From SAPs to PRSPs: The Annals of Neoliberal Ideological Dogmatism in Governance and Development Policy

Salih O. Nur
University of Osnabrueck

Abstract
After decades, structural adjustment programs (SAPs) policies had horrific economic and social consequences. In the view of the international financial institutions (IFIs), the failure of SAPs to generate economic growth was solely due to bad governance in low-income countries. The notion of good governance as the only recipe for development was devised in the late 1980s, and continues to drive international development policy. The IFIs shifted gears to the Poverty Reduction Strategy Papers (PRSPs), launched in 1999, turning the rhetoric of development policy to what SAPs disregarded: poverty reduction. After more than a decade, however, poverty in absolute terms continues to rise in developing countries, and global income and wealth inequality widen. Moreover, the professed shift in development approach has been mainly in rhetoric. There is little empirical evidence of a genuine shift away from neoliberal free market principles. This article seeks to trace annals of this ideological dogmatism by critically examining the policy paradigms—SAPs and PRSPs—promoted under the rubric of good governance in poor countries. It examines the free market neoliberal orthodoxy that underlies development policy and the global consensus around good governance. The new consensus rests on “re-branding and re-spinning new progressive outfits” that constitute the best ideological shell of neoliberalism today.

Introduction
In the early 1980s, a policy framework known as the structural adjustment programs (SAPs) was launched by the international financial institutions (IFIs) to create the necessary institutional and policy conditions for economic growth and, hence, to propel development in poor countries. At the end of the decade, however, the economic and social consequences of structural adjustments were
disastrous. More than anything, SAPs were successful in their neoliberal goals to curtail government size and to integrate developing countries into the liberal global markets. By any other measure, the reforms were largely a failure. Countries that underwent structural adjustment did not experience economic growth even in the medium term. In the two regions that vigorously carried structural adjustments, per capita income had stagnated (in Latin America) or collapsed (in Africa, where per capita income dropped more than 20 percent between 1980 and 1997). Those countries that have experienced greatest economic success in recent decades have violated many of the central precepts of structural adjustment by protecting certain economic sectors and maintaining an active government role in economic planning.

It was in reaction to this failed agenda that the notion of good governance was conceived. In the view of the IFIs, the failure of SAPs to generate economic growth was not because of a flawed policy but due to flawed governance that severely impeded their implementation in poor countries. Since the late 1980s, bad governance has been identified as the principal factor responsible for slow or lack of development in low-income, especially African, countries. A new, and sole, recipe for development known as good governance was devised and continues to drive international development policy and the practice of institutions such as the International Monetary Fund (IMF), the World Bank, and donor agencies and countries. Following the uproar against the IMF’s structural adjustment prescriptions for countries hard hit by the Asian financial crisis, the IFIs also shifted the rhetoric of development policy to poverty reduction—something with which SAPs were not concerned. Poverty reduction was placed at the top agenda of a new development policy framework known as Poverty Reduction Strategy Papers (PRSPs) launched in 1999.

After almost over a decade in practice, there has been severe criticism of the new policy framework against poverty. Poverty in
absolute terms has been continuously rising in developing countries, and income and wealth inequality have been widening globally. The economic impacts of these policy frameworks (SAPs in particular) have been exhaustively debated. What has been less studied is the ideological persistence in the professed shift to poverty reduction.

This article posits that the presumed shift in development approach has clearly been rhetorical. In practice, there is little evidence showing a genuine shift away from the neoliberal principles that drove structural adjustment policies. Moreover, the notion of good governance that serves as ideological foot-soldier of development policy is steeped in neoliberal orthodoxy encapsulated by the Washington Consensus. In what ways are PRSPs different from SAPs? Does the transition from structural adjustment constitute a real change in development principles and policies? What is the future of good governance in its current state fashioned after neoliberal free market tenets? This article seeks to scrutinize these interrelated issues by examining the successive policy paradigms—SAPs and PRSPs—promoted under the rubric of development and good governance in Third World countries. It debunks the professed shifts in international development policy, tracing the annals of unrelenting neoliberal ideological dogma that underlies development policy during the last two decades.¹

**Good Governance**

Since this article’s central theme is the concept of *good governance*, it is crucial to first briefly examine its origins, underlying principles and

---

¹ The temporal scope of the articles is limited to the period prior to 2010. Apart from some assessment reports in the early 2000s, neither the World Bank and the IMF nor other major development organizations like UNDP, UNESCO, and the UN regional economic commissions have prepared a major comprehensive review of the PRSPs’ performance over the last decade and after. Much of what is known about the PRSPs’ derives from country-studies and brief periodic progress reports by the World Bank and the IMF available in their electronic archives.
practice. In general, the concept is viewed as a normative principle, which holds that government is obliged to perform its functions in a manner that promotes ‘good’ values of efficiency, public honesty, transparency, and responsiveness to society (Chowdhury 2005, 4). The concept has, nonetheless, been very much contested among scholars, policy-makers, and development practitioners from competing ideological positions. This article will address this debate after examining the development and usage of the concept of good governance by various international organizations, development agencies, and nongovernment organizations.

A. Development of the Concept
There exists a dilemma, as with other social science terms like democracy and development, in the conceptualization of good governance. Scholars, governments, and development agencies alike face such dilemma by defining and analyzing the concept based on their interests and political preferences. Not surprising, then, there are conflicting views and assumptions involved in forming a definition. Despite this confusion, however, there is a consensus among all actors on the causal linkages between governance and development. The following are a few definitions undergirding the conceptual and theoretical consensus around the concept and practice of good governance.

The World Bank
The origins of the concept of good governance are found in the works of the World Bank (World Bank 1989; 1992). The World Bank redefined the concept in 1997 and underlined the need for effective state institutions in association with (good) governance as a necessary precondition for development. The World Bank provides two definitions. Sometimes it exclusively emphasizes how “political power is exercised to manage a nation’s affairs.” At other times, it broadly focuses on the “use of power in the management of a
country’s economic and social resources for development.” Its concept of governance is directly concerned with “the management of the development process” in both the public and the private sectors, and encompassing “the functioning and capability of the public sector, as well as the rules and institutions that create the framework for the conduct of both public and private business, including accountability for economic and financial performance, and regulatory frameworks relating to companies, corporations, and partnerships” (Abdellatif 2003, 5).

The UNDP
The UNDP’s thinking on governance shares some similarities with the World Bank’s. The one that captures its dominant view on governance is its conception of good governance as “the exercise of economic, political and administrative authority to manage a country’s affairs at all levels. It comprises mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences” (UNDP 1997, 2-3). Its emphasis is on such issues as freedom of association and participation, rule of law, legitimacy, bureaucratic accountability, transparency, free-flow of information, and efficient and effective public sector management (Ibid., 30). In contrast to universalizing conceptions of the notion by most development agencies, the UNDP seems mindful of the cultural differences among countries and by inference emphasizing the futility of universal prescriptions. It has also re-conceptualized good governance as an essential condition for sustainable development. At the domestic level, sound environmental, social, and economic policies; democratic institutions responsive to the needs of the people; the rule of law; anti-corruption measures; gender equality; and an enabling environment for investment are the basis for sustainable development. It is a broad conceptualization of governance that encompasses the state, civil
society organizations, and the private sector, all three viewed as critical for sustainable human development (Ibid. 20). From this perspective, the role of the state is to furnish a stable political and legal environment conducive to development, while civil society is viewed as a means to facilitate political and social interaction and mobilization in economic, social, and political activities.

Other Definitions
Many other organizations such as the Organization for Economic Co-operation and Development (OECD) and bilateral development agencies like the British Overseas Development Agency (BODA) and the Danish Development Agency (DDA), as well as regional organizations like the European Union (EU), the Organization for Security and Co-operation in Europe (OSCE), and the South African Development Community (SADC), have also contributed to the governance discourse (Chowdhury 2005, 5). The OECD’s definition of governance includes “public administration and institutions, methods and instruments of governing and also incorporates the relationship between government and citizen (including business and other citizen groupings) and the role of the state” (OECD cited in Khan 2003, 2). The World Bank’s definition—premised on the twin principles of downsizing government and promoting a liberal market economy—has, nonetheless, set the tone of the concept of good governance among the international donor community.

B. Elements of Good Governance
Although much has been written on the attributes of a good system of governance, the characteristics of such system defined in societal terms remain somewhat elusive. The perceptions of what constitutes good governance vary. Some emphasize public sector management, while others have assumed strong advocacy positions relative to democracy. The UNDP (1995 and 1997) takes a broader view that,
while acknowledging the critical importance of public-sector management issues, incorporates other realms of governance as well as the organizations and institutional frameworks that establish the working parameters of governance and execute its policies and strategies. It underlines that good governance, among other things, is “participatory, transparent and accountable, effective and equitable,” and promotes the rule of law. It ensures that political, social, and economic priorities are based on broad consensus in society and that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources. In its report, *Governance for Sustainable Human Development*, the UNDP (1997) endorses nine principles as core characteristics of good governance. The World Bank’s interest in governance stems from its concern with the effectiveness of the development efforts it supports. In this sense, sound development management is critical for ensuring success and efficacy of the programs and projects it finances (Abdellatif 2003, 6-7).

As can be seen, the concept of good governance is neither one dimensional nor a coherent set of principles. It has macroeconomic, political, and administrative facets. At a later stage, democratic governance came to form part and parcel of good governance on its political front. The key attributes of good governance—i.e. transparency, freedom of information, freedom of association, accountability, participation, and human rights—clearly underlie the principles of democratic governance. Good governance, which relies upon inclusive participation, transparency, accountability and the promotion of rule of law, is directly linked to an environment that promotes the enjoyment of human rights (UNHCR 2007; GA Millennium Declaration 2000; UNESCO 2002; UNDP 2006). Further, it is a mechanism to achieve “the right to development” (OHCHR 2000 and 2002). Governance encompasses all of the methods—good and bad—that societies use to distribute power and manage public resources. Politically, however, the principle has not been very
well received. The fears stem mainly from the fact that good governance has largely been associated with neoliberal policies (Chowdhury 2005, 11), primarily serving the interests of developed countries or exploitative multinational corporations. This line of argument, and the whole theoretical debate on good governance, requires further investigation.

C. Theoretical Foundations and Debates
Normatively speaking, governance is the exercise of political, economic, and administrative authority to manage a nation’s affairs. This definition is very broad, comprising the complex array of mechanisms, processes, and institutions through which citizens and groups articulate their interests, exercise their rights and obligations, and mediate differences. Today, nevertheless, the concept of good governance is a popular buzzword dominating theoretical debates and discussions over development, governance, and democracy. The concept, as coined and applied by the World Bank, is a convenient catchphrase for an entire gamut of political and economic institutions. Rule of law, transparency, and accountability represent indisputable principles of sound governance the origin of which is steeped in the tradition of liberal political theory. But why is the concept contentious? Whereas some seek to highlight the democratic aspect of good governance, others, like the UNDP and the EU, seek to underscore its other facets like accountability, openness, participation, coherence, etc. While the above-noted differences have clearly com-

---

2 De Angelis (2003) points that “since the mid-1980s the word ‘governance’ has become a central ‘buzz word’ of political speech in official publications and research papers from the offices of national governments and international institutions. Consequently, social research and commentary has also shown an increasing interest for it.” A search in the British Library catalogue from the beginning of recorded time until 1975 returns 47 titles with the word “governance”, as compared to almost 1000 titles for the period between 1975 and 2003.
pounded the confusion, the concept is even more controversial philosophically.

The purpose here is certainly not to challenge the role good governance could play in the alleviation of the development plight of poor societies. It is, nonetheless, to retrace the origins of the concept in the global resurgence of the neoliberal ideological values that firmly underpin it. Neoliberal in a sense, as the IMF views it, meant that government intervention must be limited only to areas of “market failure” and to the provision of necessary social and economic goods. The last quarter of the twentieth century corresponds to the rebirth, consolidation and global expansion of neoliberal policies. The discourse on governance, according to De Angelis (2003), is located in this dynamic of neoliberalism, broadly shaped by three successive phases: (1) the emergence of neoliberal policies from the late 1970s to the mid-1980s, (2) the Washington Consensus from the mid-1980s to the mid-1990s, and (3) the post-Washington Consensus phase beginning in the mid-1990s.

The first phase was marked by the resurrection of straightjacket free market policies. In the Global North, it meant a total economic restructuring through, among other measures, anti-union laws, anti-wage or inflation policies, social-spending cuts, and development of corporate welfare. In the Global South, the same process was replicated in the form of management of the debt crisis which begins and intensifies roughly during this span of time. Hence SAPs policies involved cuts in food subsidies and other “unnecessary” public expenditures that triggered massive social movements. The second phase saw the consolidation of neoliberal policies into what has been called the Washington Consensus whose elements were soon embedded in national and international policies globally. The Washington Consensus gave more coherence to policies implemented by the Reagan and Thatcher governments amid ideological battles and increasing social resistance. It was during this phase that the IFIs began to hatch the notion of good governance
as the restructuring of governments so as to strengthen the terms of the Washington Consensus. The contemporary governance discourse developed during this phase prescribes a “holy trinity” of policies: withdrawal of the state from the social sector, giving markets free reign on economies, and leaving individuals to their own economic initiatives (Ibid., 7-8).

It is against this backdrop of uncertain economic circumstances and neoliberal ideological onslaught that the concept of good governance emerged as a catchall phrase for multiple, interrelated policies geared at political, economic, and institutional reforms. Popularized by the World Bank, among others, the concept has been advanced as a value-neutral blueprint for quality governance (World Bank 1992, 1997). Is it a new paradigm in modern governance? Far from being a new notion, governance was dealt with by Max Weber, who, in the early twentieth century (without necessarily using the term), drew the parameters of a bureaucracy that could facilitate development and called for “the strict observance of the rule of law and legal rationality” (Bhattarai (2006) quoted in Africa Good Governance Network 2010, 6). African scholars like Claude Ake and Ali Mazrui dealt with the concept from an African perspective. The new phrase, according to Rhodes (1999, 57), evolved out of the search by economists and political scientists for an all-embracing concept that can convey multiple meanings not encapsulated by the meaning of the term in its traditional sense. Nevertheless, the qualification of the concept with “good” gave birth and ascendancy to a whole new concept: good governance.

However, the initial articulation of the term by the World Bank\(^3\), and its basic conceptual orientation ever since, is anything but neutral. In the introduction to the report, it is asserted that “the major cause of poor economic performance in Africa was ‘the failure

\(^3\) This is provided by the World Bank’s 1989 report, *Sub-Saharan Africa: from Crisis to Sustainable Growth: A long-term perspective study*, which stressed the structural necessity for market reforms.
of public institutions” and that “private sector initiative and market mechanisms are important, but must go hand-in-hand with good governance” (cited in Africa Good Governance Network 2010, 6). What emerged from all this was not only a broad understanding that sound governance is a precondition for sustainable development, but also a broad consensus—mainly among donors, development agencies, and NGOs—that neoliberal economic policies were the only vehicles for successful development.

Significantly, good governance comes with heavy ideological baggage. Regardless of the claims made in its favor, the concept “is largely a re-packaging of development items that many of us are well familiar with” (Ayeni 2000, 5). To some, only the concept’s market oriented, neoliberal roots distinguishes it from other previous ideas. The new policy prescriptions are arguably nothing more than a façade for a number of serious concerns of IFIs to promote orthodox free-market values of market deregulation and privatization. Ayeni (2000) assumes it as not just a mere concept but an “agenda,” while Leftwich (2007) exposes it as one of the three main conditions for Western aid—the other two being open market and competitive economies as well as rule of law.

Owing to its neoliberal ideological dogma, the concept is also equally blind to the striking cultural diversity among the various societies it seeks to save. The question of how society can be best governed has been the focus of political thinkers since Aristotle. While the architects of good governance apparently purport to have finally discovered how society can be governed best, this has never happened. At best, what now exists is a naïve oversimplification of the problem of governing complex and diverse societies in the Global South. Arguing that the simple dichotomy of good and bad governance is far less sufficient for understanding the realities of African, or any other developing societies, Ayeni (2000) lampoons the ideological zeal that informs good governance discourse:
From a lay person's viewpoint, good and bad are by their very nature difficult to define or indeed to establish consensus around. As an old African saying goes 'one man's meat is another man's poison.' Do we now have an idea of governing society that is everybody's meat? And does that mean that all of us will find this tasteful, regardless of how it is cooked? What about the perspective of those who want their meat specially blessed before being slaughtered? What happens to those of us who insist on being vegetarians? Governing societies is not the least simpler than this, and the choices are indeed very varied (6-7).

It is this encumbering ideological baggage and universal claim of good governance that accounts for its conceptual controversy and less than universal applicability. Some argue for a need of African institutions to address its meaning within localized contexts (Africa Good Governance Network 2010, 7). Apart from the practical difficulties experienced in practicing Western-structured norms in Africa, it heralds an ideological struggle which may even threaten the gains that have been made in (re)establishing the significance of governance in the long protracted course of the development process (Ayeni 2000, 5). Having clarified that good governance is erected on the ideological premises of neoliberalism, the articles will next turn to examine the policies successively advanced as vehicles of the concept for development during the past three decades.

The Structural Adjustment Policies (SAPs)
In the 1960s, most of the newly independent African and other states in the Global South adopted a development approach prescribing a central role in development, planning, and programming to government. The rationale of this policy approach was that “a less-developed economy was characterized by pervasive market failures” and “central coordination and allocation of resources is needed to
correct or avoid market failure (Ali 2011, 2). In addition to addressing market failures, the role of the government was justified on the belief that the supply of entrepreneurs was limited in these countries. The government of a developing state, therefore, according to Meier, “was expected to promote capital accumulation, utilize reserves of surplus labor, undertake policies of deliberate industrialization, relax the foreign exchange constraint through import substitution, and coordinate the allocation of resources through programming and planning” (quoted in Ali 2011, 2).

The tragic failure of development policies in the 1970s, however, totally shifted the emphasis from states to markets. So did emerge the market-based development paradigm that continues to dominate development policy and praxis to this day. The central claim of this neoliberal approach is that only differences in policies explain the disparate performances of developing countries. In other words, a country was poor for no other factors but poor, often state-led, policies (Ali 2011, 3). The theoretical justification of this new paradigm and its policy instrument, the SAPs, was laid down by the World Bank’s famous Berg Report. This shift of paradigm and imposition of SAPs on developing countries marked the end of state-centered development approaches and the birth of neoliberal policies in the

---

4 The Berg Report (1981), aka the Accelerated Development in Sub-Saharan Africa - An Agenda for Action, developed by the World Bank’s leading ideologue, Elliot Berg, sought to analyze the reasons for the widespread economic crisis experienced by the region in the late 1970s and to prescribe a future course of action to accelerate development there. This document guided World Bank policies and programs in the 1980s and 1990s and influenced the thinking and actions of bilateral donors, many of whom look to the International Bank for Reconstruction and Development (IBRD) for guidance on economic analysis and policy direction. Given the acute dependence of Sub-Saharan Africa on economic aid and on foreign advisers, the Berg report was also influential in shaping views in Africa about the causes of economic crisis and, more importantly, in molding future economic policy (Loxley 1983, 197).
early 1980s that focused on markets, prices, and incentives (Ali 2011, 2).

What were the diagnoses and prescriptions of the Berg report? Its central argument is that domestic policy issues were at the heart of the crisis in Sub-Saharan Africa. The principal reason for widespread crises in the current account of the balance of payments experienced by many African countries in the 1970s was the slow growth in export volume. This, it assumed, reflected domestic policy biases against agriculture and exports in favor of industrialization based on import substitution which “was misguided, high cost and inefficient.” These biases were propagated and reinforced by inappropriate policies in the areas of exchange rates, taxation, urban wages, and prices and other direct controls. Growth was also “retarded by the replacement or restriction of the private sector by the state in all major sectors of the economy,” where the state sector—in either its government or parastatal form—overreached its administrative and management capacities (Loxley 1983, 197). The acute fiscal crises experienced by many African states were regarded as symptoms of this over-expansion of bad government (ibid.)

From this diagnosis follow the policy prescriptions of the report which focus on stimulating agricultural exports, encouraging private sector activities and allowing market forces to operate more pervasively as state controls over economic activity were dismantled (Ibid., 198). The report ushered in an era of adjustment programs underlying development policies for the next two decades. What were the policy measures imposed by SAPs? Although SAPs prescriptions differed from country to country, they typically included:

- Abolishing food and agricultural subsidies to reduce government expenditures;
- Tax increases, massive layoffs in the civil service, and deep cuts in social spending to free up funds for debt repayment;
A shift from diverse food crops for domestic consumption to the production of cash crops or other commodities for export;

Currency devaluations to raise import costs while reducing the value of domestically produced goods;

Liberalization of trade, liberalization of investment, and high interest rates to attract foreign investment; and

Privatization of public sector enterprises.

These policy changes were conditions for new loans from the IFIs and donor countries, or for lower interest rates on existing loans. To ensure a continued inflow of funds, countries already devastated by debt obligations had little choice but to adhere to conditions mandated by the Bretton Woods Institutions. In retrospect, then, structural adjustment was a euphemism to a set of free market policy reforms imposed on developing countries as a condition for loans.

Through conditionalities, SAPs generally implement free market programs and policies that included currency devaluation, managed balance of payments, reduction of government services through public spending and budget deficit cuts, reducing taxes on high earners, reducing inflation, wage suppression, privatization, lower tariffs on imports, tighter monetary policy, increased free trade, and business deregulation (Ali 2011, 6). These policies reflect the neoliberal ideology that drives globalization today. The underlying canon was to “get the prices right, unleash the markets and rein in the state” (Mkandawire and Soludo quoted in Ali 2011, 6). The driving agenda was to gain stronger influence over the economies of debt-strapped governments in the South (The Thistle 2000). What began in Africa became a global phenomenon, with SAPs being applied to many countries across the globe, from Chile to Russia and from Somalia to the Philippines since the 1980s.

Different forms of measurement are needed to determine the effectiveness of SAPs in serving the interests for which they were designed. The main measure of success considered by the IFIs
would have been medium- to long-term economic growth. The evidence, however, points to slow or no growth, and in cases where growth was recorded, the rates of growth achieved were below that of the pre-adjustment period (Chossudovsky 1995; Khan 1992). In theory, SAPs were meant to assist countries to attain economic recovery. In practice, however, the opposite took place. SAPs destroyed any chance to achieve sustainable economic development. In terms of short-term socio-economic effects, the reforms were even traumatic. The austerity measures introduced by SAPs hurt the poor most, including in the long-run. A 1988 UNECA report described the impact as follows:

Regrettably, over the past decade the human condition of most Africans has deteriorated calamitously. Real incomes of almost all households and families declined sharply. Malnutrition has risen massively, food production has fallen relative to population, the quality and quantity of health and education services have made tens of millions of human beings refugees and displaced persons. In many cases, the slow decline in infant mortality and of death from preventable, epidemic diseases has been reversed. Meanwhile, the unemployment and under-employment situation has worsened markedly” (cited in Seshamani 2005, 2).

Nor did the long-term economic growth projected by the IFIs materialize. The harsh economic measures further deepened poverty, undermined food security and self-reliance and led to unsustainable resource exploitation, environmental destruction, and population dislocation and displacement. Despite almost two decades of SAPs, many poor countries were not able to pull themselves out of massive debts. Economies, as Chossudovsky succinctly points out, were “opened up through the concurrent displacement of a pre-existing productive system. Small and medium-sized enterprises [were] pushed
into bankruptcy or obliged to produce for a global distributor, state enterprises [were] privatised or closed down, independent agricultural producers [were] impoverished” (1997, 16). In contrast to countries that did not undergo stabilization and adjustment programs, former IMF economist Mohsin Khan found, the growth rate was “significantly reduced” in-program countries compared to the change in non-program countries. While balance of payments and inflation rates were likely to improve in the first year of adjustment, these programs “[did] involve some cost in terms of a decline in the growth rate” (Ibid. 23).

Table 1 (below) shows the effects of SAPs in Africa after two decades of excruciating implementation. The rows represent the growth performance of countries during the period 1960-1973, while the columns represent the growth performance during the period 1980-2000. For each country, the first figure in the bracket refers to the per capita GDP growth rate during the planning period while the second gives that for the SAPs period. During the SAPs years, the number of countries that recorded negative real per capita GDP growth rates increased from 10 to 23. Another 16 countries joined the negative-growth group during the SAPs period. At the high-growth rates end, the table shows that only 7 countries recorded an annual growth rate of 2.3 per cent or more during the adjustment period compared to the 24 countries of the planning period. Poverty increased, and donor efforts barely alleviated poverty, if not worsening it.

<table>
<thead>
<tr>
<th>Average Annual Per Capita Growth Rates (%)</th>
<th>1960-1973</th>
<th>1980-2000 Average Annual Per Capita Growth Rates (%)</th>
<th>Number of Countries (Population Weight %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than zero</td>
<td>CAR (-0.7; -1.7); Djibouti (-1.2; -0.1); Gambia (-0.5; -0.7); Libya (-4.9; -5.4); Niger (-1.6; -1.9); Senegal (-1.9; -0.7)</td>
<td>Chad (-0.4; 0.9); Guinea (-0.8; 0.3); Mali (-1.6; 1.9); Sudan (-3.4; 1.3)</td>
<td>10 (11.6)</td>
</tr>
<tr>
<td>0 to 2.3</td>
<td>Algeria (1.6; -0.1); Cameroon (0.2; -0.5); DRC (0.3; -6.1); Mozambique (1.8; -0.4); Sao Tome and Principe (0.7; -2.6); Somalia (1.3; -2.5); Zambia (0.8; -2.5)</td>
<td>Angola (2.2; 1.0); Benin (1.7; 1.6); G. Bissau (0.1; 1.3); Kenya (0.3; 0.1); Madagascar (1.0; 0.4); Rwanda (0.0; 0.6); Swaziland (1.4; 2.2); Uganda (1.3; 1.6)</td>
<td>20 (47.6)</td>
</tr>
<tr>
<td>2.3 +</td>
<td>Burundi (2.9; -0.7); Comoros (3.0; -0.1); CIV (3.3; -0.2); Gabon (8.1; -0.7); Liberia (2.6; -1.1); Mauritania (7.3; 0.2); Nigeria (2.6; -1.2); Sierra Leone (3.6; -3.7); Togo (3.9; -2.2)</td>
<td>BF (8; 0.8); Congo (8; 2.0); Ethiopia (1.9; 0.2); Ghana (8.5; 0.4); Lesotho (3.8; 1.8); Malawi (3.4; 1.0); Morocco (5.2; 0.9); Namibia (2.7; 0.1); South Africa (2.4; 0.4); Tanzania (2.4; 0.5); Zimbabwe (3.4; 0.7)</td>
<td>22 (40.8)</td>
</tr>
</tbody>
</table>

Number of Countries (Population Weight %) 22 (50.4) 23 (31.2) 7 (18.4) 52 (100)


The effects of neoliberal policies in the Global North have also been devastating. Figure 2 (below) shows trends in world economic growth during the last quarter of the 20th century. The three phases of neoliberalism seen earlier correspond to a period of declining trends in growth rates of world output. The average income per capita in 1997 was lower than at the end of the 1960s. At the same time, wealth disparity in the world increased many folds within as well as between countries and regions. The situation turned even more desperate for the poorest people. Approximately hundred countries
faced grave economic decline over the past three decades. Per capita income in these countries in late 1990s was lower than it was ten, twenty, or even thirty years earlier. In Africa, the average household consumed twenty percent less than it did twenty-five years ago. More than 1 billion people Worldwide saw their real incomes fall (Thistle 2000).

**Figure 2**: Declining real world gross product of the world economy during the neoliberal era

![Graph of Real World Gross Product](image)


In some circumstances SAPs contributed to economic growth, yet it did not lead to reduction in world poverty and inequality. Even in those countries singled out as success stories, like Uganda for instance, the poor suffered under SAPs hardships. In the face of these failures, the World Bank urged major changes if Africa and other poor regions were to recover. The IMF and the World Bank’s own evaluations of SAPs revealed that the programs failed due to their emphasis on short-term stabilization rather than long-term economic development and poverty reduction. Public opposition to SAPs in most countries was also strong due to the perception that SAPs were
policies implemented by governments under the pressure of IFIs and donors. In other words, there was an absence of national ownership or endorsement of SAPs in all countries. In view of this, towards the end of 1999 the multilateral agencies came up with the concept of the Poverty Reduction Strategy Papers (PRSPs) purportedly embodying a new approach or partnership to development (Seshamani 2005, 2). Are PRSPs a marked departure from SAPs in principle, policy and practice? For many, the ingratiating metaphors of “new democracy” or “new partnership” couching the new policies implied another decade of poverty and misery, or worse another phase of Africa’s “marginalisation under the imperialist cosh” and, in much stronger terms, a renewed economic “colonization” (Ibid., 152).

The Poverty Reduction Strategy Papers & the Future of Good Governance
The vehement criticism of SAPs for their exacerbation of poverty induced a policy-shift, with the World Bank and the IMF announcing in early August 2001 a comprehensive review of the PRSP approach to “help poor countries and their development partners strengthen the impact of their common efforts on poverty reduction” (World Bank 2001, 2011; IMF 2011). These “country-owned” poverty reduction strategies taking the form of papers should form the basis for all World Bank and IMF concessional lending (Ali 2005, 9). In general, PRSPs aim to describe a country’s “macroeconomic, structural and social policies and programs over a three year or longer horizon, to promote broad based growth and reduce poverty, as well as associated external financing needs and major sources of financing” (Ibid., 9). In theory, PRSPs are “a professedly comprehensive, ‘country driven’ approach to poverty, combining powerful econometric and ethnographic method with a battery of participatory techniques” and a sharp “neoliberal economism” (Craig & Porter 2002, 2).

In practice, although the World Bank and the IMF emphasize that there is not a single template for the PRSPs, each
country’s PRSPs are expected to meet the following five principles set in the PRSP Sourcebook (Ibid., 2; Bretton Woods Project 2003; Seshamani 2005):

1. *Country-driven* involving broad-based participation of civil society and private sector;
2. *Results-oriented*, “pro-poor” focusing on outcomes that would benefit the poor;
3. *Comprehensive* recognizing of the multidimensional nature of poverty
4. *Partnership-oriented* involving participation of all development partners; and based on
5. *Long-term perspective* for poverty reduction

The process presumably varies greatly from one country to another. Nonetheless, the design and implementation of poverty reduction strategies implies the existence of a chosen uniform approach applicable to all participants. Whether a PRSPs have built country-ownership depends on a participatory process involving intra-governmental dialogue, other stakeholders, development partners, and mechanism to consult the poor and their representatives (World Bank 2002, 6).

Does the PRSP framework constitute a new strategy? There are many new features with the PRSP approach: the conceptualization of poverty as a multi-dimensional phenomenon; the participation of stakeholders, in particular the civil society, in formulating the PRSP document; a more comprehensive coverage of sectors and cross-cutting themes (e.g. governance, gender, HIV/ AIDS); outcome-oriented expectations from resource allocation and spending—all these, no matter how inadequately met on ground, are unprecedented (Seshamani 2005, 8). Under the new PRSP framework for poverty reduction, the IFIs now directly target poverty through specific measures rather than relying on growth to effect a reduction
in poverty levels. Some of these are innovative changes from the usual way of doing business. In particular, the explicit inclusion of multiple branches and layers of government as well as the poor in the consultative process are new ways of doing business. The idea that the first draft of the document that will guide the PRSPs be initially drafted by the recipient country, and not the World Bank or the IMF, is also a change from how these matters were often managed in the past. Finally, special purpose financing arrangements for the provision of basic social services to the poor and for those marginal to or temporally adversely affected by adjustment processes is also a laudable innovation.

Despite this apparent shift in focus and agenda, however, critiques argue PRSPs are rhetorical at best or, at worst, a reconstituted SAPs masked in misleading claims like “participatory” and “pro-poor” to stifle criticism and grassroots resistance. One can notice many areas of continuity between SAPs and the way the IFIs administer PRSPs. In the most pessimistic of views, they are “the same old wine in the same old bottle” with no uniqueness in both the bottle and its contents:

- the institutional changes are only cosmetic; the government is only trying to keep the World Bank, the IMF, and the donors in good humor and using the PRSP as a tool of resource mobilization (hence their obsessive concern with reaching the HIPC [Heavily Indebted Poor Countries] Completion Point); the IFIs are only talking of PRSP to allay their “guilt conscience” over past SAP failures; and the civil society too is only aiming to be a “thorn” on the side of the Government and to coax the donors for funds to keep their own organizations running and their own staff out of unemployment and poverty! (Seshamani 2005, 9).
More objectively, the novelty and degree of change can be assessed in terms of seeing how the PRSPs are truly country-driven/owned, broad-based, participatory, and recognize the multidimensionality of poverty. How country-driven are they? The phrase “country ownership” has come to mean more than just that the finance ministry has to agree to the plan. It also means that a country has real freedom from the pressure of the IFIs to design its own poverty reduction strategies. Nevertheless, the fact that the stipulation that the World Bank or the IMF should finally approve the PRSPs still gives the IFIs the final say (The Bretton Woods Project 2003; Seshamani 2005, 8). There is another technical problem with ownership that emanates from the nature of the PRSPs. Devising the plan to implement these goals has proven to be a costly and time consuming task. Since the PRSP’s are “country-owned,” the burden falls on the country to develop the plans. This is a cost to the country as it can easily take about two years to develop a PRSP and in many of the very poorest countries there is not a surplus of qualified talent to draft a good PRSP. Still, the alternative is for the World Bank and IMF to develop the PRSP itself (Craig and Porter 2003).

The World Bank argues that PRSPs reinforce, rather than compete with or undermine, exiting democratic institutions since they are presumably prepared with openness, transparency, and “fully based on the formally approved policies and budgets of governments” (2002, 6). Under the PRSP process, it is now clear that the first hand played is that of the country and the lending agencies can then respond. One of the real changes that are highlighted in this first principle is the inclusion of all the groups that comprise broad-based participatory processes. A contradiction is, however, evident between this rhetoric and the usual Bank/IMF practice:

It seems that little has changed in terms of the Fund’s and the Bank’s ‘negotiating style.’ Loan negotiations are still conducted behind closed doors within Ministries of
Fall 2015

Finance and Central Banks, and lack disclosure, public involvement and oversight. While the IMF has engaged in the process of ‘streamlining conditionality’ (and the Bank claims to be doing this too, unofficially) there is little evidence to date that freedom of choice for borrowing countries has increased or that IMF conditionality will be strictly limited to macroeconomic issues, among other remaining issues (The Bretton Woods Project 2003).

The claim of PRSPs as an inclusive and participatory policy framework is another issue of contention. Is the PRSP process truly broad-based and participatory? Initial IMF and World Bank documents in the early 2000s admittedly show that participation of civil society is largely confined to assessments of the extent and causes of poverty as well as the monitoring of program implementation, and, in some cases, impact evaluation. In most cases, however, civil society involvement has been limited to consultation and provision of raw information. There appears to be little evidence of civil society inclusion in a detailed policy dialogue; and participation seems to be perceived more as an instrument for more efficient program implementation than as a “right or a means” to improve policy content (Ibid. 2003). Reports and reviews of NGOs are themselves permeated by a sense of frustration over lack of real contribution in the process. In particular, NGOs often complain that they have little influence when it comes to planning macroeconomic structural adjustment and other poverty reducing economic policies. The Catholic Relief Services, for instance, reported that “[d]espite some positive and real openings for dialogue between government and civil society, there has been little noticeable impact on the content of the PRSPs.” In its review, Save the Children UK similarly argues that “[t]he experience to date is that there seems to have been little difference between policies outlined in the I-PRSP, describing current arrangements under the IMF Poverty Reduction
and Growth Facility and the final or draft PRSPs, supposedly written after a participatory process has taken place” (quoted in Levinsohn 2002, 15).

The PRSP process is touted for inclusion of other actors referred to as “development partners.” The idea that all the aid providers come together to support the poverty reduction plan is, indeed, a laudable goal. But in reality, it seems a strategy for getting other aid providers to buy into a development strategy of the World Bank and the IMF. In fact, De Angelis (2003) points out that the post-Washington Consensus phase of neoliberal policies promotes civil society organizations as a strategy to minimize the risk of social resistance to market forces. The rationale for the inclusion of the vast majority of these organizations, he asserts, was “to fill a vacuum in the need of social reproduction, a vacuum created by the restructuring of the state following neoliberal policies” (De Angelis 2003, 9). In the eyes of the neoliberals, it is an opportunity to build “social capital” to promote a form of social cohesion that is compatible with capital accumulation that binds civil society to and serves the interests of business and corporate governance.

Craig and Porter (2002) criticize the very Participatory Poverty Assessment (PPA) system used for measuring and framing poverty under the PRSP framework. In much of PRSP projects, local participation and ownership are quite limited in scope, lacking “the democratic power of ballot box or parliamentary enquiry” (2002, 8). It is evident in the language of the World Bank and the IMF’s 2002 joint review of PRSP that the macro-economic policy and structural reform are sometimes not even on the agenda for discussion. Even in countries like Uganda with a good history of macro-level participation in development planning, the implementation of PRSPs did not show any substantial improvement in civic role in shaping fiscal and agricultural reforms (Ibid, 8).

Nor is the claim of PRSP as country-specific and comprehensive in recognizing the multidimensionality of poverty
matched by practice on the ground. In comparison to their predecessors, the PRSPs push a unique framing of poverty that was apparently amenable to diverse, often conflicting interpretations and interests: in their preparation, ministries of finance sit together with ministries of local government, education, and social welfare while bilateral donors and IFIs commune with representatives of NGOs, engineering contractors, and private entrepreneurs (Ibid., 10). In practice, however, PRSPs must be administered in accordance to standard, globally prescribed principles of budget management and accountability through which resources are converted into measurable changes in mutually agreed indicators of need. The re-framing of poverty through a mix of poverty assessments, macro-planning and budgeting, and decentralized governance among others became a convention in the bulk of poor, especially in Sub-Saharan Africa, countries (Ibid.,10). Moreover, several reviews argue that the focus on income-based measures of poverty is too narrow an interpretation. While income-based measures are necessary, they are not sufficient. the Catholic Relief Services, for example, noted that PRSPs too often fail to reflect a broader approach to poverty reduction that fully tackles various dimensions related to security or empowerment as “essential ingredients” for poverty reduction (Levinsohn 2002, 13-14).

Overall, the process of PRSP development and implementation resembles that of their predecessors. Likewise, the PRSPs have also not made real progress in reducing poverty. The desire to thoroughly assess the results of PRSPs is a difficult task; not just because of the overwhelming World Bank and IMF joint assessments, progress reports, and policy papers, but also due to the varying experiences of dozens of countries writing the PRSPs.5

5 The PRSP process started in 2000 for 21 countries with the preparation of what is called Interim PRSPs. According to the latest update on PRSP on the IMF website, February 2011, there were 65 countries writing papers, 35 African. Of the 35 African countries, 31 have final versions of the PRSPs. According to
Another difficulty is the absence of a single point of departure. Those countries that have completed full PRSPs have often built upon existing data and analyses as well as on prior strategies. Many of the countries that implemented full PRSPs already had poverty reduction programs prior to the process: for example Uganda, often praised for doing a good job, began such programs in 1997. Overall, however, the PRSP approach had a marginal impact on poverty alleviation (Ibid, 13). A related problem is the absence or scarcity of time-series data on income or expenditure-based poverty outcomes in most PRSP-writing countries. While some data on such issues as primary school completion rates and government expenditure are likely to be available, data on changes in poverty outcomes over time are scarce.

But some preliminary points can be made based on early assessments (including IFIs’ own reports). For many, the process “is better than one that ignores the poor, never solicits outside opinion, imposes solutions with no reference to the particulars of the recipient country, and is derived with no consultation with the recipient country” (Levinsohn 2002). Compared to this earlier practice of international lending, the PRSP process fared quite well. In their internal assessments the World Bank and the IMF (2002) are criticized for evaluating the PRSP process in terms of the good practices and the inclusivity it promotes.  

The internal reviews, especially in the early 2000s, take the stance that it is simply too early to know if the process is impacting poverty. Thus the IFIs have been focusing on highlighting best practices. But these ignore the hard question: has the World Bank been on course to achieve its stated goal of “A world without poverty?” Measured in terms of this

World Bank website, it is on the agenda of seventy low-income countries around the world.

6 The earliest and the last review by the Bank and the Fund was finalized in March 2002 “Review of the Poverty Reduction Strategy Paper (PRSP) Approach: Early Experience with Interim PRSPs and Full PRSPs”, which mainly examined a multitude of experiences and then highlighted best practices.

93
yardstick, the process falls short of its proclaimed goals. The occasional reviews and scholarly analyses of poverty reduction conclude that the grip of poverty is not loosening.

One latest review (Development Planning in Africa: Key Issues, Challenges and Prospects) of the PRSP process commissioned by the UNECA stands out amid this enormous pessimism. Arguing the PSRPs are a quasi-planning approach that marks a renewed recognition of the importance of planning in development and a return to the pre-SAPs development policies in Africa (Ali 2011). The report shows that the policies have yielded positive results in economic growth in comparison to the SAPs. The number of countries recording negative real per capita GDP growth rates declined significantly from twenty to only thirteen during the PRSP period (Table 2, below). Only four new countries joined the negative-growth group during this period. Seventeen countries posted non-negative, but less than 2.3 percent, growth rates compared to twenty-three countries during the SAPs era. At the high growth rates end, twenty-two countries recorded an annual growth rate of 2.3 percent or more compared to just seven countries. It is imperative, therefore, to note that the economic growth of African countries during the PRSP period is far superior to the SAPs period.

Finally, it is important to scrutinize the extent to which the PRSP framework represents an ideological shift from the neoliberal market orthodoxy that undergirded its precursor. How far did the PRSPs principles depart from those of the Washington? PRSPs were introduced as an official recognition that there is no single blueprint for development. However, most actors including the World Bank and the IMF have acknowledged that while PRSPs have improved diagnostics on the various dimensions of poverty and allocation of related social spending, they have not differed much from previous adjustment programs as far as the core economic policies are concerned. Generally speaking, the macro-economic framework has been subject to little debate and it adheres to what the IMF
considers “sound policies.” In many cases, the World Bank’s Economic and Sector Work—the studies it carries out or commissions in its client countries—were still the source of official views which dominate the policy process at the expense of civil society inputs (Bretton Woods Project 2003).


<table>
<thead>
<tr>
<th>1980-2000 Average Per Capita Growth Rates (%)</th>
<th>2000-2007 Average Per Capita Growth Rates (%)</th>
<th>Number of Countries (Population Weight %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than zero</td>
<td>0 to 2.3</td>
<td>2.3+</td>
</tr>
<tr>
<td>Burundi (-0.7; -1.5); CAR (1.7; -0.7); Côte d'Ivoire (-0.1; -0.9); Djibouti (-0.1; -0.9); Gabon (-0.7; 2.2); Niger (1.9; -0.1); Somalia (-2.5; -0.4); Togo (-2.2; -1.6)</td>
<td>Cameroon (-0.5; 0.9); DR Congo (-6.1; 0.6); Gabon (-0.7; 1.8); Liberia (-1.4; 0.1); Mauritania (0.7; 1.4); Sao Tome and Principe (-2.6; 1.4); Senegal (-0.7; 1.1)</td>
<td>Algeria (-6; 2.6); Libya (5.5; 4.9); Mozambique (-0.4; 8.1); Nigeria (-1.2; 0.7); S. Leone (-3.7; 6.7); Zambia(-2.5; 9.7)</td>
</tr>
<tr>
<td>0 to 2.3</td>
<td></td>
<td>22 (41.2)</td>
</tr>
<tr>
<td>Congo (2; -1.6); Madagascar (0.4; -1.3); Zimbabwe (0.7; -0.5)</td>
<td></td>
<td>23 (49.3)</td>
</tr>
<tr>
<td>2.3+</td>
<td>Seychelles (3.1; 0.2)</td>
<td>7 (9.5)</td>
</tr>
</tbody>
</table>

| Number of Countries (Population Weight %) | 13 (10.8) | 17 (26.8) | 22 (61.4) | 52 (100.0) |


Much of the criticism and empirical findings indicate there is much ideological continuity. The radical Review of African Political Economy (ROAPE) (2007, 417) asserts that these policies, like SAPs, have “devastating effects” on the economic and social life of ordinary Africans, further institutionalizing poverty. Apparently seeing no real change of heart, the journal (2005, 612) argues in its editorial:
The global resistance to the pauperisation of the African populace stemming from neoliberal policies led to the [...] emergence of Poverty Reduction Strategy Papers (PRSPs). The essence of PRSPs is to give African Governments a say in the choice of policies and a move away from what has been described as the one-size-fits-all approach of SAPs. PRSPs are supposed to facilitate the engagement of civil society (often a neoliberal rubric for NGOs, the neoliberal surrogate to etatism) in the developmental process, thus subverting the logic of coercion, embedded in SAPs. It is increasingly doubtful if PRSPs carry the democratic mantle their proponents claim, since the neoliberal rejection of any notion of a developmental state has left a political and economic vacuum, which can be filled only by Northern dominated NGOs, donors and the International Financial Institutions (IFI). It is for this reason we argue PRSPs for Africa are a case of Plus Ca Change Plus C’est la Meme Chose.

NGOs and civil society associations have also been among those voicing their discontent with market-oriented policies. A critical review\(^7\) from the early 2000s concludes that “[f]ighting poverty becomes the newest justification for the aging prescriptions geared to increasing the overall opening of the ‘host country’ to external economic actors and free market rule” (quoted in Levingsohn 2002, 14). In a similar fashion, Craig and Porter (2002, 2-3) argue PRSPs are

---

\(^7\) The review, *The World Bank and the PRSP: Flawed Thinking and Failing Experiences*, was jointly made by Jubilee South, Focus on the Global South, AWEPO, and the Centor do Estudios Internacionales with the support of the World Council of Churches.
…a ‘Third Way’ re-morphing of neoliberal approaches, a new convergence in which governments and agencies of various stripes in both liberal OECD and developing countries focusing on optimizing economic, juridical and social governance in order to create ideal conditions for international finance and investment [...] This ordering of priorities has a certain logic which is worth reiterating: global economic integration first, good governance second, poverty reduction following as a result, underpinned by limited safety nets and human capital development. In this prioritization [...] both poverty reduction and social inclusion policy and strategy represent a refinement of the liberal political project, specifically a mode of ‘inclusive’ liberalism, in which the disciplined inclusion of the poor and their places is a central task. PRSPs may thus be seen as a ‘third way for the third world’, [...] a ‘development’ version of what Beck (1998) describes as a ‘democracy without enemies.’

Ideologically, therefore, PRSPs were well-groomed heirs because their economic principles draw from the broader liberal consensus for open markets, sound fiscal management, and transparent and efficient government (Ray Bush 2004; Howard Stein 2004; Craig and Porter 2002; Bretton Woods Project 2003). The new inclusive liberal policies that underpin PRSPs are different in one respect only: they are “held together and legitimated by polysemous, apparently apolitical catchwords like participation, partnership, and community” (Craig and Porter 2002, 3). Partnership and participation play powerful legitimating roles, as NGOs and civil society groups “are routinely involved as proxy representatives for the marginal[ized]” (Ibid., 3). The proponents should be hypocritical in their claim that development policy has moved beyond one-size-fits-all blueprints; yet there is a need for a comprehensive, broadly
applicable framework. The new policies are allegedly the reconstitution of a neoliberal strategy with a singular agenda: securing “the ‘model neo-colony’ that will open its markets to its manufactured goods, provide a safe haven for its investment and unrestrained avenue for profit repatriation. Poverty reduction is at best an ancillary objective within the neoliberal project” (Zack-Williams and Mohan 2007, 502-503).

As Craig and Poter (2002, 9) put it, PRSPs represent both a policy framework for international development and “a wider international convergence” over policy around global market integration and social inclusion. The primary reorientation of agenda offers a new global convergence on development and governance by “combining global market integration with efficient, disciplined governance and enhanced, activated human and social capital, seen as the best hope for generating sustained growth, social and economic stability, and including the poor in emerging structures of opportunity” (Ibid., 2). From this follows the charge that inclusion is primarily a form of leverage and risk management, specifically the risks of exclusion and instability, and perception that this project is advanced not primarily in the interests of the poor. If the answer to the question ‘who calls the shots?’ under structural adjustment was the IFIs, Fraser (2005) quips, the answer under PRSPs is an “uneasy coalition” of NGOs, donors and the IFIs with a shared agenda to secure global and local consent for liberal ideals by dividing the labor required to manufacture consent (Fraser 2005, 317).

The new policy framework comes across as an instrument of social control and an inclusive liberalism that seeks to shape domestic political dynamics. In this view, poverty reduction and social inclusion arguably represent a highly refined version of the liberal political project, or a specific mode of ‘inclusive’ liberalism that prioritizes the inclusion of the poor into a liberal global market (Craig and Porter 2003). The notion of participation is nothing more than a device to secure ever more intimate supervision of political communities.
The voices of the poor still remain unheeded, and development policy is nowhere near a world of post-conditionality.

Likewise, a cloud of skepticism surrounds the project of good governance. As critics contend in unison, the new consensus on good governance rests on “re-branding and re-spinning new progressive outfits for old liberal policy” (Craig and Porter 2002, 65), its rationale constituting arguably the best ideological shell of neoliberalism post-adjustment (Anderson 2000). The financial crisis that began in 2008 has not induced a rethinking of good governance, because the IFIs and neoliberal economists prefer to see the crisis as product of solely an improperly regulated banking system. The upsurge of global resistance in the form of the Occupy Movement and We Are the 99 Percent have unmasked the crisis of neoliberalism and galvanized dreams for a post-neoliberal order. Whether this could mark a major shift in development policy and governance remains to be seen.

However, there is still a glimpse of hope that the seeds of economic development might have been slowly germinating. The PRSPs may have a potential to achieve poverty reduction and reduce social inequality. Various institutional and administrative reforms are bound to make a major difference to social progress and participatory governance in the future. The principles of national ownership, local participation and empowerment of civil society are expected to have positive implications for democratic governance. Even though home-grown strategies and local participation in development still remain lofty ideals, the inclusion of community representatives, civil society groups and various local stakeholders is bearing some positive impacts

---

on democratic and good governance. Cultural differences and real governance challenges notwithstanding, the concept of good governance is a touchstone against which the soundness of governance institutions and policy processes is measured, besides being conditions for development aid. This could have salutary effects for gradual democratization in hitherto non-democratic societies. It thus merits due attention from policy-makers, development practitioners and scholars mainly dealing with the political dimension of development policies.

References


101


