftwich, 2000: 116). This was a demonstration that by virtue of the World Bank’s powerful position, it was able to ‘pre-frame’ the development debate, and ‘naturalised’ particular economic and political discourses (Mawdsley and Rigg, 2002: 108) so that this explanation of sustained underdevelopment of countries in sub-Saharan Africa became dominant in development discourse and policy making. In the early 1990s the concept of 'good governance' had two parallel meanings, the first and more limited meaning describes governance primarily in administrative and managerial terms and is associated with the World Bank, while the second, more associated with Western donor governments, ‘involves this concern for administrative improvement, but it also includes an insistence on competitive democratic politics as well’ (Leftwich, 1993).

This reformed, more benign view of the state that emerged from this debate was not just conditioned by the economic realities of development, but also by the needs of key actors in the international security system for secure (institutionally democratic) states to act as allies and provide stability in otherwise problematic regions. This conceptual shift from the idea of a minimal to an effective state and a focus on citizen participation through an active civil society is embedded in the World Development Report (WDR) 1997. This report laid the foundation for the World Bank’s ‘Comprehensive Development Framework’ (CDF) in 1998, which replaced structural adjustment programmes. The Poverty Reduction Strategy Papers, developed as the process for implementing the CDF, were intended to provide a framework for domestic policies and programmes on poverty reduction, as well as a context for improved coordination of international development assistance (DFID 2006:120; World Bank 2004, 2006). The views on the role of governance expressed in these documents remained similar to those identified by Leftwich (1993), with Crawford (2001) making a similar distinction between a ‘narrow’ and a ‘broad’ interpretation of ‘governance’. The narrow interpretation emphasises effective public administration management and institutional development, with associated measures to strengthen the capacity and efficiency of executive institutions. The broader interpretation includes this narrow dimension but it also focuses on the importance of the democratic accountability of a country’s governing institutions to its citizens, and the realization of human rights and social values. While the first interpretation is possible without a democratic regime, there is an overlap between the broader interpretation of good governance and democracy (Crawford, 2001).

At the end of the millennium in spite of critics who argued that that inadequacies in the area of governance were a product of poverty and not the other way around (Grindle, 2000).

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2 See for example Doornbos 2001 p98; Slater and Bell 2002 p343.
ideas on the development failure of African states in particular and the need for good governance as a prerequisite for development were well established, and found expression in the MDGs, which as well as recognising the need for increased aid flows also place responsibility on developing states for ensuring that the targets of the development goals are met.

Concurrent with the shift in discourse on the role of developing states in the failure of development, was a counter discourse of critique of the dominant development paradigm as promoted by the World Bank. The focus of this critique was the central tenets of what had become known as the Washington Consensus on development policy and in particular the use of structural adjustment programmes. This critique has been well documented, and given the range of political and academic opinion (including WB insiders) it was difficult to ignore (Green, 1995; Boone, 1996; Hewitt, 2000; Easterly, 2005). The impact of this critique was bolstered by a more radical, and widespread civil society/ social movement critique of the dominant development paradigm, that was prompted by Africa’s slide into deeper poverty and growing North/South inequality (Van Rooy, 2004). The civil society critique focused on unsustainable debt and the need for actions on the part of bilateral donors and IFIs that would ensure positive anti-poverty outcomes for the worlds poorest countries and peoples.

The poverty reduction strategy papers (PRSPs) was the key framework promoted by the World Bank, through which it addressed these critics. With this mechanism the World Bank aimed to simultaneously address the issue of focusing aid primarily on poverty reduction along with the contentious issue of its practice of using externally generated blueprints and aid conditionality to set a policy agenda for developing states. In addition, progress on debt relief was also tied into this process as in order to qualify for debt relief countries were required to produce PRSPs using World Bank guidelines. Like the structural adjustment programmes before them, the PRSPs have attracted wide spread criticism as being an externally imposed process rather that a development plan which reflected an internal policy process and political priorities of developing states (Gould, 2005). The evidence for this view was so strong that official development agencies have agreed that the process that produced the first round of PRSPs fell far short of the rhetoric with which they were established and expressed a commitment to addressing the shortcomings in the second round of PRSPs.

The extent to which the PRSPs represent any real transformation in the aid relationship is both deeply contested and crucially important (Abrahamsen, 2004). According to their critics, the functioning of PRSPs means that donors have a high level of access to the everyday operations of the government in relation to fundamentally domestic affairs, such as public expenditure. For example, the public sector governance conditionalities attached by the World Bank to development policy lending include public financial management reform, procurement reform, pay reform and parliamentary reform (World Bank, 2006) among others. According to Gould, this results in expanded spending on institutional infrastructure which ‘necessitates substantial new lending from international financial agencies – lending based on strict macro-economic conditionalities’ (2005: 7), and so increases the influence of the IFIs in policy development. Further, this ‘reform’ agenda, although politically neutral sounding in its bureaucratic context, has implications
for domestic politics and democratic processes in its externally driven nature. However, unlike structural adjustment policies, the PRSPs are operationalised through the incorporation of the partner government and civil society groups in the process, and therefore work ‘not primarily as direct domination and imposition, but through promises of incorporation and inclusion’ (Abrahamsen, 2004).

In examining the PRSPs, it is clear from conditions attached to them and the rhetoric surrounding them that they are designed to meet the governance requirements of the World Bank. PRSPs are the major vehicle through which donors and IFIs are harmonising aid to participating countries, and through which they expect progress towards the MDG targets to be made. Since the introduction of the PRSPs, the World Bank and bilateral donors have strengthened the ‘governance’ agenda as part of the allocation of aid, with the centrality of improving ‘governance’ as a key part of the donor focus on aid effectiveness and harmonisation.

On one level ‘harmonization’ is a sensible endeavour, driven by the rationale that

‘donors currently fund over 60,000 development projects and programs, and that preparing the multiple reports for each activity required by each donor often exceeds the capacity of partner countries, we agree that it is desirable for donors and partner countries to simplify individual systems and procedures and to work together toward common formats, content, and frequency for a single periodic report per project that meets the needs of all partners’ (Rome Declaration on Harmonisation, 2003)

However, the danger is that ‘harmonization’ also means policy convergence, given that policies need to be agreed by the range of donors involved. Policy convergence has a number of implications – one being that as part of this process there will be a convergence in ‘conditionalities’. If the main frameworks for giving bilateral aid operate by imposing a largely externally generated agenda on recipient states and there is a consensus on this agenda by range of key donors, the external construction not only of policy content but also of ‘governance’ related aid, the institutions of the state and its democratic processes will be subject to a high degree of external influence.

In parallel with this increase of aid harmonisation amongst donors, in 2005 the World Bank engaged in a review and analysis of its conditionalities. This process took place at the end of what could be seen as a significant reorganisation of development policy and practice in the international aid regime, and perhaps it and the harmonisation agenda can be seen as a finalisation of that stage of the international debate. As part of this end game, the World Bank conditionalities review came to two significant conclusions. One was that there had been a change in the focus of World Bank conditionalities, with governance increasing in significance. The second was that the current range of conditionalities were appropriate to meet the aims of the Bank’s development programme and therefore unlikely to change (2005: 23).

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A key discussion in the conditionalities paper is the focus on country ownership of the development process. Lack of country ownership has been a major criticism of the PRSP process. Country ownership has been interpreted as meaning that developing states will have control over the policy content of their development plans – ensuring that it is tailored to local needs. However, the World Bank use of the term is counter intuitive, as it means that a country has accepted and internalised the policy programmes favoured by the World Bank. The Bank links the concept of ‘ownership’ with the acceptance of World Bank policy as expressed through conditionalities, stating that

‘Experience shows that development financing with strong conditionality but without strong domestic leadership and political support has generally failed to produce lasting change. When there is ownership, conditionality allows the borrowing country and the Bank to develop and nurture mutual trust and commitment’ (World Bank, 2005: 13).

Ownership is one of the six ‘good practice principles’ for conditionality that emerged from the Review4, and is conceived of as a responsibility on the part of the recipient country as opposed to a need generated by them. It is expressed as something that can be assessed and measured by the Bank. Policy ownership is perceived by the Bank to be necessary for successful implementation of its development programmes. The Bank’s assessment of ownership of the program of policy or institutional actions on the part of the recipient state will impact on the Bank’s development policy lending. The Bank uses the idea of internalisation of appropriate policy as a criterion for selecting counties for funding, and to avoid the accusation of imposing an externally determined programme it looks for evidence that countries have a track record on what it considers to be correct policies, basing its assessment on ‘the government’s track record of reform’ (14). When the Bank does not ‘see sufficient evidence of ownership, it normally chooses not to engage in development policy lending…’(23). For the Bank, reform of the public sector is the most important aspect of governance reform, as reform in this area is central to the Bank’s wider project of embedding policy reforms in the political systems of developing states.

In the World Bank’s view, development depends on institutions ‘that provide dependable property rights, manage conflict, ensure the rule of law, and align economic incentives with social benefits and costs’. In order to achieve this type of institutional framework the content of the Bank’s conditionalities has ‘strongly emphasised improvements in public sector governance, support for government efforts to strengthen public financial management, fiduciary arrangements, public expenditures and public sector reform’, with public sector reform now accounting for the 48% of all conditionality (World Bank, 2005: 11). While emphasising the role of public sector reform the Bank has de-emphasised policy conditionalities – privatisation and user fees – that had attracted strong criticism. Not that the Bank has abandoned these policies, but they no longer have the centrality they once had (World Bank, 2005: 12). It is the range of conditionalities that

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4 The five principles are ownership, harmonization, customisation, criticality and transparency and predictability.
the Bank considers essential to building the institutions of a state that forms the basis of its good governance agenda.

**The case of Irish Aid**

Given the dominance of governance as a key conditionality in World Bank lending, this paper now considers the extent to which this agenda has been internalised in the policy of Irish Aid, and the implications for the underlying principles of the programme which include poverty reduction and democracy. Ireland’s self perception is of itself as a good practice donor which does not operate out of strategic interest, has a long standing policy of non-tied aid, a higher than DAC average proportion of social sector spending and a greater focus on the poorest states (Dóchas, 2007). It also has aspirations to be a leader and innovator in international development (Irish Aid, 2006: 23). This self perception is also linked to the history of the State, as

‘Experience of colonisation, poverty, famine and mass emigration has provided a basis for a long tradition in Ireland of solidarity with the poor and dispossessed. A manifestation of this has been the active engagement by many Irish people in development activities in poor countries, through missionary work, volunteer service or involvement with non governmental organisations’ (OECD, 2003),

Ireland’s official aid programme has also grown significantly, and Ireland is now the 6th largest donor per capita\(^5\). In the context of rapid economic growth from the mid 1990s Ireland is now moving from being a small to a medium size donor within the OECD (OECD, 2003). The government now is committed to reaching the 0.7% target by 2012\(^6\), after initially reneging on a 2007 deadline. In 2007 Ireland will spend over €800m on ODA (See Table 1).

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\(^6\) ODA was 0.53% of GNI in 2006.
Table 1: Irish ODA Levels 1996 – 2012

Irish ODA Levels 1996 - 2012 (€ millions)

Irish Aid currently has no detailed policy on ‘governance’ and aid (although one is due for publication in 2007), however, policy positions on governance are articulated in the Annual Reports and in the recent White Paper on Irish Aid. In addition to this Irish Aid is actively working in the area of governance, and is a member of a number of donor coordination groups working specifically on the issue\(^7\), there is also a governance team within its staff in Ethiopia\(^8\) and a number of governance advisors in other programme countries. Governance is a key issue in donor harmonization groups, in PRSPs, and in multi-donor arrangements for general budget support, an aid modality in which Ireland is becoming increasingly engaged (see Table Two). The 2002 Irish Aid review made a positive link between ‘good governance’ and increased multi-donor budget support, both in the sense that it was beneficial that this type of funding focused on governance and also that the funding modality encouraged governance reform. It stated that a ‘strong partnership with a programme country, against a background of good governance, sound economic management and administrative capacity, creates the opportunity for a more

\(^7\) For example, Irish Aid is member of The Donor Democratisation and Governance Group (DDGG), Uganda (Irish Aid June 2004)
\(^8\) Irish Aid Ethiopia CSP, 2005
comprehensive and coordinated donor effort in the form of budget support…’ (Report of the Ireland Aid Review Committee: 74). Making this link is significant given the increasing importance of these aid modalities to Ireland’s official aid programme.

Ireland is currently engaged in budget support in Mozambique and Uganda, the topic is under discussion in Ethiopia and Ireland is part of the PRSP process in Tanzania. The amount of pooled donor funding engaged in by Irish Aid as part of its bilateral budget is illustrated in Table 2, as percentage of overall spending.

Table 2: Irish Aid budget support/PRSP funding

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<th>% of total country allocation given to budget support/PRSP</th>
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<td>Budget Support</td>
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In relation to pooled funding into multilateral agencies, particularly the World Bank, Irish Aid expressed an awareness of the impact on policy influence over a decade ago in the 1996 White Paper on Foreign Policy, which acknowledged that

the funds allocated under Irish Development Assistance to multilateral agencies is being absorbed in large institutional budgets with limited Irish influence over the policy objectives which that funding serves… (Dept. of Foreign Affairs, 1996: 245).

The 2002 Irish Aid review observed negatively that the World Bank ‘is an exceptionally powerful institution, which has in the past been accused of dominating borrowing countries and, at times, of ignoring wider donor views’ (2002: 98). In contrast to this, the 2006 White Paper on Irish Aid takes a more neutral view, stating that ‘in developing countries, the volume of its aid, its capacity in analytical work and its close relationship with the International Monetary Fund (IMF) give the World Bank a significant and frequently decisive weight in policy decisions and in the allocation of resources’ (2006: 83). It also appears to be positively endorsing the Bank’s approach when it argues that ‘The policy and the institutional environment in Ireland’s programme countries has a direct impact on the effectiveness of our development assistance (2006: 83). This would point to a support for the policy and institutional environment provided by the Bank.

In the context of increased donor harmonization and awareness of challenges of working as part of international institutions in the aid regime, Irish Aid itself does not have a policy or specified set of conditionalities, but is rather guided by key ‘underlying principles’. Poverty reduction, to reduce vulnerability and to increase opportunity is the overarching objective of the Irish Aid programme. Ireland supports the promotion of
human development, human security and justice, the building and strengthening of democracy, the promotion of gender equality and the promotion and protection of human rights, and is guided by the principles of partnership, public ownership and transparency, effectiveness and quality assurance, coherence and long term sustainability (White Paper, 2006). As opposed to specific conditionalities, the mechanism of ‘policy dialogue’ with recipient countries is used as a means of influence, with the implication that recipient government policies should be informed by these principles, and the possibility of a withdrawal of funding if they are breached\(^9\). The following section will examine the relationship between these ‘broad principles’ and the specifics of the Irish Aid approach to governance.

‘Governance’ in Irish Aid Policy

Governance is now considered as a ‘cross cutting’ issue for Irish Aid that must be reflected in all the organisations work and publications (Irish Aid, 2006). The development of the emphasis in Irish Aid’s policy on governance can be traced through its annual reports from 1993 to 2005. This tracing identifies two different uses of the term ‘governance’. The first is the narrow, technical interpretation associated with the World Bank which includes a focus on public sector management, institutional development, capacity building and administrative efficiency. The second is a broader interpretation, rooted in the underlying principles outlined above, and places an emphasis on openness, accountability and transparency of government institutions, participative, democratic processes and the strengthening of civil society. In addition to this, there is an emerging emphasis within the documentation on governance as a tool for upward accountability the Irish Government and via the Government to Irish taxpayers.

In 1993, a separate budget line was announced for democracy and human rights. Ireland’s development cooperation policy and discourse was in line with international discourse which at this time was stressing the importance of democracy to underpin development. It argues that there is an intrinsic link between the economic and social progress of a country and the way in which it is governed, and resulting emphasises respect for ‘human rights, democracy and the rule of law’, linking both political and economic development, and issues of human rights, democracy and the rule of law. In 1994, the term good governance is offered as a concept affirmed by external actors: ‘In recognition of the importance attached to the promotion of good governance…’, referring to external institutions endorsing the concept. It is linked here to participatory development, and specific activities include electoral observation missions and community based citizen education programmes and advice on basic civil rights, a relatively broad interpretation of the concept. Good governance continues to be primarily associated with concepts of human rights and democratisation in the discourse in the 1995 report, which indicates a continued broad, normative interpretation of the term from within the Irish development cooperation programme itself.

A change in the treatment of good governance within the programme was signalled in 1996. This report states that an external consultant’s review recommended that the human rights and democratisation programme should be integrated into each programme

\(^9\) Interview with Irish Aid staff member.
country’s budget rather than being funded through a separate budget line. However, at the same time, the 1996 White Paper on Foreign Affairs stated that ‘Recent agreements which Ireland has signed establishing aid programmes have included explicit references to democracy and human rights and this will be the standard for all future technical cooperation agreements’ (Dept. of Foreign Affairs, 1996: 234). The White Paper contained no discussion of ‘governance’ and the reference to democracy and human rights indicates that at this policy level Irish Aid was still operating in the pro-democracy framework of the early-1990s.

In the 1997 report, the aid effectiveness agenda is highlighted and with a focus on the issue of aid modalities in the search for ‘more effective forms of aid delivery’. In relation to good governance, the report links the need for democratic principles with the development process, including with productive economic growth, stating under the heading of good governance that ‘Productive economic activity cannot flourish in an atmosphere of oppression’. This demonstrates a combination of approaches, but signals movement towards the inclusion of a narrower one in light of the need for aid effectiveness, shifts in aid modalities and a focus on economic productively linked to governance.

In the following two years the idea that Irish Aid should engage in ‘capacity building’ around governance emerges, and there is a ‘growing awareness’ of the need for good governance reflected in the reports. The 1998 report points to a study which states that 15% of priority country expenditure was allocated to ‘participatory development and good governance’, indicating that good governance is in some way measured by Ireland Aid. The important of capacity building for good governance is again identified in 1999. In this year, a definition of the concept is offered within an article on the Lomé Convention, using a narrower version of good governance than has been used before, referring to it as ‘the transparent and accountable management of human, natural, economic and financial resources’ and linking it to the issue of corruption. This interpretation of good governance is significant to this research, as it emerged from a discussion on an international agreement, pointing to the fact that this narrower interpretation was externally rather than internally generated.

By 2000 good governance is expressed as a concept ‘formally integrated’ into Ireland’s development cooperation and one of the ‘key element[s] of the policy dialogue process ...with partner countries’. In 2001, the Report of the Ireland Aid Review Committee was highlighted as recommending ‘a new policy focus on good governance, democracy and human rights’, reaffirming good governance, democracy and human rights as a ‘cluster’ of themes. This report elaborates challenges in relation to increased aid volumes and highlights the issue of increasing need for ‘upward’ accountability to the Irish public in this regard. It supports the building of capacity for good governance, rather than bypassing these states with weak governance. These reports point to a capacity building rather than a selectivity approach to good governance, and highlight the role of good governance in building states capable of development.

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10 A selectivity strategy is where donors aim allocate aid as a ‘reward’ to countries with a proven record of, for example, governance based on ‘broad assessments of a country’s policy environment rather than the
The issue of corruption comes to prominence in 2002, with good governance referred to as a measure to safeguard against it. Good governance here is interpreted as a concept which ‘relates to the way in which power is exercised in the management of a country’s economic and social resources for development’. This formulation of good governance is similar to that used by the World Bank (1992), in that it begins by addressing issues of power, but it is not clear what the ends being sought are, other than the management of the development process. The report later interprets good governance as promoting ‘respect for human rights and for the rule of law; political openness and participation; accountability and transparency and administrative capacity and efficiency’ which constitutes a mixture of interpretations. However, the association of good governance with corruption is the development of an instrumentalist use of the concept in the discourse, in that it conceives of governance as a tool to protect the programme against corruption, and a hoped-for insurance against it.

The link between good governance and economic growth is questioned - the 2003 report states that there are ‘many well-governed countries whose economic growth and progress towards the Millennium Development Goals (MDGs) has been too slow’ and highlighting the fact that the very poverty of some countries prohibits them from meeting the MDGs, which is ‘why donor financing plays such a critical role’ – again, this points to a capacity building rather than a selectivity approach to good governance as a criteria for development finance. Direct budget support is referred to as the ‘preferred aid modality’ for many developing countries, and this is linked to accountability: ‘donors must have confidence that a basic level of governance, public administration and accountability exists before they can channel aid in this way’. The explicit linking of good governance and budget support here is noteworthy as it points to the use of good governance as an accountability mechanism, thus placing it in the narrow definition associated as it is with public administration and fiduciary accountability, and it also marks the possibility of a shift to a selectivity mode of funding in relation to the need for public accountability in relation to budget support. This evolution of the term is in the context of increased donor harmonisation, a discussion of which is a key element of the report. In the 2004 report there is not a primary focus on the term good governance, but there is an emphasis on ‘maximising accountability and transparency’ (key aspects of the narrow governance agenda) with regard to expenditure of the ‘substantially increasing amounts of money’. However the centrality of governance is confirmed in the 2005 Report, were the issue is dealt with under each of the country programmes. The manner in which governance is dealt with in this report is in line with a narrow definition of governance. For example, in Mozambique Ireland is a member of a group of donors supporting ‘public sector reform’ through funding a ‘technical unit responsible for driving the public sector reform programmes’ (2005: 15).

Table Three: Emphasis Tracing, Irish Aid Annual Reports 1993 – 2005

implementation of any specific policy or institutional action’ (World Bank 2005: 5). This would disadvantage who were ‘weak but willing’ in relation to governance matters.
In seeking to identify whether Irish Aid’s discourse on governance is evolving in line with the World Bank’s, a number of findings emerge from the examination of the discourse on good governance within the annual reports. Up to 1996 Irish Aid made strong associations between governance, human rights and democratization. From this date onwards, this broader view has become increasingly less dominant and a more technical, efficiency related usage has become more significant. At the same time the upward accountability to the Irish taxpayer has become progressively more evident as the aid budget grows and public support becomes increasingly important for the legitimacy of the aid programme. This shift became stronger from 2000 when the commitment to reach the 0.7% of GNP in the Aid budget by 2007 was made. It could also reflect the impact of a media debate on corruption in Irish Aid programme countries that took place from 2000 onwards. This shift is also in line with the increasing alignment of donors within budget support and donor harmonisation initiatives of which Ireland was part.

**Governance in the 2006 White Paper on Development Aid**
The first ever White Paper on Irish Aid, published in September 2006, is an important indicator of the trend in priorities of the Irish aid programme. It lists the five guiding principles of Irish Aid’s policy as: Partnership; Public Ownership and Transparency; Effectiveness and Quality Assurance; Coherence and Long-term Sustainability. Of these five, only partnership and long-term sustainability relate primarily to Ireland’s
relationship to developing states and in the international development process. The other principles concern the Irish Government’s relationship with its own public, and its own internal policy processes.

The principle of ‘partnership’ relates centrally to the governance agenda and states that Ireland will offer advice, expertise and assistance to recipient countries while, echoing the language of the World Bank, development planning must be to the greatest extent locally owned and led (Irish Aid, 2006: 9). The White Paper does not unpick the meaning of ‘ownership’, but in the context of the support that Irish Aid is giving to the ‘Paris Agenda’ it seems reasonable to assume that it accepts the Bank’s definition. Under the ‘Partnership’ principle heading in the White Paper there is an emphasis on the narrower definition of governance: ‘partner countries must work to combat corruption’ and ‘ensure effective and responsible government’ and also ‘promote democracy and protect human rights’. It is notable here that effective government is an absolute requirement, in contrast to the need to merely ‘promote’ democracy and human rights (Irish Aid, 2006: 9) a point that is emphasised with the assertion that ‘we, rightly, demand good governance in our partner countries in order to meet the responsibility to Irish taxpayers’ (2006: 30).

In Ireland’s vision for development, the term ‘governance’ is coupled with ‘corruption’ and state failure is defined as a key development problem (2006:29). The While Paper describes governance as relating to the ‘exercise of power in the management of a country’s economic and social resources’, and it further defines it as ‘the political and institutional capacity of a country to elect accountable government, create and uphold laws, promote and protect people’s rights, meet people’s needs and effectively and fairly manage the resources of the state’. This narrow view of democracy is elaborated under the heading ‘Democracy and the Rule of Law’, where Irish Aid lists its priority actions as ‘support for free and fair elections (e.g. through the provision of election monitors and support for electoral commissions), support for parliaments and parliamentary reform and empowerment of independent regulatory offices, such as ombudsman’s offices’ (2006: 40)

In relation to this sanitised view of the state, where governance is related to the technical capacity of the state to ‘finance, plan and deliver key social services’ (p. 39), there is a tendency in the White Paper to conflate a lack of resources with a lack of capacity, as part of the justification for a focus on governance rather than more direct service provision. It quotes the example of Malawi ‘where there is only one GP doctor for every 100,000 people, while in Ireland there are 237’ and argues that Malawi has ‘neither the institutional capacity to train enough healthcare professionals and doctors nor the systems to adequately determine the true health needs of their populations’ and therefore ‘they need assistance to build that [institutional] capacity’ (2006: 39).

The White Paper also addresses public sector reform, the major conditionality area for the World Bank, as ‘central to the role of government’ (2006: 40). It links ‘weak institutional and management capacity in the public sector’ to failure to improve service delivery in core areas such as health and education, and argues that development will not be achieved without significant organisational investment and reform (2006: 40). It links the provision of a predictable and stable regulatory environment to enterprise and private
sector growth. It is unclear by what process pro-poor economic growth will be encouraged in this framework. The centrality of a narrow vision of governance to the White Paper is also emphasised by the terms on which it will support pan-African political institutions, such as the African Union and the New Economic Partnership for African Development, organisations that ‘seek to improve the accountability and effectiveness of national governments and reduce levels of corruption’ (2006: 40). The stated purpose of Irish Aid’s engagement with these bodies will be to determine ‘how best to support the Peer Review Mechanism and how to support the implementation of recommendations at the national level’ (2006: 40).

The idea of partnership as ‘[e]ffective cooperation for development’ is described as a ‘compact between donor and recipient countries and there are responsibilities on both sides’ (2006: 30). This use of the term ‘compact’ mirrors the idea of developing state responsibility that is an integral part of the Millennium Development Goals. It also begins to unpick the concept of partnership, not necessarily as a relationship between equals, but as something akin to a social contract in which both sides have specified rights and duties, and it is perhaps the more powerful partner that determines what those rights and duties are. Running though the White Paper is the theme of governance as necessary to ensure accountability to donors, and also the view that evidence of ‘good governance’ or a willingness to engage in the type of governance reform that is becoming part of the dominant development discourse will be a requirement for a future programme based aid relationship with Ireland11.

The emphasis on accountability, especially to the Irish taxpayer, and the linking of this accountability to aid to improve governance, is a particularly strong feature of the White Paper. It states that ‘[w]e will safeguard Irish taxpayers’ money. We will take steps to ensure that resources are not misappropriated, that risks are minimised and ensure that funds channelled through the state in developing countries, effectively improve state capacity to benefit the poorest’ (p. 41). The issue of public support for the programme (phrased as ‘ownership”), along with the public debate on corruption have influenced the language used in the document’s interpretation of governance. It states that ‘the assistance given must be as effective as possible. This is demanded by the scale of the problems we are trying to tackle and it is demanded by the public who fund these programmes’ (2006: 101). Governance is also being presented as a tool against corruption on behalf of the taxpayer. In a discussion on the formulation of a policy on good governance, the current Minister for State for Development Cooperation stated that ‘Such a policy needs to be informed by a number of perspectives, not least our own experience from the field, as well as international best practice. It also needs to be rooted in an acknowledgement of our responsibilities to the Irish taxpayer, and of how the quality of good governance in our programme countries impacts on the level of public support for the programme here in Ireland’ (Irish Aid meeting, May 2005). In its most recent statement on governance, Irish Aid states that the ‘recognition that good governance is a condition for sustainable human development marks a significant shift in development thinking’ and that this change is ‘influencing strategies for pursuing

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11 This point is also emphasised in the most recent policy statement on Governance on the Irish Aid website www.dci.gov.ie dated March 2007.
accountability reforms and improving institutional capacity’ and that associated with this, Irish Aid’s spending has increased considerably on governance related projects\textsuperscript{12}. Although the Irish government may be under some domestic pressures, including one vocal and high profile NGO which engages in constant criticism of Irish Aid’s funding of governments rather than civil society, and the need to maintain public support for a rapidly increasing aid budget, the framework in which it choose to addresses its domestic issues appear to be firmly within the framework favoured by the World Bank.

\textbf{Conclusion}

This paper focuses specifically on the World Bank discourse in relation to governance in order to highlight, in the light of increasing policy convergence, the implications for this discourse on Irish Aid’s underlying principles, including democracy and poverty reduction. This examination is important given that governance has become the prism through which development is viewed in the neo-liberal approach of the World Bank, and because of the Bank’s dominant role in setting the development agenda internationally.

Democracy work has generally been associated with activities such as the promotion of human rights, political liberalism, the rule of law, freedom of speech and promotion of decentralization (Hossain et al, 2003). Irish Aid has traditionally associated the concepts of governance and democracy. However, if Irish Aid is increasingly moving towards the World Bank’s interpretation of governance this may in turn influence Irish Aid’s approach to democracy work. One aspect of this has already been revealed in the increased focus on upward accountability to the Irish taxpayer versus downward accountability to the citizens in the recipient countries. If democracy is broadly understood to mean a political system where rulers are held accountable to the ruled, an increased accountability for monies spent in the recipient country to the Irish taxpayer challenges this. In relation to poverty reduction, the focus on ‘sound economic management’ which has emerged as a core tenet of World Bank discourse and which conceives of poverty as ‘a technical solution for which there must be a domestic budgetary fix’ and delinks ‘poverty from its roots in the external economy’ and global order (Gould, 2005: 142) may influence Irish Aid’s analysis in this area toward a more managerial approach to poverty reduction.

It is not surprising that the World Bank has an economic and administrative focus. What is significant is an increasing policy convergence on the part of bilateral donors around the World Bank’s position on governance. A bilateral donor such as Irish Aid could be a counterbalance to the increasing trend to ‘manage’ development through a narrow range of neo-liberal policy prescriptions. In the absence of alternative voices or positions from within the OECD donor community, aid dependant states in the South are going to have very limited policy space to develop local solutions to their development needs faced with a unified and strongly imposed position from both the World Bank and OECD donors.

\textsuperscript{12} Governance on www.dci.gov.ie
Bibliography


