Chapter II:
Who Owns the Civil Service Reform?
Loan Documents and the Construction of Ownership

> …during the 1980s a new approach was developed, namely conditionality. Aid was provided in return for explicit negotiated commitments to policy reform. The obvious theory underlying this was that aid could be an incentive to policy change. However, an implication of this theory was that governments would be undertaking policy change against what they considered to be their interests, except for the receipt of aid. Policy change was the price which governments would have to pay for aid; or equivalently, policy change would be what donors bought with their aid.
>
> (Collier 2000:9)

Introduction

The civil service reform programme was one of the central measures implemented to improve governance after Malawi's democratisation in 1994. First steps to improve the performance of the civil service already had been taken by the old regime under Kamuzu Banda in the early 1990s.[1] These initial steps were feeble and limited in scope, but when the new government under Bakili Muluzi took office, the reorganisation of the civil service seemed to gain momentum. Since 1994 a whole set of reform measures has been introduced: the government signed agreements with the World Bank[2] on Institutional Development Programmes II and III (ID II and III) in 1994 and 1996, the Fiscal Restructuring and Deregulation Programmes I and II (FRD I and II) in 1996 and 1998, and the IMF on the Poverty Reduction and Growth Facility (PRGF) arrangement in 2001. World Bank and IMF documents presented these programmes as necessary measures, which the government of Malawi would have to put into place in order to get the country back on track to development. According to this perspective, economic recovery would

[1] Through the Institutional Development Programme I (ID I) the World Bank financed the establishment of the Malawi Institute of Management, an institution to train senior officials and private sector managers in the techniques of management.

[2] Actually with the International Development Association (IDA); in the following referred to as World Bank, the name the International Bank for Reconstruction and Development (IBRD), the IDA and the International Finance Corporation (IFC) are generally known by.

remain elusive if the government failed to improve governance through the implementation of the civil service reform and by curbing corruption.

All of these programmes were presented as “owned” by the government. The World Bank and the IMF seemed to play only a minor role as equal partners providing “technical assistance” when needed. It is no secret that this image reflects the self-representation of the Bretton Woods institutions rather than actual practice: in fact the World Bank and the IMF are able to determine the development agenda to a large degree (Abrahamsen 2000, Escobar 1991, 1995). But instead of stating the obvious, I think it is more fruitful to investigate how these organisations succeed in setting the development agenda. In my point of view such an inquiry must begin with the paradox between “ownership” and “conditionality”.

“Ownership” is crucial to understanding the policies of the Bank and the Fund. The term means that the borrowing government is entirely responsible for the implementation of the policy programmes. “Ownership” implies that the World Bank and the IMF do not “own” the reforms but merely provide “technical assistance”. Collier and others have noted that this concept seems to contradict “conditionality”, the conditions a borrowing government must meet in order to qualify for financial aid. The Bank and the Fund do not see “ownership” and “conditionality” as contradicting principles. Instead they present “conditionality” as a consequence of “ownership”. This chapter challenges this claim and maps the construction of “ownership” and “conditionality” by analysing the documents on the civil service reform programme and “good governance” signed between the government of Malawi and the Bretton Woods institutions.

This is not a pointless exercise or juridical *Spielerei*. Too many anthropological studies of the effects of global processes or the local production of globalisation, depending on one’s theoretical preferences, are content with a brief and summary reference to globalisation before they present a rather conventional ethnography of the local context where they have done research. In order to understand the complicated relationships between micro-practices and large-scale processes the documents and policy documents of international organisations such as the Bank and the Fund need to be taken more seriously. Gupta has pointed out that the anthropological study of “translocal phenomena” such as the state cannot rely exclusively on participant observation any longer and ought to draw also on documents and newspapers. Recent anthropological studies have refined this novel approach to documents and policy (Riles 2001, Shore/Wright 1997). These authors adopt an external perspective on policy documents by treating them as "anthropological artefacts" that are not qualitatively different from rituals or material objects such as woven mats or other artefacts (Riles 2001). My analysis owes to this anthropological perspective and should be distinguished from the conventional legal or economic analysis of the loan documents: instead of assessing applicable law or testing economic theories my analysis aims to elucidate the processes that spawn such documents.

The argument of this chapter will be developed in a series of steps. Firstly, I will outline the emergence of the concept of governance as a technical instrument to transform the "dysfunctional" state. Secondly, a detailed analysis of a series of connected loan documents signed by the international financial institutions and the government of Malawi between 1994 and 2002[3] shows how the Bank and the Fund go to great lengths to create the impression that the reforms are "owned" by the government. However, the active role of missions of the Bretton Woods institutions during the preparation phase suggests a different reading of the documents. The third section addresses another strategy to legitimise the policy prescriptions of the Bank and the Fund. By relying on economic data and numbers, the programmes are presented as necessary "tools" based on scientific and objective facts rather than being embedded in a moral or political ideology. The fourth section deals with the new instruments promoted by the World Bank and the IMF to fight the "cancer" of corruption. A few concluding remarks will link this chapter with the following chapter, which examines the implementation process of the civil service reform.

1. The Emergence of a Concept

Before I turn to an analysis of the different startegies deployed to resolve the paradox between "ownership" and conditionality, I briefly outline the emergence of Good Governance as dominant paradigm of the development discourse in the 1990s. With the

[3] The Institutional Development Programmes I and II (1994, 1996) and three Fiscal Restructuring Programmes (1996, 1998, 2000) supported by the World Bank and the Poverty Reduction Strategy (2002).

end of the Cold War the relationships between the West and the African government was reconfigured. During the Cold War anti-communism used to provide the most important criteria for Western support, and massive extent of this given to autocrats like Seseke Mobuto proves that concerns for human rights and democracy were not very high on the agenda of Western donor countries. After the collapse of the Soviet-Union the attitude of Western governments changed drastically and in the early 1990s adherence to human rights and democratic values became the benchmark for Western support in sub-Saharan Africa.

Some authors argue that the growing concern for democracy and Good Governance has to be interpreted exclusively in terms of attempts of Western governments, freed from the rigid dualism of the Cold War, to control and discipline African governments (Abrahamsen 2000). Although there is some truth in this assessment one ought not to underestimate home-grown popular protest and social movements in many African countries, which exploited the new agenda of the Western donor countries and contributed to democratisation of many African countries when the "wind of change" blew through sub-Saharan Africa between 1990 and 1994.

The 1990s concept of Good Governance heralded an era of much bolder interference in the domestic affairs of governments of developing countries. Until the late 1980s the state was considered to be the prime actor in developing the national economy and society. State institutions were to be part of the solution rather than a cause of underdevelopment. In the late 1980s and the early 1990s the tone of World Band documents changed. A radical overhaul of the state institutions according to the neo-liberal dogma was now demanded to create favourable conditions for economic development. Good Governance was promoted as the tool or instrument, which would contribute to "sustainable economic and social development" (World Bank 1992:5) and "macroeconomic stability, external viability, and orderly economic growth" (IMF 1997:1).[4]

[4] See also World Bank (1989, 1994).

a) Governance and Development

The booklet *Governance and Development* published in 1992 was the World Bank's first general statement of the new development agenda. It defined governance as "the manner in which power is exercised in the management of a country's economic and social resources for development" (World Bank 1992:3). According to the Bank the key dimensions of governance are "public sector management, accountability, the legal framework for development, and information and transparency" (ibid:6). Although this was the first publication to be exclusively devoted to issues of Good Governance, the Bank had addressed the problems of state bureaucracies in developing countries earlier. In 1989 a World Bank report on sub-Saharan Africa mentioned "deteriorating governance" as one of the main causes of the crisis in Africa. The report blamed the expansion of state services and the dominant role of the state in the economy after independence for elusive economic growth:

> At independence Africa inherited simple but functioning administrations. They were managed largely by expatriates and were not geared to the development role assigned to them by African leaders. The responsibilities of the state were enormously expanded. But at the same time the rapid promotion of inexperienced staff and the gradual politicisation of the whole administrative apparatus led to declining efficiency. A combination of administrative bottlenecks, unauthorized 'fees' and 'commissions', and inefficient services imposed costs on businesses that have progressively undermined their international competitiveness. The gradual breakdown of the judicial systems in many countries left foreign investors doubtful that contracts could be enforced. […] Authoritarian governments hostile to grassroots and nongovernmental organizations have alienated much of the public. As a result economic activity has shifted increasingly to the informal sector. Too frequently ordinary people see government as the source of, not the solution to, their problems. (World Bank 1989:30)

In line with this neo-liberal critique of the interventionist state, World Bank experts designed instruments to transform inefficient African state institutions. It was only logical to push back the state in order to give room for the private sector. From an unfavourable assessment of the postcolonial state followed the plan to change government institutions in order to create the envisaged "enabling environment" by "defining and protecting property rights, providing effective legal, judicial and regulatory systems, improving the efficiency of the civil service" as the World Development Report of 1991 stated (World Bank 1991).

Governance and Development identified four key aspects of the Bank's policy on governance: improvement of public sector management, accountability, the legal framework, and information and transparency. The first included public expenditure management, civil service reform and privatisation of state-owned enterprises. Public officials and political leaders had to be held accountable for their actions. Accountability entailed "making comprehensive and timely information available, classifying expenditures in a manner consistent with budget and programs, doing appropriate analyses for decisionmaking, comparing budget and actual results, improving the organization and responsibility for accounting in the finance ministry, increasing the legal requirements for financial reporting". The booklet emphasised the need to create a legal framework for development by promoting the rule of law. As good governance in general, the rule of law is a necessary prerequisite for economic growth "to create a sufficient stable setting for economic actors" by "uniform application of rules, the limitation of the discretionary power of officials and an independent judicial system" (1992:30-39). All depended on better information and transparency by 'transparent budgets and public expenditure programmes, the preparation of environmental assessments and improving domestic and external procurement mechanisms" (1992:39-47,49,50).

b) The Instrumentalist Vision

In 1990 the General Counsel of the World Bank, Ibrahim Shihata, issued a memorandum on governance placing "good governance" firmly within the scope of the mandate of the World Bank. According to Shihata the Bank should refrain from any political intervention into the affairs of a country and should not be influenced by the politics of other countries. Governance should only be of concern to the Bank as long as it was instrumental in promoting "sustainable economic growth and social development", the Bank's mandate as it is laid down in the Articles of Agreement (Shihata 1990).[5] The

[5] Article V Sect. 10 [IDA: Art . V Sect. 6].

same limitation applies to the operations of the IMF, the Fund's Articles of Agreement explicitly prohibit political interference in the affairs of member states.

In subsequent years World Bank staff and researchers developed a whole range of instruments to operationalise the concept of Good Governance including the "governance approach" (Dia 1993) that provided an analytical framework for civil service reform in Africa. This approach recognized the failure of prior attempts to reform the civil service in Africa and attributed the failure of earlier reforms to the "patrimonial character" of the state in sub-Saharan Africa where "recruitment based on subjective and ascriptive criteria; public employment managed as a welfare system; pay levels that are unrelated to productivity; loyalty of officials to the person of the ruler rather than to the state; and formalism of administrative rules and procedures" (Dia 1993:IX) was the norm. The "governance approach" proposed a model of three ideal types of the African state based on its "patrimonial profile": countries with a high patrimonial character, countries with a medium profile and countries with a low patrimonial profile (Dia 1993).

The patrimonial character determined the necessary instruments to modernise the state bureaucracy. Highly patrimonial countries would be in need of the "comprehensive approach" with "the aim … to effect the structural and functional changes needed to correct the patrimonial distortions affecting the institutional environment, incentives framework and the performance of core government functions" (Dia 1993:2). An "enclave approach" would be suitable for countries "with a low patrimonial profile". In these countries the aim would be "to build or reinforce the organizational, managerial and technical capacity to improve the performance and productivity of existing institutions" (Dia 1993:3). A "hybrid approach" mixed elements of the two former ideal types by combining a comprehensive public sector reform with the establishment of new agencies that would function as "motors of development" and applied to countries "with an average patrimonial profile".

A variant of the "governance approach" was applied in Malawi. Key functions such as revenue collection, customs and pre-shipment inspection were removed from the civil service and became the domain of new autonomous government agencies and private companies. In March 2000 the Malawi Revenue Authority (MRA) was established to replace the departments of customs and excise and income tax. The new agency operated on a commercial cost-recovery basis with its own board of directors and conditions of service. Pre-shipment inspection was awarded to a private company, Société Genérale de Surveillance (SGS). These measures aiming to create enclaves were supplemented with a civil service reform programme, the outsourcing of non-core functions such as gardening, security services and carpenter workshops and the privatisation of state-owned companies.

The “governance approach” embodied the Bank’s vision of the state which should not participate in the economy as producer and would be limited to certain core functions the effective management of which create the necessary room for private initiative to contribute to economic growth. It is highly significant that the crude typology of the “patrimonial state” was presented as a scientifically established fact from which the necessary instruments or tools needed to repair the “dysfunctional bureaucracy” followed more or less automatically. This construction of factors and causal links should not be accepted as neutral and scientific tool but as highly significant operation representing and legitimising “technical assistance” rendered by the World Bank and other donor agencies (Escobar 1991, 1995, Ferguson 1994[1990]).

While the World Bank was the forerunner in putting Good Governance high on the agenda in the development debate, promotion of good governance was by no means restricted to the Bank. In 1997 the IMF adopted its “Guidelines Regarding Governance Issues”. Like the World Bank the IMF explicitly limits its role to economic aspects of governance. The IMF Managing Director, Camdessus, stated in an address to the United Nations Economic and Social Council that “good governance is important for countries at all stages of development… Our approach is to concentrate on those aspects of good governance that are most closely related to our surveillance over macroeconomic policies – namely, the transparency of government accounts, the effectiveness of public resource management, and the stability and transparency of the economic and regulatory environment for private sector activity.” (IMF 1997).

Of course, Camdessus did not omit to point out that “the responsibility for governance issues lies first and foremost with the national authorities” (IMF 1997:2). The following section traces the construction of the union between ownership and conditionality in more detail by analysing the loan documents on the civil service reform.

These exemplify the need to represent all interventions in economic terms and to respect the country's economic and political sovereignty by referring to country ownership. Policy prescriptions are presented as technical instruments based on objective scientific methods of data collection and data processing that constitute no threat to the sovereignty of the borrowing member states.

2. The Legal Status of the Loan Documents

The tools such as the "governance approach" require slots to be inserted into the national polity. To this end another set of tools or instruments has been developed: conditionality. The former constitute the content of the latter, which provide the legitimate form. Under the current state of international politics the Bank's and the Fund's policy prescriptions are only acceptable and legitimate when they are presented as technical advice of specialized agencies with a limited mandate with regard to a sovereign state. World Bank and IMF experts represent conditionality as the logical consequence of ownership. This argument rests on two pillars: the first one is the legal status of the loan documents and the second one the apparent technical and scientific nature of the reform package offered by the Bank and the IMF. This paragraph addresses the legal status of the loan documents while the following will address the representation of the policy prescriptions as technical instruments based on scientific methods.

The loans of the World Bank are referred to as "credit agreements" and those of the IMF are referred to as "loan agreements" or "loan arrangements". Credit agreements and loan agreements are split into two separate parts: a letter to the World Bank or the IMF signed by the representatives of the government, usually the Minister of Finance or the president of the reserve bank, and the credit agreement or the loan agreement. If this letter is addressed to the World Bank it is referred to as Letter of Development Policy; if to the IMF Letter of Intent. The letter is a document in which the government seeking financial assistance describes a set of policy-measures it intends to finance with the requested loan. These policy-measures are the conditions of the credit or loan respectively. The conditions of a particular loan are thus not stipulated by the Bank or the Fund but by the representatives of the borrowing government.

After the Bank or the Fund decides to honour the request of the government a credit agreement (World Bank) or loan arrangement (IMF) is signed. The agreement includes clauses on the undertakings of the borrowing government and the World Bank or the IMF, the terms of the loan and the repayment obligations of the borrower. In addition the borrowing government "declares its commitment to the objectives of the Project…, and, to this end shall carry out … the project with due diligence and efficiency". However, the agreement does not include a description of the project or programme to be financed with the credit or loan. Instead, the government intention to implement a specific programme and the exact description of the programme is embodied in the Letter of Policy or the Letter of Intent. In other words, it is the government, not the World Bank or the IMF that sets the conditions of the loan in the letter, which is a government document. The Bank and the Fund then declare their intention to disburse the money as long as the government honours its intention declared in the letter.

My argument in this part is twofold, one the one hand, I dissect the loan documents to show how ownership and conditionality is constructed and on the other, shed doubt on this official representation. I will first investigate in more detail the legal status of the various loan documents. Then follows a discussion of the various types of "soft" and "hard" conditions. The final section undermines the official representation by reading the documents against the grain.

a) Ownership and Conditionality

On May, 3, 1994 Mr. Chimango, then Malawi's Minister of Finance, sent a "Letter of Policy on Civil Service Reform and Institutional Strengthening" to Mr. Jaycox, then the World Bank's Vice President for Africa, "describing, inter alia, a program of actions, objectives and policies designed to achieve civil service reform and institutional strengthening and declaring the Borrower's [i.e. the government of Malawi] commitment to the execution of the program". The Minister expressed the government's commitment "to implementing civil service reforms and institutional strengthening in the public service." The letter listed a whole range of measures of the civil service reform programme. The government promised to create the necessary "legislative framework" in form of a Public Service Act and underlines, *inter alia*, the need for improvement of personnel management and payroll management, reliable data on staff numbers, the retrenchment of redundant staff, expenditure control and the privatisation of government functions.

In response to this Letter of Policy the President of the International Development Association (IDA)[6] sent a memorandum to the Executive Directors of the World Bank[7] in which he recommends the approval of the proposed credit in May 1994. A so-called Staff Appraisal Report contains an assessment of the situation, identifies problems to be tackled and describes the planned project, the Second Institutional Development Project including measures to be taken, projected cost and implementation. Usually the Executive Directors heed the advice of the President of IDA who, in turn, follows the advise of the visiting mission that wrote the Staff Appraisal Report.

Because of the split of the loan documents, the conditions of the World Bank credit for the civil service reform are included in the Letter of Policy by the government of Malawi. What might be considered a mere formality has far-reaching consequences with regard to the construction of ownership and conditionality. According to the World Bank "conditionality links the Bank's financial support to implementation of a program of reforms critical for the country's economic and social development […] commitment to reform is essential, and conditions usually reinforce the level of country ownership needed to ensure the implementation of reforms supported under adjustment loans" (World Bank 2003). The position of the IMF is similar: "When a country borrows from the IMF, its government makes commitments on economic and financial policies – a requirement known as conditionality" (IMF 2002a).

From the perspective of the representatives of the Bretton Woods institutions the split into Letter of Policy or Intent, on the one hand, and credit or loan agreement, on the other hand, guarantees country ownership of the reforms since the conditions of the loan are set by the government. The World Bank and the IMF deal differently with the

[6] IDA is the branch of the World Bank that is concerned with the poorest member states. The president of IDA is identical with the president of the World Bank Group.

[7] The Executive Directors are responsible for the day-to-day decision making of the World Bank and exercise all powers delegated to them by the Board of Governors under the Articles of Agreement. Every member government is represented by an Executive Director. Representation depends on the size of the shareholders' economy: The five largest shareholders (Germany, France, Japan, the United Kingdom, and the United States) appoint an Executive Director. All other members are represented by 19 Executive Directors.

ramifications arising from ownership and state sovereignty although the result is similar. According to the World Bank lawyers the credit agreement signed with a member state is an agreement governed by public international law that includes the conditions explicitly on demand of the government applying for a loan. According to the IMF lawyers the loan agreement does not constitute an agreement at all. Instead they insist on speaking of an arrangement.

Credit agreements signed between the World Bank and borrowing member states[8] are considered to be agreements between two parties governed by public international law (Broches 1959, Delaume 1982, Head 1996). The credit agreement includes a provision that gives the World Bank the right to suspend disbursement if the programme described in the Letter of Policy is not carried out “with due diligence and efficiency”. Hence, the lending institution has the obligation to suspend disbursement of the credit if the borrowing government fails to implement the conditions of the Letter of Policy. It is crucial to remember that the credit agreement merely refers to the conditions set by the government itself in the letter. Since the conditions are spelled out in a government document it is logical to present ownership as a consequence of “conditionality” from the perspective of World Bank policy.

In referring to “arrangements” rather than agreements, the IMF has gone even further than the World Bank in avoiding any contractual. Gold[9] has argued in one of the few discussions of the legal character of the Fund’s Stand-By Arrangements that the term agreement does not imply any “intention to contract” by the IMF (1980). Gold states: “the adoption and performance of a program are the responsibility of a member” (1980:36). He makes a clear distinction between the Letter of Intent and the Stand-by Arrangement: “The two stand-by documents, the letter of intent and the stand-by arrangement, do not constitute an international agreement under which the member undertakes obligations to observe its objectives and policies.” (Gold 1980:43).[10]

[8] It is disputed whether credit agreements with other entities than governments of member states such as companies in member states are governed by public international law or domestic law (Head 1996). Since my study is only concerned with agreements signed with the government of Malawi this dispute is irrelevant to the present analysis.
[9] Sir Joseph Gold played a crucial role in the legal development of the IMF in his function of General Counsel between 1960 and 1979.
[10] On the legal aspects of IMF conditionality in general see Denters’ comprehensive study (1997).

His reasoning referred to Stand-By Agreements, the regular form of IMF balance-of-payment support in the 1970s. In the 1980s the Fund developed the Structural Adjustment Facility (SAF) and later the Enhanced Structural Adjustment Facility (ESAF) as the regular form of "arrangement". In 1999 and 2000 all SAF and ESAF were phased out and replaced by the Poverty Reduction and Growth Strategy and the HIPC initative. In spite of these fundamental changes in the way the Fund operated Gold's arguments were never substantially changed and continue to define the legal character of all "arrangements" of the Fund with borrowing countries.[11]

Gold is surprisingly frank about the IMF's motives to avoid any contractual implication. He argues that non-obligatory character of the Fund's arrangements has advantages for both parties, the Fund and the government. He observes that "To bind governments by agreement to observe their objectives and policies, so that departures from them would be breaches of obligation, could exacerbate political tensions and increase the difficulties of negotiation [with the Fund]" (Gold 1980:37). Non-binding arrangements are more flexible, more discreet and do not require parliamentary ratification. With an "arrangement" the involved parties avoid the violation of political and economic national sovereignty, on the one hand, and, on the other, legal and democratic accountability for the policy reforms that "may impose hardship for a time on the populace as a whole or on sections of it" and "can provoke domestic political controversy and become a cause of friction even within a government" as Gold openly admits (1983:37).

b) Performance Criteria and Structural Benchmarks

Since the 1980s, when the concept of conditionality was introduced, the Bank and the IMF have developed a whole range of different types of conditions tailored to the perceived needs of the borrowing governments. Both organisations have harmonized their policies to avoid overlaps and conflicts between their respective conditions.[12] To avoid these conflicts both organisations use in principle the same types of conditions that complement each other in their "arrangements" with borrowing countries (IMF/WB

[11] "Fund arrangements are not international agreements and therefore language having a contractual connotation will be avoided in arrangements and program documents" (IMF 2002b).
[12] The overlap or conflict between Bank and Fund conditionality is known as cross-conditionality.

2001). They have developed four types of conditionality, each with specific functions and objectives:

> *Prior actions* are measures that a country agrees to take before the Fund's Executive Board approves a loan and before the initial disbursement takes place. ….
>
> *Performance criteria* (PCs) are specific conditions that have to be met for the agreed amount of credit to be disbursed. There are two types of PCs: quantitative and structural.
>
> - *Quantitative PCs* typically refer to macroeconomic policy variables … .
> - In arrangements where structural reforms are an essential part of the economic program, *structural PCs* are also used. These vary widely across programs but could, for example, include specific measures to restructure key sectors ... .
>
> Initially, conditions may be set as *indicative targets* when there is substantial uncertainty about economic trends beyond the first months of the program. As uncertainty is reduced, these targets will normally be established as PCs, with appropriate modifications as necessary.
>
> *Structural benchmarks* are similar to structural PCs, except that individual benchmarks are less critical for meeting the program's objectives. Thus, benchmarks may help the Board assess a country's progress on structural reforms, but failure to achieve them would not necessarily interrupt Fund funding.
>
> Another important monitoring tool is the *program review*, which serves as an opportunity for a braod-based assessment ... . Reviews are used to discuss policies and introduce changes to the program that may be necessary in light of new developments (IMF 2002a).

Prior action and performance criteria are the conventional type of conditionality, structural performance criteria and benchmarks have been developed as specific conditionality for Structural Adjustment Programmes. Prior actions and performance criteria are "hard" conditions in the sense that they are a condition for disbursement of the credit. Structural benchmarks, on the other hand, are considered to be "soft" since they would only affect disbursement under exceptional circumstances such as massive failure to implement a whole range of structural benchmarks without providing the lending institution with a satisfactory explanation. According to the Bank and the Fund Structural Benchmarks merely serve as points of reference for monitoring the government's progress in implementing the reform programme and to assess a country's progress (IMF 2001a:3-20).

Reports and policy papers of the World Bank and the IMF present “hard” conditionality in form of performance criteria as being too inflexible and not consistent with the principle of country ownership. Of course, the Bank and the Fund did not give up performance criteria and other “hard” conditions completely but by emphasising the flexibility of “soft” structural benchmarks both organisations have tried to avoid the impression that they punish governments for failing to implement certain policies. “Soft” conditionality was presented as a response to the needs of the borrowing governments by giving them more leeway in adapting to changed circumstances (IMF 2001a, IMF/WB 2001).

However, the invention of “soft” conditionality has not resulted in a decrease of conditionality. On the contrary, with the growing importance of “soft” conditions such as structural benchmarks and other “monitoring tools” a considerable increase of conditions can be observed. The Poverty Reduction Strategy Paper, for example, contains a complex mixture of “hard” conditionality with regard to economic targets and “soft” conditionality with regard to issues that had not been addressed in the Structural Adjustemt Programmes of the 1980s and 1990s, including corruption (GoM 2002a). Corruption was never as directly addressed as in the latest generation of policy documents (see below). This new element in the policies of the Bretton Woods institutions does not imply a departure or softening up of the rigorous instrumentalism that characterises the conventional economic interventions. In the rhetoric of the Bank and the Fund the fight against corruption is just another “necessary” technical instrument employed in the bundle of other technical measures such as accounting and budgeting systems to transform the state into the efficient machine that creates the “enabling environment” needed by private enterprise to boost economic growth.

c) Sequencing of Documents and the Drafting Process

The two foregoing paragraphs presented the splitting of the Letter of Policy (World Bank) or the Letter of Intent (IMF) as a means to place the responsibility for the conditions of the loan with the borrowing government. As important as the split of the documents is their sequencing (Harper 1998). Of course, a government has to request support before an agreement or arrangement can be signed. And before a loan is granted the President of the World Bank or the IMF has to endorse a request. This paragraph analyses the sequencing of the documents in the light of information the loan documents reveal about the actual involvement of World Bank and IMF staff and consultants during the drafting of supposedly government-owned documents.

The following documents have to be distinguished: the Draft Staff Appraisal Report, the Memorandum and Recommendation of the President of IDA to the Executive Directors. The latter is normally heeded by the Executive Directors. The President's recommendations are based on the Draft Staff Appraisal Report, which is based on data collected by visiting missions and data provided by the government. It is meant to assess the policy objectives listed in the Letter of Policy. The Minister of Finance sent a Letter of Policy to the World Bank on May 3, 1994, stating the government's intention to implement a range of policy measures to reform the civil service. The Staff Appraisal Report, which is dated May 17, 1994, referred to this Letter of Policy from May 3, 1994, and endorsed the planned measures.

Formally the sequencing of the documents was correct, the Letter of Policy is dated May, 3, 1994 and the Draft Staff Appraisal Report is dated May 17, 1994. It is odd though that the Draft Staff Appraisal Report and the Memorandum and Recommendation of the President of IDA are both dated May 17, 1994. A comparison of the three documents, however, undermines the impression created by the sequencing of distinct documents. First, it strikes one that the wording of large parts of all three documents is identical. Second, the data referred to in the documents was already collected during the appraisal mission of World Bank staff in October and November 1993 and updated by World Bank staff and consultants in subsequent years. The same observation applies to the policy prescriptions. All documents refer to recommendations discussed during the same visit of the World Bank mission in October and November 1993.

Consultants and experts of the World Bank were not only involved in the collection of data. They were also actively involved in drafting in policy documents of the government. According to a report of a consultant of the accounting firm KPMG one of the conditions for disbursement of the second tranche of US $ 30 million of the 1996 Fiscal Restructuring and Deregulation Programme was the submission of a Civil Service Reform Action Plan to the World Bank. However, the first draft of this action plan was rejected by the World Bank officials because it did not meet the World Bank standards for civil service reform. At this point several experts of the British Overseas Development Administration (ODA)[13] were involved "to develop an acceptable action plan and more generally to meet the conditions for the release of the second tranche of funds from the Bank" (KPMG 1996:3). They wrote a new draft which was submitted in March 1996 and duly accepted by the World Bank officials

The rejection of loan applications that do not meet World Bank and IMF standards is common practice. The Interim Poverty Reduction Strategy Paper was submitted to the Bank and the Fund in 2000. It was discussed with the various missions visiting Malawi. Then four draft versions were written in the course of the following two years, a process in which various donor agencies and external consultants actively participated. Especially important and sensitive was the principle of country ownership. During the Consultative Group Meeting in 2000 a representative of a donor country commented on one of the drafts of the Poverty Reduction Strategy Paper: "It gives some reason for concern that the document [interim PRSP] states at the outset that PRSP process is simply a response to requirements of the IMF and the World Bank" (The Nation 18, 2000). Of course, the criticised passage was duly removed from the following draft. After four drafts had been rejected several World Bank and IMF consultants participated in the writing of the government document and eventually the Final Draft was submitted and endorsed by the donors represented in the Paris Club[14] in April 2002.

The splitting of the loan documents, their legal status and their sequencing are all aimed at reinforcing country ownership. However, in the light of the extent to which consultants hired on instigation of the Bretton Woods institutions ensure that the letters and documents of the government of Malawi are "acceptable" and meet the standards of the two institutions for project proposals the official presentation of ownership should be interpreted as what it is: a legitimising strategy for a particular political ideology.

[13] Precursor of the Department for International Development (DFID).
[14] The Paris Clubs is a yearly conference of the major donor organisations at which the general trends of a country's performance and future policies are discussed.

3. Normativity of Numbers

The main task of the World Bank appraisal mission to Malawi in October and November 1993 was to assess the state of the country's public sector. Data on expenditure, staff numbers, tasks, performance and revenue collection was collected to inform the envisaged public sector reforms, which aimed to reduce redundant staff, control expenditure, improve performance, and privatise government functions. All of these aspects of public sector management were quantified and represented in numbers. This was by no means unusual or new. Modern policy-making and administration depends on standardization and abstraction. The sciences of statistics and accountancy were developed during the formation of the modern nation state to make manageable the large territories and populations, which were to be governed according to rational-scientific principles manageable (Porter 1995). Scott points out that making territory, things and people "legible" for the state apparatus was a crucial element in the success of the bureaucratic state model (Scott 1998). Foucault describes how the abstract categories of territory and population as objects of government, the steering of supposedly natural processes, were developed in the early modern period (Foucault 1991[1978]). In recent years the explosive growth of auditing, systems of self-control and management, have added a new dimension to control and management of more complex large-scale processes (Miller/Rose 1990, Power 1997, Rose 1999, Strathern 2000). All these new ways for dealing with diverse territories and populations are based on scientific knowledge. Scientific knowledge is a specific type of knowledge characterised by its objectivity, which is opposed to subjective value judgements or claims determined by a specific political or moral ideology (Latour/Woolgar 1979, Latour 1987).

The World Bank and the IMF are not exceptional in this regard. Both organisations employ an enormous apparatus that uses scientific methods to collect economic and social indicators. The huge amount of data thus collected is then used to justify policy prescriptions that are advertised as "tools" or "instruments" with varying goals like the reforming of "dysfunctional" bureaucracies or the restoring of economic growth. In order to do this, techniques of data collection and relevant economic variables must be standardised. Therefore the World Bank and the IMF spend tremendous amounts of energy and resources to “get the numbers right”.[15] The reform package for a country is based on the correct assessment and reading of statistical data. This claim to objectivity is at the heart of the World Bank’s and the IMF’s authority. Escobar argues that Western science in general and economic theory in particular do not constitute a neutral framework for understanding and addressing the problems of developing countries but are used as instruments to construct an image of a Third World that is in need of specific development measures provided by organizations such as the World Bank (1995).[16] Although I do not agree with the totalising and Manichean tendency of this fundamental critique, I agree with Escobar and Ferguson that claims and policies, which are legitimised by their scientific and objective character, ought to be subjected to a rigorous critique with the aim of revealing hidden agendas and power relations denied by the technical language of policy statements.

“Getting the numbers” right is at the core of what employees and consultants of the World Bank and the IMF actually do. The sheer amount of data collected by these organisations is staggering. Country reports and loan documents are interlarded with numbers on virtually every conceivable aspect of the economy and society, ranging from classic economic data on Gross Domestic Product (GDP), exchange rate and government spending to social indicators on school enrolment, literacy rate, and life expectancy. There is no aspect that is not measured, all information is quantified and represented in numbers. Missions visit a country in regular intervals to collect data and to assess whether the collection of data by the government meets World Bank and IMF standards. If data collection is not satisfactory they have to ensure that data collection is improved, often with the help of other donor agencies and consultants with specialised knowledge. Of course, the visiting missions are not the only source of information for the international financial institutions. All countries are required to supply vast amounts of data to the Bretton Woods institutions. The provision of data is part of their obligation as members of the organisation. Furthermore, it is crucial that the methods to collect these

[15] See Dezalay and Garth (2002), Finnemore (1997) and Harper (1998) on the role of economists and econometrics in the World Bank and the IMF.
[16] It should be noted that this approach does not criticise specific measures as not being suited for achieving policy objectives or formulating “better” policy measures. For such an internal critique of World Bank policies using economic theory see Harrigan (1997) and Mosley et al. (1991).

numbers are standardised in order to make them compatible and comparable with the other numbers collected.

The inside operations of the World Bank and the IMF have not often come under the scrutiny of social scientists. One of the few social scientists who studied internal organisational processes and communications is Harper (1998), who, in his ethnography of the IMF, traces the transformation of numbers from their collection by visiting missions to the desks of managers and directors in Washington D.C. Harper observed the importance of numbers for the functioning of the IMF. Invoking Levi-Strauss he describes their transformation as a conversion of numbers from a "raw" state into a "cooked, meaningful" state in country reports and loan documents: "once data have been transformed (signed off), they come to exist in a moral field. By this I mean a field in the following sense: when a number is signed off, it can jostle other numbers, sometimes resulting in those other numbers being ejected or returned to a non-signed-off status (i.e. thrown out of the figures)" (Harper 1998:226). Numbers are the raw material of a self-referential matrix in which they are connected to, generate or replace other numbers. But numbers are not only signs without any meaning. On the contrary, by means of their transformation into a "cooked" state they acquire meaning and become signifiers of certain economic or social "facts".[17]

In the process of their transformation, numbers change from being "speechless" into numbers having a "voice", according to Harper. One might also say that they acquire meaning, numbers represent certain facts. In this sense they have "voice" because they communicate something about a country's social and economic situation and enable the staff of the Fund "to make warranted determinations of the present". Determination of the present by means of collecting correct data and interpreting it correctly then "enables determination of the future" (Harper 1998:24).

Next to these two functions of numbers, determining the present and the future, I want to point out a third function of "cooked" or "signed off" numbers: numbers may transform into norms or standards through incorporation into the loan documents. The conditions in the Letter of Policy or Letter of Intent often refer to numbers. Numbers may

[17] At this stage of my inquiry it is not my concern to check whether these numbers correspond in any way with reality. The aim of this part is to appreciate how numbers are used to reinforce a certain image of civil service reform and other related measures meant to improve governance.

acquire normativity in two ways: first, numbers themselves can transform into norms in the form of Prior Actions and Performance Indicators or, second, the collection of specified sets of numbers through using standardised methods may become a condition of the programme.

a) Numbers as Norms

Any Letter of Policy or a Letter of Intent includes objectives of policy reforms. Many of these targets are represented as numbers: mainly numbers on economic development such as Gross Domestic Product (GDP), inflation rate, government expenditure and revenues, but often also numbers on social development such as the teacher to pupil ratio or average life expectancy. The targets or objectives are based on estimates of the present situation, which are, in turn, based on scientific methods of data collection and processing. They are causally linked to specific policy measures designed to meet the stated policy objectives. The construction of causal chains linking specific policy measures to intended effects is one of the characteristic features of all development agencies (Ferguson 1994[1990]) and, more generally, of Western rational thinking. If certain measures are to be taken there is an expectation that previoulsy specified targets will be met: for example, the reduction of government expenditure will reduce the inflation rate, which will eventually have positive effects on economic growth. Causality implies the possibility of social engineering by means of tools designed using scientific methods.

The Letter of Development Policy to the Fiscal Restructuring and Deregulation Programme, for instance, contains a whole range of performance criteria using numbers as norms:

> 10. The overall macroeconomic objectives for the period 1996-1998 are: (i) a recovery in real Gross Domestic Product (GDP) growth to an average of over 4.5 percent per annum; (ii) a sharp, early decelaration in the rate of inflation, with a decline to an average annual rate of less than 10% from 1998 onward; (iii) a reduction in external imbalances beyond 1996 with a view to attaining a more sustainable balance of payments position over the medium term; and (iv) the accommodation of pressing social needs within the constraint of fiscal sustainability by prioritising Government expenditures…;

> 11. On the revenue side Government's overall goal is to increase the revenue/GDP ratio from 16.2 percent in 1994/95 to 18.0 percent in 1997/98;
>
> 13. The program will help ensure that both the targeted fiscal deficit reduction and the concurrent expansion of social services are achieved rationally without compromising Government's pro-poor policy focus. The Government is aiming to protect the recent increase in the Ministry's of Education share (22% in 1995/96) in total recurrent expenditure and subsequently increase it to 25% with the 1996/97 budget, and broadly maintain this level in the future. The share of primary education … will be increased from 47% in 1995/95 to at least 66% in 1996/97.

All of these numbers are projections into the future based on the estimate of the present. Estimates on government spending are coupled with policy objectives and transform into norms. According to the collected numbers the ratio between revenue and GDP is 16.2 percent. In order to reach the target of deficit reduction this ratio has to be improved by 1.8 percent. Based on estimates of the present and the future the World Bank staff believed this improvement was feasible. The government therefore declared its intent to raise the ratio to 18 percent. With regard to expenditure on education the government intends to increase the share of education by 3 percent to 25 percent. Specifically it will increase spending on primary education "to at least 66 percent in 1996/97". All these are reasonable targets according to the authors of the letter who based their calculations on available economic data.

These numbers are the norm by which the government's progress is to be measured. They are estimates of the future but, by incorporating them in the conditions of the Letter of Policy, they are transformed into norms or standards. However, one should be careful to conclude that these norm are fixed and rigid. By stating that the reduction of the deficit, for example, is an "objective" the Letter allows for the discretion of the World Bank and the government. It is possible that due to changed circumstances the government cannot realise this goal or that more reliable data collected at a later stage renders the development objectives unrealistic. Then a new goal, based on better estimates of the present and the future, might be formulated. It lies in the very nature of scientific knowledge that estimates are subject to change if data collection and processing is improved.

The state of Malawi's progress is measured by these numbers: a reduction of the inflation rate, reduction of expenditure, and an increased expenditure on healthcare represent small steps in the greater project of development. The performance criteria are supposed to function as instruments in keeping Malawi on the right track to economic recovery. For this representation it is crucial that the choice of the appropriate instruments not be based on a value judgement made by the World Bank and IMF but, rather, is determined by economic necessity that is established through scientific methods. The next section deals with the introduction of methods and systems that make direct quantitative performance criteria superfluous. Financial and personnel management provided by the World Bank are supposed to operate as self-controlling systems that allow the Bretton Woods institutions to monitor the deployment of these systems instead of directly checking results.

b) Collecting Numbers

The collection of statistical data is crucial for planning and implementation of policies. Data on how much money is spent and on how many people are employed is at the heart of the envisaged reforms to increase efficiency and transparency. These numbers are only useful if they are collected according to standardized methods; otherwise they cannot be used to assess the country's progress in relation to a specific standard. In order to receive standardized sets of statistical data, the World Bank and the IMF provide the government of the borrowing country with the necessary technology to collect the required numbers. The Second Institutional Development Programme and the Fiscal Restructuring and Deregulation Programme stipulated a whole range of measures in the fields of payroll and personnel management, financial management, forward budgeting, expenditure planning and the use of accounting systems. Due to their importance these measures are routinely included in the conditionality of a reform programme, either as structural performance criteria or structural benchmarks (World Bank 1994b, 1998).

Throughout the history of the modern nation state the census has been one of the principal instruments of control employed to gather data necessary to govern populations in the metropolitan centre and the colonies (Rose 1999:215-221). Collection of reliable data on staff numbers is necessary to establish standardised systems of personnel and payroll management, which must continually produce reliable and up-to-date data. Before any measures to reform the civil service could be taken it was necessary to have data on the exact number of employees. When the World Bank mission that prepared the first Draft Staff Appraisal Report visited Malawi in 1993, it was surprised that the exact number of people employed by the civil service was unknown. Therefore, through the the Second Institutional Development Programme the Bank financed a civil service census, “a critical first step in the development of a personnel management information system (PMIS)” (World Bank 1994b:19). The civil service census was conducted in October 1995 (GoM 1996a). The data collected through the census was then fed into the PMIS, which included a computerized payroll system, eventually introduced in 1998, and personnel management system (World Bank 1998). The data thus acquired could be used for other measures such as functional reviews of ministries and the retrenchment of staff identified as redundant.

Another crucial element of the civil service reform was the establishment of the Medium Term Expenditure Framework (MTEF). MTEF is a technology developed by the World Bank to enable the government to plan and prioritise expenditure in line with available financial resources:

> To help ministries prioritise inter-sectoral and intra-sectoral expenditures within the agreed overall macro-economic expenditure envelope. Instead of setting *a priori* global expenditure shares for education or health – which are effective indicators because of a high wage component in sectoral budgets – the proposed program will support a bottom-up process whereby sectoral program priorities … be reconciled with varying funding levels in a MTEF.” (World Bank 1996: 17).

The important contribution of MTEF is that it enables the government “to prioritise” expenditure. To “prioritise” means that the ministries must identify their priority activities. High priority activities will receive available funding while low priority activities receive less funding or no funding at all if they cannot be sustained. Low priority activities are usually earmarked for privatisation. MTEF is at the heart of the reforms to enhance efficiency and transparency in the public sector (GoM 2002a). It is a technology geared toward finding a balance between the tasks of a ministry and available funding. The Letter of Development Policy of the Second Fiscal Restructuring and Deregulation Programme stated the aim of MTEF as:

> The aim will be to correct deviations from the budget and adjust expenditures against changes in resource availability. To enable control over salary payments, expenditure monitoring will also include monthly comparison and reconciliation of payroll and personnel based on the ongoing audit of civil servants.

The technical and neutral language of the Letter disguises what is actually meant or at least renders it less threatening. What are “deviations from the budget” and what does “adjustment of expenditures against changes in resource availability” actually mean? “To correct deviations from the budget” actually means that MTEF will be used to control overspending by the ministries. To “adjust expenditures against changes in resource availability” is a neutral way of saying that available funding will determine expenditure levels for the following budget year.

Of course, MTEF is not an isolated instrument: it is part of an encompassing system of interlocking tools serving specific purposes. All the different systems of data management are interlinked and interdependent. The numbers must be made compatible through the use of standardised methods of collection and processing, which allows numbers to flow from one system to other systems, to “jostle other numbers, sometimes resulting in those other numbers being ejected or returned to a non-signed off status” (Harper 1998:226). The MTEF is connected to the PMIS, the computerised payroll and personnel management system, which was developed based on data collected during the civil service census. Government spending can only be controlled if the expenditure on personal emoluments of staff is known. Adjustments in expenditure and redirection of money flows depend on exact data being supplied and up-dated continually.

Good Governance and an efficient civil service are not possible without the right accounting and auditing systems. The introduction of new accounting and auditing systems has been at the centre of attempts to transform the state into a commercial, service-oriented and performance-driven machine (Power 1997, Strathern 2001). In line with current thinking about public sector management, one of the objectives of the civil service reform is to introduce accounting and auditing systems. The establishment of functioning auditing and accounting systems is not the objective of only the civil service reform programme, however. The project itself must also meet World Bank internationally recognized standards on accounting and auditing:

I conclude that civil service reform and Good Governance in general depend to a large extent on collecting the correct numbers by using standardized methods that enable the government to monitor its activities and spending. By prescribing the required numbers and technologies in the preparation phase, the World Bank reinforces the image of neutral and scientifically grounded “technical assistance” to reforms “owned” by the government. The Bretton Woods institutions have created a situation in which they assess the situation from which the correct economic instruments follow automatically. The Bank supplies these instruments to the government as part of its technical assistance. The use of technologies such as MTEF or Expenditure Tracking is the main objective of the international financial institutions. All of these systems used to collect and process the data required for the management and control of the civil service are operated by the government. Since the World Bank and the IMF only provide the technical expertise needed to operate these sophisticated systems that rely on advanced information technology their involvement appears to be only of a technical advisory nature and does not constitute a threat to state sovereignty and “ownership” of the reforms.

The Bank and the Fund claim that the proper operation of systems such as the MTEF alone will lead to the desired results. World Bank and IMF staff do not have to exercise direct control over the numbers collected by the government; it suffices for them to ensure the proper functioning of the systems they have installed at request of the government. Indirect control through autonomously operating mechanisms seems to be a characteristic feature of modern management techniques. Miller and Rose speak of “governing at a distance” to grasp the gradual replacement of conventional hierarchic command structures by “mechanisms which promise to shape the economic and social conduct of diverse and institutionally distinct persons and agencies without shattering their formally distinct or ‘autonomous’ character” (1990:14). And indeed by introducing standardised systems of collecting numbers the World Bank and the government can maintain the division between a sovereign government and an international organisation, which merely renders “technical assistance” and provides government with neutral tools to optimise management based on scientific knowledge.

4. Economizing Corruption

So far I have described the relationship between the Bretton Woods institutions and the government of Malawi in terms of a "de-moralized" (Ferguson 1993) scientific and objective regime that upholds the fiction of "ownership", non-interference in matters considered to be of a political nature, and the reliance on instruments based on scientific methods. In recent years a re-moralizing tendency in the policies of the Bank and the Fund has become more and more distinct. A gradual shift from the emphasis on economic analysis to a more open involvement in matters conventionally considered to be more politically sensitive seems to be taking place. The most visible marker of this shift is the discovery of the "C word". Since 1996 the World Bank and the IMF have put the fight against corruption high on their political agenda.

This new element in the policies of the Bretton Woods institutions does not imply a departure or softening up of the rigorous instrumentalism that characterises the conventional economic interventions. In the rhetoric of the Bank and the Fund, the fight against corruption is just another "necessary" technical instrument employed in a bundle of other technical measures, including accounting and budgeting systems, to transform the state into the efficient machine that creates the "enabling environment" for private enterprise.

The discovery of the "C word" has to be seen in the context of growing critique on the World Bank and its policies in the early 1990s. A heterogeneous assemblage of scientists, NGOS and lobbying groups criticised the Bretton Woods Institutions, drawing the attention of the public and of politicians to the failures of the Bank and the Fund. Both organisations were held responsible for the deteriorating living conditions of people who were meant to benefit from their programmes and for the deterioration of the environment due to large-scale infrastructure projects. Pressure on the World Bank began to seriously threaten its continued existence when major donor countries, led by the United States, became increasingly critical of World Bank projects and began to reduce their contributions to the IDA. By announcing the discovery of the "C word" Wolfensohn, the president of the Bank, succeeded in reinventing the World Bank as an organisation engaged in the fighting corruption and managed to divert at least some of the attention of the Bank's critics in the direction of supposedly corrupt and parasitic African civil servants.[18]

a) The "C word"

Considering that the mandate of the Bretton Woods institutions explicitly prohibits any non-economic intervention into the domestic policies of a state, it is surprising that the fight against corruption has been quite bluntly advanced in policy statements and official documents. The shift in the policy of the international financial institutions is marked by Wolfensohn's address to the Annual Meeting of the World Bank in 1996:

> And let's not mince words: we need to deal with the cancer of corruption. In country after country, it is the people who are demanding action on this issue. They know that corruption diverts resources from the poor to the rich, increases the cost of running businesses, distorts public expenditures, and deters foreign investors. They also know that it erodes the constituency for aid programs and humanitarian relief. And we all know that it is a major barrier to sound and equitable development. Corruption is a problem that all countries have to confront. …. The Bank Group cannot intervene in the political affairs of our member countries. But we can give advice, encouragement and support to governments that wish to fight corruption and it is these governments that will, over time, attract the larger volume of investment. Let me emphasize that the Bank Group will not tolerate corruption in the programs that we support; and we are taking steps to ensure that our own activities continue to meet the highest standards of probity.
> (Annual Meeting's Address by James D. Wolfensohn, President of the World Bank, Washington, D.C., October 1, 1996)

This speech reflects the instrumentalist vision of the World Bank. Corruption is a "cancer" growing and "diverting resources from the poor to the rich", increasing costs for private business and deterring foreign investors. The image of "cancer" evokes a surgeon who cuts away the literally corrupted parts of the body and applies medicines to stop the growth of cancerous cells. Surgery can only be undertaken if there is a correct medical diagnosis. It is neither political nor moral. This imagery draws heavily on the language of disinterested scientific rationality, which produces facts not judgements (Latour 1987,

[18] This was not the first time that the World Bank was reinvented. When the Bank was threatened by donor fatigue in the 1960s McNamara succeeded in reinventing the Bank when he identified poverty alleviation as the primary policy objective of the World Bank in 1968 (Finnemore 1997).

Latour/Woolgar 1979). Wolfensohn is careful in pointing out that the World Bank "cannot intervene in political affairs". He emphasises ownership of governments "that wish to fight corruption". The World Bank would only play the role of an advisor providing technical knowledge when needed.

The "C word" figures prominently again in a speech delivered on the "Global Forum on Fighting Corruption" in Washington, D.C. on February 24, 1999. In this speech less than three years later Wolfensohn reflected on the discovery of the "C word":

> It is true that when I came to the World Bank, I was given an admonition by our General Counsel that I should read the Articles of the Bretton Woods agreements. In there it says I am to deal with economic matters and that as an international civil servant, I should not, if I want to keep my job, talk about political matters. I was then told that there was one word I could not use, which was the "C" word, the "C" word being "corruption". Corruption, you see, was identified with politics, and if I got into that, I would have a terrible time with my Board. Well, I then visited quite a number of countries, and I decided in 1996 that I would redefine the "C" word not as a political issue but as something social and economic. That got me in under the wire of the Articles of the Bretton Woods institutions and, simultaneously, my friend Michel Camdessus did the same on the side of the International Monetary Fund. The fact is that all the evidence indicates that the major inhibiting factor to investment and to consistent development; the major factor which affects the lives of poor people in terms of equity and in terms of their opportunity, is corruption. (www.worldbank.org/html/extdr/extme/jdwsp022499)

In this speech Wolfensohn displays more confidence. He muses uninhibitedly about his trick that "got him under the wire of the Articles" that prohibit political interference by the World Bank and he mentions a strong ally, his "friend Michel Camdessus". He expresses no more concern about "political interference" and ownership of reforms is expressed in this speech.

Both quotes reveal the way that functionaries of the Bank present measures perceived as political, even within the Bank, as purely economical and technical affairs that fall under the Bank's legal mandate. His frankness about redefining the "C word" as "something social and economic" is indicative of a dangerous pragmatism that simply subsumes anything it might see fit under its mandate. The realm of the economic does not limit the operations of the Bretton Woods institutions but, rather, the Bank and the Fund expand the realm of the economic to include basically everything. Both, the good governance reforms of the mid- and late-1990s and the fight against corruption are presented as instruments and technical measures, something from the medical kit of a surgeon who diagnoses cancer or some other dysfunctionality to be cured using proper technology. Exaggerating wildly, ignoring contradictory evidence, and forgetting past claims on the causes of underdevelopment, he suddenly identifies corruption as the "major" factor inhibiting development. Hence the normativity of numbers and the recent conditions on corruption are the products of the same political ideology. The fight against corruption is presented as a "technical instrument" just like the quantitative performance criteria and the data collection and processing systems.

b) Conditionality with Regard to Corruption:

While the austerity and efficiency measures of the 1990s, the Institutional Development Programmes and the Fiscal Restructuring and Deregulation Programmes, were mainly concerned with prescribing technologies to "get the numbers right", the Poverty Reduction Strategy spelled out detailed conditions with regard to measures against corruption that the government intended to implement. These conditions did not replace the normativity of numbers but supplemented it. For example, the Letter of Intent sent by Malawi's Governor of the Reserve Bank and the Minister of Finance on December 8, 2000, to the Managing Director of the IMF in which Malawi requested "support from the Fund under a three year Poverty Reduction and Growth Facility (PRGF) arrangement in the amount of SDR 45.11 million (65 percent of quota) and … debt relief under the enhanced HIPC Initiative" contains passages that would not be part of the agreements signed in the mid to late 1990s. Under the title "Governance" the Letter states:

> Prima facie evidence indicates that corruption and fraud remain major problems in Malawi. The government is fully committed to the prevention of fraud and corruption and prosecution of all identified offenders. Furthermore, the government is committed to supporting the work of the Anti-Corruption Bureau and the Auditor-General and is determined to achieve good governance. In pursuit of this commitment, the government will
>
> - give all possible support to the Anti-Corruption Bureau (ACB) and the Director of Public Prosecutions (DPP) in their investigations and potential prosecution of former officials of the

PCC [Petrol Control Commission] implicated in the irregularities highlighted in the 1998 audit report on the PCC, and take steps to recover misappropriated funds;

- facilitate further action by the ACB and DPP in the cases of the disputed contract award to SECUCOM to provide identity cards and the attempted procurement of Land Rovers through Apex Motors;
- by end-February 2001, pursue the recovery of at least MK 150 million in cases of large-scale evasion of customs duties, together with appropriate penalties, and provide adequate resources for investigation and prosecution of such cases, including associated corruption issues…

The list is actually longer but for my purpose the foregoing quote is sufficient. The government goes quite far with this list of cases of fraud and corruption it wants to address. It even specifies a date by which the recovery of the sum "of at least MK 150 million in the cases of large-scale corruption" must be pursued. This remarkable list has to be placed in historical context: since 2000 the "donor community" has grown more confident in expressing concern about wide-spread corruption in the government and has criticised the way the government has been dealing with cases of corruption. A firm commitment to the fight against corruption was therefore expected by the IMF in the negotiations preceding the Letter of Intent. The list supplements the more conventional measures such as expenditure control, financial management and the collection of economic data.

Government commitment to tackle corruption was a condition for the Fund's acceptance of the request for a loan. The above list is a structural benchmark, a "soft" condition that, in principle, should not affect effectiveness of the loan. This, however, is exactly what happened in 2002 when the IMF blocked the disbursement of US $ 45 million balance-of-payment support because of government overspending and serious corruption allegations against several Cabinet Ministers, senior civil servants and politicians. This move reflected the more flexible approach of the Bretton Woods institutions. The shift away from too many "hard" performance criteria is presented as an acknowledgement of the flaw of old "hard" conditionality that sold donor-initiated reforms instead of reflecting the intent of the government. Benchmarks are supposed to be more open to dialogue and participation of the borrowing government in order to strengthen "ownership". In fact, benchmarks seem to have widened the margin of appreciation for the World Bank and the IMF rather than strengthening "ownership".

In line with Wolfensohn's redefinition of corruption as a social and economic issue, both types of measures are presented as technical solutions to bureaucratic dysfunctionalities. Eventually the fight against corruption serves the higher end of economic growth:

> The Malawi Poverty Reduction Strategy (MPRS) district consultation process showed that corruption is one of the major concerns of the people. High levels of corruption and fraud reduce economic growth by discouraging legitimate business investment, and reduce the public resources available for the delivery of services to the poor. In addition, corruption gives disadvantages to the poor in selling their agricultural produce, and reinforces the unequal distribution of wealth and power in society - only those who can afford to pay a bribe benefit while the poor, the weak and vulnerable suffer (GoM 2002a: 81).

The shift I have described occured gradually. In 1997 the delegates of the Consultative Group "applauded the continued progress made by Malawi in good governance, respect for human rights, and in consolidating democratic institutions (particularly Parliament and the Anti-Corruption Bureau) over the past 17 months." (Press Release). Yet there is a perceptible shift from an emphasis on the reform of institutions and management systems, which pervaded the documents signed in the mid-1990s, to even bolder interference in the 21st Century, which seems to be an era marked by increased confidence of the international financial institutions that appear to be less concerned with being accused of political interference than hitherto.

Conclusions

This chapter addressed two types of documents: one type is ascribed to the World Bank and the IMF and the other to the Government of Malawi. The former includes the Draft Staff Appraisal Reports, the Memoranda and Recommendations of the President to the Executive Directors and the various guidelines and reports on conditionality and Good Governance. The latter type includes the Letters of Policy, the Letters of Intent and the Poverty Reduction and Strategy Paper. This distinction between donor-documents and government-documents is crucial for the construction of "ownership". The concept of "ownership" is a crucial element of the policies of the Bretton Woods institutions, which do not have the mandate to intervene in the "domestic affairs" of sovereign governments.

The chapter challenged the concept of "ownership" by showing the extent to which the Letter of Policies, the Letter of Intents and the Poverty Reduction and Strategy Paper by the government of Malawi reflect World Bank and IMF standards. One way to ensure that the government documents meet the standards of the lending agencies is by relying on consultants and staff of the Bretton Woods institutions during the preparation of the letters. The involvement of staff and consultants of the Bank and the Fund in the early negotiation and planning phase is not perceived as constituting political interference of World Bank and IMF management. According to the dominant view within the Bretton Woods institutions the Bank and the Fund merely respond to requests for "technical assistance" or "tools" to deal with technical problems such as "administrative bottlenecks" and "management problems" and not to interfere in a government's political affairs. According to this perspective the Enclave Approach, the Public Service Act, the Civil Service Action Plan, Performance Criteria and the Medium-Term Expenditure Framework are only instruments designed to support a government in its implementation of reforms to which there are no alternatives conceivable.

The most important way to link specific "problems" with the necessary instruments for effecting desired outcomes is through scientific knowledge. Hence, World Bank and IMF present policy measures as "technical instruments" based on scientific knowledge and methods. The scientific character of the ways used to identify "problems" and "tools" legitimises reforms pushed by the Bank and the Fund. If the reform programmes were perceived as products of a certain political ideology and not the result of a scientific diagnosis it would be more difficult to present them as "technical assistance", offered only on request of a sovereign government. The use of numbers and the collection of numbers are an important aspect of legitimising the Bank's and the Fund's "advice". The introduction of standardised systems of accounting and managing relieves the World Bank and the IMF of the necessity to exercise more direct control. "Tools" such as the Personnel Management Information System (PMIS) or the Medium Term Expenditure Framework (MTEF) that are used by government agencies supply the Bank and the Fund with the required numbers to monitor Malawi's public sector and enable the Bank and the Fund to insert instruments such as the “enclave approach” into the civil service when required. Hence, the use of these systems of management and control constitute more indirect ways of exercising control over the planning and implementation of Good Governance.

The answer to the question “who owns the civil service reform” seems to be straightforward in the light of this chapter: the World Bank and the IMF own the civil service reform and the staff and management of these organisations try to conceal this fact by splitting the documents, insisting on a Letter of Policy or Intent written by Malawi’s Minister of Finance, and representing their policy prescriptions as “technical assistance”. However, one should not jump to conclusions: documents do not necessarily correspond with the messy reality of policy implementation. On paper, an encompassing system of control and surveillance of panoptical proportions seems to operate. The World Bank and the IMF seem to have succeeded in defining the boundaries of institutional reforms in Malawi according to their neo-liberal interpretation of Good Governance by controlling the whole drafting and negotiation process.

To observe the instruments of control and surveillance provided by the Bretton Woods institutions in practice, the following chapter turns from documents and reports to the implementation process of the civil service reform in Malawi between 1999 and 2002. It will show how the already existing fragmentation of the civil service deepened during the implementation of the civil service reform and how underlying conflicts erupted because of changes to the status quo. Civil servants were not the docile subjects of reforms that appeared all-encompassing and penetrating on paper. Instead they responded in unforeseen ways to what most of them perceived as a threat to cherished privileges. Their responses ranged from silent resistance to more or less overt attempts at manipulating the reform to particularistic benefits, and one of the issues addressed by the following chapter will be the success of certain elements within the civil service in benefiting from what was originally a potential threat. From this perspective the concept of “ownership” is counter-productive and achieves the opposite from the claimed objectives of the Bank and the Fund.