

**AN ANALYSIS OF THE WORLD BANK
AND
ITS POVERTY REDUCTION STRATEGIES**

by

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STATEMENT OF AUTHORSHIP

This thesis contains no material which has been accepted for any award or any other degree or diploma in any university or other institution. It is affirmed by the candidate that, to the best of her knowledge, the thesis contains no material previously published or written by another person, except where due reference is made in the text of the thesis.

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ABSTRACT

This study analyzes the World Bank's policies of poverty reduction and the approach of the organization in fighting poverty in an historical and comparative perspective. In the establishment phases, the World Bank was not an organization that was set up to fight poverty but in last decades it is frequently stated by high officers that the goal of poverty alleviation is foremost for the Bank. This study intends to understand and explain why it happened to be so and how the Bank fights against poverty now. To do that, first the historical developments of World Bank since 1940s are summarized. Then, after a summary of the literature on poverty, the Comprehensive Development Framework as well as the World Development Reports of last years are studied in order to understand the approach of the Bank in its poverty reduction policies. Lastly, poverty reduction approaches of the United Nations agencies and the World Bank are compared and how the rights-based approaches to development may contribute to Bank policies is discussed. As a result of these analyses, it is observed that the Bank follows the literature on poverty very closely and it is open to include new approaches and methods in its research studies, such as in the World Development Reports. About the trade-off of being inclusive or being consistent in its approach, the Bank seems closer to the inclusiveness. By studying rights-based approaches to development, I conclude that the rights-based approaches to development may contribute to policies of the Bank in terms of increasing legitimacy in the eyes of people, maintaining coherence, enhancing international civil society support and becoming more harmonious with the United Nations agencies, working for poverty reduction. In summary, this study appreciates the World Bank's effort in its research studies in terms of being so inclusive, updated and open to transformation. However, keeping the current world poverty situation and Bank's effort in avoiding rights-based approach in mind, it is stated that the Bank has its own biases and limits in its fight against poverty due to factors like the intensive impact of the United States foreign policy and internal resistance in macroeconomic market reforms.

Keywords: Poverty, the World Bank, poverty reduction policies, Comprehensive Development Framework, rights-based approach to development, right to development, United Nations, United Nations Development Programme.

ÖZET

Bu çalışma, Dünya Bankası'nın yoksulluğu azaltma politikalarını ve kurumun yoksulluğa bakış açısını tarihsel ve karşılaştırmalı olarak inceler. Dünya Bankası açıldığı dönemde, yoksullukla mücadele için kurulmuş bir kurum olmasa da, özellikle son yıllarda, kurumun bu amacının öncelikli olduğu, kurum başkanlarınca sıklıkla vurgulanmıştır. Bu çalışma, bu politika değişiminin nasıl ve neden olduğunu ve kurumun şuan ki yoksullukla mücadele politikalarının neler olduğunu anlamayı ve açıklamayı amaçlamıştır. Bunun için, önce Banka'nın 1940'lardan bu yana gelişimi tarihsel olarak incelendi. Sonrasında yoksulluk literatürdeki bakış açılarını özetlenip, Dünya Bankası'nın son yıllarda öne çıkan Kapsamlı Kalkınma Çerçevesi ve Dünya Kalkınma Raporlarında açıklanan görüşler yoksulluk literatürü dikkate alınarak incelendi. Son olarak, kalkınma alanında Birleşmiş Milletler'e bağlı çalışan kurumların genel bakış açısı olan hak temelli kalkınma anlayışıyla Dünya Bankası'nın görüşlerini karşılaştırılıp Dünya Bankası'nın bu görüşten faydalanabileceği noktaları vurgulandı. Bu çalışmada Dünya Bankası'nın yoksulluk literatüründeki gelişmeleri yakından takip ettiği ve Dünya Kalkınma Raporu gibi, araştırma çalışmalarında yeni görüş ve metotları, içermeye istekli ve açık olduğu gözlenmiştir. Bu açıdan, Banka'nın görüşünün kendi içinde tutarlı olmasındansa daha kapsamlı olmasına çabaladığı sonucuna varılmıştır. Hak temelli bir kalkınma anlayışının, Banka politikalarına, politikalarının insanların gözünde meşruluğunun artması, politikaların kendi içinde daha tutarlı olmasının sağlanması, uluslararası sivil toplum desteğinin artması ve Birleşmiş Milletler kuruluşlarıyla daha uyumlu çalışma olanağını yaratması açısından faydalı olduğu ifade edildi. Özetle, bu çalışma Dünya Bankası araştırmalarının içerik olarak zenginliğini, en son verileri ve çalışmaları yakından takip edişini ve değişime ve yeniliklere açık oluşunu takdir eder. Buna rağmen, şuan ki dünyadaki yoksulluk durumu ve Banka'nın hak temelli bir kalkınma bakış açısından kaçınması göz önünde tutularak Banka'nın yoksullukla mücadelesinde kendi kısıtlamaları ve çelişkilerinin (örneğin ABD dış politikasının yoğun etkisi ve pazara yönelik makroekonomik reformlar konusunda Banka içinde süren dirençli ısrar gibi) etkisinde olduğu ifade edildi.

Anahtar sözcükler: Yoksulluk, Dünya Bankası, yoksulluğu azaltma politikaları, Kapsamlı Kalkınma Çerçevesi, hak temelli kalkınma anlayışı, kalkınma hakkı, Birleşmiş Milletler, Birleşmiş Milletler Kalkınma Programı.

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CHAPTER 1

INTRODUCTION

The World Bank is one of the most debated economic institutions in terms of success of its policies and questions about its autonomy. Yet, in the development sphere with its five bodies of different functions, substantial budget and staff over ten thousand people, the Bank has the widest capabilities as compared to other regional and global institutions. The World Bank has modified the focus of its development projects and enhanced its commitments towards fighting poverty, especially in the 1990s. Despite this apparent modification, there are not enough studies questioning why such a transformation happened in the institution and how the policies are transformed exactly.

By considering this, in this study I aim to explain the transformation of the World Bank policies of struggling poverty in historical and comparative manner. I seek for “the approach” of the institution in analysing poverty and in searching the solutions for it. In this introduction, firstly I note some general points about importance of the World Bank in the poverty area and then summarize the structure and main arguments of the thesis. Later, I finalize with some comments about the work.

The World Bank has been dealing with developing countries since early 1950s. After a short time of its establishment it was sending missions to developing countries to collect information about the specific conditions so to adopt the projects. Especially during the Debt Crisis of the 1980s, with the knowledge base and research capabilities the Bank took the lead in terms of region and worldwide comparative

studies. To measure the worldwide poverty, academicians and policy makers around the world refer to the results of the Bank. Hence, the research by the Bank plays a significant role in the poverty subject. In addition to its research activities, the Bank has been dealing with developing world with numerous projects and programs for decades. Thus, the Bank not only does a significant job with its research studies but also with its operations in developing world.

The position and perception of the Bank has a substantial significance not only with its direct impact about poverty operations in developing countries but also with its indirect impact on world through agenda setting and dominance over the poverty discourse. As explained above, poverty research of the Bank is highly referenced by many other researchers, which means that how the Bank defines poverty, how it calculates poverty and which actions against poverty the Bank recommends has considerable implications on how poverty is perceived and how the struggle against poverty is formulated. Despite this important role played by the institution, there are quite few studies dealing with the historical transformation of Bank's interest and approach about poverty, other than Bank's own research.

This is why this work concentrates on the historical transformation of the Bank, especially on the research studies of the Bank, so to understand how the Bank has perceived poverty in time. In order to grasp the transformation of the World Bank, I start with the historical analysis of Bank's changing orientation. Then, to understand the approach of the institution, I intend to position the Bank in poverty literature. To do that, I study main poverty approaches in the literature. After that, I work on the current policies of the Bank and by referring the previous chapter I mean to position them in the literature. Lastly, as a comparative example, I study some United Nations agencies, working for development and poverty eradication. As a

result of these discussions and analysis, I argue the Bank can reach a more consistent and stronger approach if it adopts the rights-based approach, which is also defended by the United Nations agencies.

To explain in a more detailed way, in the second chapter I look at the history of the Bank to follow its changing policy priorities and to understand how it transformed itself to be a leading institution dealing with poverty. I divide the history of the Bank into six terms according to the policy priorities and I argue the 1990s was not the first period that the Bank deals with poverty in developing countries. Before that, in 1970s there was an interest to poverty and development. In accordance with this line of thinking, the Bank supported rural development projects and projects for improvement in education and agriculture. These were different than classic industrialization projects of the Bank. Hence, the interest of the Bank to poverty did not appear out of blue but is related to the previous policies and research studies. In the 1990s, this interest has become crystallized and is situated in the global context. Thus, in recent years, we have seen that poverty reduction has become the overarching objective of the World Bank.

In order to analyse the position of the Bank vis a vis other approaches, in the third chapter I make a general analysis of the poverty approaches in the literature. I mention four approaches to poverty: monetary, capability, social exclusion and participatory approach, depending on the classification of Laderchi et al. I prefer this classification since it is most inclusive and updated classification that takes into consideration more recent approaches and concentrates more on the approaches other than monetary ones.

In the fourth chapter, I explain the current poverty policy of the Bank and note important criticisms against the Bank. I explicate the Comprehensive

Development Framework and the Poverty Reduction Strategy Papers and compare them with structural adjustment policies of 1980s. In that part, I reveal the evolving multilevel and multidimensional poverty analysis of the Bank and also discuss the continuing macroeconomic policy emphasis. Then, in order to further discuss the approach of the Bank, I utilize the World Development Reports of last years. I concentrate on how these reports elaborate on poverty subject and mention important points related to this analysis. About the research studies of the Bank, the transformation and the development of poverty perspective is respected by this work. In terms of following the current poverty literature, including newest discussions and initiating and containing new poverty definitions in the studies, the Bank is appreciated.

After this section, I summarize the main criticisms against the World Bank in the same chapter. The main criticisms against the institution are summarized in two headings: The criticisms are either against problems in its autonomy or against the analysis and results of the research of the World Bank. About the discussions on the autonomy of the Bank, the Bank is criticised due to being under the impact of power relations and of strongest states' foreign policies, primarily United States. The criticisms about the analysis and results of the Bank are various. In this part I mention the ones criticizing the logic of structural reforms and the logic explaining the relations between growth, development and equity. The second part of the fourth chapter raises these discussions.

In the fifth chapter I make a comparison between the perspective of the Bank and the approach the United Nation bodies, dealing with development. In this chapter, I introduce rights-based approach to development, which is different than four approaches I explicate in the second chapter. Because the United Nations

agencies support this approach, I explain it in a different chapter. Then, I elucidate how the United Nations agencies adopt this approach and what are the positive and negative sides of it. Lastly, I elaborate on the relation of the Bank with this approach and note the possible contributions of it. After considering the rights-based approach, a number of differences between the perspectives of United Nation agencies and the World Bank are found. First of all, the rights-based approach is an ethical stand, based on legal arguments. However, the Bank is more financial-oriented so that its approach prioritizes the economic perspective despite its emphasis on social aspects. In spite of the difficulties for the Bank to adopt this new approach, this work supports the rights-based approach for the Bank due to a number of reasons, which are explained in a detailed way in the fifth chapter.

As can be understood, the main purpose of this study is to understand what the World Bank thinks about poverty, how it analyses the problem and what solutions it proposes to solve it. Since this is the case, there is limited discussion about how the world perceives the Bank and how the world poverty is affected by the Bank policies in this study. This limitation is due to overemphasis of this work on research studies of the Bank than the operations and impact of these operations. Nevertheless, to compensate this limitation of my work, in the conclusion I note a few words to evaluate the Bank's success in its fight against poverty, after summarizing the thesis.

CHAPTER 2

HISTORY OF THE WORLD BANK

In the first chapter of this thesis, this study is introduced. This second chapter intends to review the history of the World Bank beginning from its foundation and to come to today with the intention of search this policy change and ideational and conditional reasons that resulted in this change. Hence, for this chapter the concentration is to review the historical developments in the Bank with referring to prominent policies of the Bank and to eleven Bank presidents. This analysis is essential to understand the Bank's interest to poverty subject and historical transformation resulted in such a concern.

To understand the developments better, general background information about the functioning of the Bank will be provided and then the Bank history will be summarized. The parts related to history are divided according to the both primarily important policy of the Bank and the President. The goal behind that is to be more comprehensive and to make multidimensional analysis with emphasizing the prominent Bank policy and impact of the Bank President at the same time.

Thus, I highlight six numbers of periods; namely (1) establishing and organizing the Bank, (2) financially sound banking, (3) development bank, (4) poverty coming to the scene, (5) debt crisis and structural adjustment, and (6) poverty becoming overarching objective.

2.1 Background Information about the World Bank

2.1.1 The World Bank: A General Introduction

The World Bank is a body that is composed of five associated institutions: the International Bank for Reconstruction and Development (IBRD), the International

Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Center of Settlement of Investment Disputes (ICSID). The main goal of the World Bank Group is to provide funds for the countries with the intention of assisting them in their development process. The principal bodies of the World Bank Group are the IBRD, and IDA and the focus of these bodies are more on developing and less developed parts of the world.

The World Bank was not established as five institutions. In foundation of the Bank, the only institution was the International Bank for Reconstruction and Development. The IBRD was established at the end of the World War II and had the goal of helping European countries to recover its economies in the post-war environment. However, after a short time period it enlarged its concentration area to developing countries and to assist their infrastructure for their development. At first, the Bank was very conservative economically in its decisions about loans and was very careful about the possibility of return of those loans but then it has become more flexible, especially towards developing and less developed countries. Even a different body, the International Development Association, was founded in 1960 to help poor countries with little or no interest rates and with longer repayment periods. Another associated institution, the International Finance Corporation, was established in 1956 with the aim of promoting private sector and private sector investments in developing world, which signifies the Bank's given importance to the development and strengthening of private sector. Moreover, the International Center for Settlement of Investment Disputes was set up in 1966. This agreement carried the Bank in another sphere and let it to play an important role in terms of arbitration.

In 1970s with the presidency of Robert McNamara the Bank became more interested with unequal distribution of wealth and poverty. In this term the projects on agriculture and education for lower income groups in developing countries were financed more. However, in the 1980s a different trend came to the fore and with arises of debt crisis the Bank along with the International Money Fund started to the conditional structural adjustment programs and pushing for neoliberal reforms. The Multilateral Investment Guarantee Agency was established in this decade in 1988 to guarantee investments in Third World, threatened by political and economic ruptures. This body aimed to provide guarantee the private investments with the goal of increasing the investments in Third World, which were seen as highly risky because of reasons like political turmoil, by ensuring the trust of guarantee by multilateral agencies. With this body, these countries were expected to be more attractive for investment community and to pay their debts with rising revenues.

The Bank, as a general policy goal, encouraged opening up of trade policies in developing countries. In the 1990s and 2000s this trend continued but the Bank increased its emphasis on poverty and initiated reorientation towards the goal of reducing poverty.

2.1.2 The Membership of the Bank

Membership to the Bank means to be member of its four associated institutions (IBRD, IFC, IDA, MIGA) and according to Article 2 Section 1 of the Articles of Agreement of the International Bank for Reconstruction and Development there is the necessity to be a member of the International Monetary Fund (IMF) for being a member of the Bank.

The World Bank has 185 member countries being shareholders of this cooperative in return of representation in the Board of Governors. In the annual

meetings of the Board of Governors, the representative of countries, who are generally finance or development ministries, decide about the ultimate policies of the Bank. In the name of the governors, 24 Executive Directors are responsible for performing daily duties. Five of them are appointed by five of the largest shareholders; France, Germany, Japan, the United Kingdom and the United States and the remaining nineteen represents the rest of the world.

2.1.3 The Presidency

The President of the Bank is responsible for management of the Bank and he chairs the Board of Directors, which elects him for a five-year term. The Bank President is a U.S. national traditionally and he can be reelected for several terms and the longest terms in Bank history are held thirteen years by Eugene Robert Black (1949- 1962) and by Robert Strange McNamara (1968-1981). The current Presidency of World Bank Group is now held by eleventh President Robert B. Zoellick, who came to power in June 2007, preceding Paul Wolfowitz.

2.1.4 The Executive Directors

The World Bank has four Boards of Directors which is for all four associated institutions and they meet separately or jointly according to the agenda. The main responsibility of the Board of Directors is to supervise general operations of each institution and the Board selects the President and has the authority to remove the President from the office (IBRD Article V Section 2 (a)).

The Executive Directors are the mainly responsible for deciding on matters related to financial inflow and outflow, namely on the International Bank for Reconstruction and Development (IBRD) loans, the International Development Association (IDA) credits and grants, the International Finance Corporation (IFC) investments, and the Multilateral Investment Guarantee Agency (MIGA) guarantees.

In all annual meetings of the Board of Governors, Executive Directors present the Board of Governors an audit of accounts, an administrative budget and an annual report on Bank's operations and policies.

Each Executive Director works for one or more of five standing committees: the Audit Committee, Budget Committee, Committee on Development Effectiveness, Personnel Committee, and Committee on Governance and Executive Directors' Administrative Matters. These committees examine the policies and practices in-depth and express opinions to the Board of Directors.

2.1.5 Decision Making and Voting Powers

In the Bank and in the IMF the principle is weighed system of voting. All IMF members can be a member of the World Bank and in the IMF after an application of a country for membership, the country informs the IMF about its economy. Then, the IMF classifies it according to its economic condition with countries of similar income per capita and defines a quota for the country. The quota is related to the country's subscription to the Fund and its voting power. The same principle is relevant for the World Bank, too. The five most subscription givers to International Bank for Reconstruction and Development have voting power of 16.38% of the United States, 7.86% of Japan, 4.49% of Germany, 4.30% of France and 4.30% of the United Kingdom. Other powerful members are Brazil (2.07%), Canada (2.78%), India (2.78%), Italy (2.78%), Netherlands (2.21%), Russia (2.78%) and Saudi Arabia (2.78%). The developing countries who benefit more from the funds of the Bank has voting power below 1% and even below 0,1% due to their low contribution to the Bank. (Turkey 0.53%, Argentina 1.12%, and Bangladesh 0.32% are some examples).

2. 2 The History of the World Bank

In this part of the chapter I aim to review the history of the World Bank with emphasis on its prominent policies and the developments which ended up with concern over poverty. According to the policy changes, I divide the history to six phases. In the first phase, the establishment of the Bank (1945-46), the agreement establishing the Bank was tried to be interpreted, the staff was employed and the functions were initiated. In the second phase, the financially sound lending (1947-49), the first funds were provided and the important policy in this term was to increase the credibility of the Bank so as to enhance the fund base by giving the impression of financial prudence to the international financial markets. In the third phase, the development bank (1949-68), it was understood that the reconstruction phase was over and the Bank needed a long term goal of assisting development of developing countries. To do that, in time the financial prudence promise was relaxed and later the International Development Agency was established, which has separate budget, composed of member state contributions, not from financial bonds, to help poorer countries. In the fourth term, poverty coming to the scene (1968-81), for development the importance of health and educational reform was acknowledged and the Bank began to support not only industrial projects but also projects having social aspects, like educational and health ones. In this term, basic needs approach to poverty was embraced and declared. In the fifth term, debt crisis and structural adjustment (1981-91), the external context and needs of developing countries changed substantially as well as Bank policies. Instead of projects, longer term and more comprehensive programs became more dominant. Neoliberal policies replaced the social projects and conditionality turned out to be principle. In the last term, poverty becoming overarching objective, fight against poverty becomes the major

goal of the Bank after observing the negative consequences of structural adjustment reforms. In time, the poverty started to be defined in very wide terms, more than monetary poverty but as restrictions on human capabilities.

By analyzing the Bank history, I concluded that the World Bank is quite responsive to the criticisms coming outside the institution. It is quite open to evolution and the policy priorities of the Bank and its responses to economic problems of the developing world kept changing. However, these were not revolutionary changes and the Bank has not always evolved in the way that the developing world demanded. The last point it reached will be explained and analyzed further in fourth chapter, but for the time being it may be said that the Bank seems to act in the way to protect and maintain its position as the most important development institution, the knowledge bank in that respect. Hence, it is being quite comprehensive in terms of its perspectives and responsive to criticisms.

2.2.1 First Term: The Establishment of the Bank (1945-1946)

In December 1945 the Articles of Agreement of the International Bank for Reconstruction and Development was signed among 21 countries. In the establishment phases the US Secretary of Treasury Fred M. Vinson states that “The Fund and the Bank are not business institutions in the ordinary sense... They are cooperative enterprises of governments and their chief business is with governments... The business of the Fund and the Bank involves matters of high economic policy.”(World Bank Chronology). These words are important in terms of situating the Bank in the financial system, defining it a role and declaring to the world. In the same meeting US President Harry S. Truman made a declaration, saying that these institutions were for “build(ing) a stable economic world in which nations can trade and prosper in peace.”(World Bank Chronology).

At the start, the Bank was first designed as a single large organization (the International Bank for Reconstruction and Development) which would be a facilitator of post-war reconstruction of European countries by supporting their infrastructure building. According to Peet (2005: 111), in mid-1940s poor countries were mentioned on few occasions in discussions related to the IBRD, but poverty related issues were never pointed out.

With the foreign aid and support, Western European countries did experience a very quick economic recovery after war devastation. Kraske (1996: 35) referred this period as an urgent task of reconstruction in Europe continuing with task of development in poorer parts of the world in the longer term. According to Adelman (1999), in this process it was thought that the fundamental problem about underdevelopment in developing countries was their lacking capital so in order to solve this problem the IMF, the World Bank and bilateral foreign assistance programs were established to finance these countries in their large infrastructural projects such as transportation and energy. He adds that the aid was more of to the point project assistance rather than large and more expensive program assistance.

Eugene Meyer (June 1946- December 1946) was the first president of the Bank and he served during the establishment phase. His presidency lasted less than seven months and in this term, important decisions related to the practices and procedures in accordance with the Articles of Agreement were given. There was the need to define the Bank a more concrete role, to employ and train staff, to draw a working structure and to describe the respective roles of the President and Executive Directors (World Bank History, Presidents). Meyer complained about “no staff, no clear definition of our role, no operating policies or procedures and no established standing in the private investment market.” (World Bank Chronology).

2.2.2 Second Term: Financially Sound Lending (1947-1949)

Following the term of Meyer, John Jay McCloy (March 1947- June 1949) was selected as president. During his term of two years, the first loan was offered and the first bonds were issued so that the first banking functions were started (World Bank Chronology). This enabled the Bank to establish its presence international financial markets (Lateef, 1995: 27). Moreover, the first loan to a developing country was given. In his term, McCloy gave a great support to Marshall Plan and the Plan helps the IBRD to focus on long term investment projects because it was targeting the short term reconstruction costs of European countries (Kraske, 1996: 65).

During the presidency of McCloy, the first loan of the IBRD was given to France in May 1947, and then Netherlands, Denmark, and Luxemburg has benefited from these loans between 1946 and 1947 with the projects of hydroelectricity, highway construction, pipelines, railroads and harbor improvements (World Bank Chronology). All these loans were for infrastructural investments of war torn economies.

The first developing country benefited from loans of the IBRD was Chile in 1948 and the project was about power, irrigation and agricultural machinery. This was the fifth loan in general and the first loan to Latin America (World Bank Chronology). The loans to developing world continued with India, Mexico, Brazil until 1950, as well as European countries like Belgium and Luxemburg with projects of electric power development, power and telephone. Hence, in a short period of time the reconstruction of war torn economies was not seen enough for the IBRD and its loans were made open for developing countries too. The IBRD planned to assist countries to develop their industries so provide them financial support for their

industry and infrastructure to facilitate their development with increasing production capacity and decreasing cost of production.

During the post of McCloy, it was decided that the Bank would not be a political entity or a charity organization but a financially sound lending institution, whose conduct of business should be acceptable for Wall Street (Kraske, 1996: 53). Therefore, the term of McCloy is known with his strict policies of lending. He believed that the Bank should be a financially sound institution in order to find resources to lend to countries. To increase monetary capabilities of the Bank, the Bank needed to borrow from market with appropriate interest rates and for this very reason the Bank should be seen as a trustable, non-politic, and rational entity by other market actors (World Bank History, Presidents). This decision meant that the Bank would be very careful in its investment decisions about creditworthiness of borrowers (such as behavioural characteristics, reputation and willingness to settle outstanding claims of states).

Besides those loans, in late 1940s and 1950s the IBRD sent many missions to various countries and made general or limited surveys of their economy to give proper advices for their industrialization. Some of these advices were formulated in national development plan for five or seven years, like in the case of Iran (World Bank Chronology).

2.2.3 Third Term: The Development Bank (1949-1968)

In the third term of the Bank history, the necessary steps for being a development bank were taken by the institution and they had achieved a considerable success in terms of enlarging the Bank activities and expertise formation. The presidents of Eugene Black and George Woods were included in this period.

During the term of third president, Eugene Robert Black (July 1949-December 1962), the “sound banking” practices were prioritized to enhance the trust to the Bank but at the same time there happened some important progress in terms of the effort spent in development of middle and low income countries. In this term, the balance between reconstruction and development loans changed very much by favoring development projects. By referring to Black’s period, the official sources of the World Bank states that establishing a well functioning and profitable development institution was achieved in this period (World Bank History, Presidents).

In speeches of Black , development and inequality was taken to the front and the gap between the rich and poor countries were emphasized (World Bank History, Presidents). Also the International Development Association (IDA) and International Finance Corporation (IFC) were established in this period.

For the term of George David Woods (January 1963- December 1968), the fourth president, the focus on development was much clearer. Woods was defined as having strong views to transform the Bank by reinforcing to become a development institution that plays a larger role of global development and should increase its volume of activity dramatically (World Bank History, Presidents) (Kraske, 1996: 127). He supported the modification of the terms of lending of the Bank and the extension of the grace period and the maturity of loans in order to be accessible for new types of clients and projects (Kraske, 1996: 128). The term was marked by an increase in funding of agriculture and education programs and by strengthening of the International Development Agency. Also the thought of intervening in different periods of development (early and during) was a product of more detailed analysis of

development and determined a more active role for the Bank in development process of Third World countries.

Woods believed that the Bank should intervene earlier to development process and during development process (Kraske, 1996: 130). Earlier intervention was such as involvement to agriculture and during development process means the assistance for industrialization. It was emphasized in the official history of the Bank that in his term it was considered direct intervention to agriculture should be taken more seriously because of the high number of people that can be employed in this sector and of the growing population and its needs (World Bank History, Presidents) (Kraske, 1996: 130) so that the projects of land settlement, livestock production, seed improvement, grain storage, training and extension work started to be financed more (World Bank History, Presidents). Moreover, it is cheaper and more effective to invest to agriculture than to industry. Also, the experience with India and Pakistan was thought provoking for the Bank in terms of perceiving the importance of rural development in industrialization process (Lateef, 1996: 22).

Peet argues that (2005: 114) in late 1940s the World Bank was an institution for supplier of loans to Western Europe and in 1950s it shifted its attention to richer Third World countries, which means changing orientation from reconstruction to development, with a rising interest in broader subjects of income distribution and poverty. He stresses that the project lending, which the Bank preferred, for public utilities; like infrastructure and transportation, were in line with early development economics.

For this time it is claimed the thought was countries remained undeveloped because of lack of modern technology. This is why in order to speed development process, projects of dam construction and energy formation, natural gas pipes, grain

mill by machinery and electric light were encouraged. These were perceived as modern technology diffusing to undeveloped countries making them catch the modernity. In time this idea was progressed by taking education into consideration (World Bank History, Presidents). The development loans given by the Bank were targeting sectors of electricity (power stations, hydroelectricity, dam building), transportation (railway and road projects), telecommunication (telephone projects) and agriculture (agriculture machines, irrigation, storage, flood control system) (World Bank Chronology).

In this term the IBRD increased its capacity of research and knowledge formation and started to share the information with publishing reports and giving technical assistance in different subjects. The country reports prepared by the IBRD began to be made public (World Bank Chronology). In addition to publishing country reports resulted from country missions of the IBRD, the IBRD initiated some collective research programs with the Food and Agriculture Organization, such as agricultural survey mission in some countries. This was the beginning of further common projects with the FAO, the UNESCO, and other UN agencies. The IBRD also enhanced its technical assistance through the technical advice in various matters; such as the advice to India and Pakistan about the supply of water and development in 1952 (Indus Basin).

Moreover, with the comprehensive economic surveys, the Bank got much knowledge about the economic state of the countries and gave advices about the national development plans by highlighting its importance (World Bank History, Presidents). Hence, national development programs were highly encouraged by the Bank.

The International Development Association (IDA) was established in this period in 1960 with 15 members and the main goal is to help poorer countries because the Bank's loans were still hard to be acquired by them because of high interest rates. The IDA would be the "soft loan" affiliate of the IBRD to help poorest member countries seeking capital on terms "less onerous than" those Bank normally offered (World Bank History, Presidents). Hence, the establishment of the IDA caused the breaking of strict standards of lending.

Besides, in 1960s assistance for education projects were enhanced since education was thought to be very helpful for development because of resulting in trained labor force (Kraske, 1996: 130-1). By the end of 1967 the Bank and the IDA financed \$142.6 million for 18 different education projects (World Bank Chronology). This shift was claimed to modifications in development understanding obsessed in economic growth to another focusing in issues of poverty, which was furthered during McNamara (Peet, 2005: 118).

Besides the IDA, the IFC was seen as very important in terms of development because the external financing of development projects were thought to be inevitably insufficient. The only way of development is the developing the industry in those countries (Kraske, 1996: 132) and this could only be achieved by private enterprise. Nevertheless, it was also proposed that for development of middle and low income countries, most important source should come from themselves. This means that developing countries should follow sound fiscal policies, have working tax systems, and good expenditure policies so that they would be able to possess enough sources for development (World Bank History, Presidents). The emphasis on all these policies would augment in 20 years in early 1980s.

2.2.4 Fourth Term: Poverty Coming to Scene (1968-1981)

Fighting with poverty was the prior goal during the term of Robert Strange McNamara (April 1968- June 1981), who was perceived as a very important figure if one follows the official resources of the Bank. In this period, the Bank's lending, number of projects, budget and staff increased dramatically. This increase in the Bank's capacity may be seen as making the World Bank a real "world" bank, in terms of geographical disperse of projects, included countries, number of experts working on the field and the enlarged focus to "basic needs understanding" of poverty.

In this term, the developing countries were more intervened and interested by the Bank and poverty turned to be a topic on which the Bank spent more human and financial resources. A development understanding beyond economic growth prioritizing the human needs was discussed. It is mentioned for his term that he did not consider the growth as a panacea for everything. In opposite he thought that growth in developing world hit the poorest segments in society (Kraske, 1996: 197).

McNamara was more courageous about the role that should be played by the Bank. He challenged the Wall-Street oriented approach by responding more to "the needs of developing world" (World Bank History, Presidents). Besides, in his speeches in Annual Meetings he insistently emphasized the poverty level in the world and called for world community to take action (World Bank Chronology). He spent great effort to publicize the subject.

In the history of the Bank it is frequently pronounced that in 1973 Nairobi speech McNamara proposed the term of "absolute poverty" and defined it as a condition of deprivation that "falls below any rational definition of human decency." (World Bank Chronology). The gap between the rich and the poor, the lack of food

supplies, limited productivity, unemployment, urbanization and ill conceived industrial and trade policies were listed as the problems of developing world (Kraske, 1996: 196).

On the other hand, the problem of poverty was seen as a security problem too. It was thought that without economic prosperity, the military security could hardly be achieved (Kraske, 1996: 168). Therefore, he perceived the Bank having the potential of decreasing global tensions and diminishing the long term threat to security (169) and being mediator for moral obligations towards the poor.

The priorities of McNamara were more on education and agriculture. In his term, the Bank gave support to “Green Revolution” and always warned about the causes of rapid population growth. Moreover, in his term of office rural and urban poverty was taken to the fore. Rural development was supported by assisting small holder agriculture. Urban poverty was found harder to cope with and for it, increasing productivity was aimed. For education, educational planning, teacher training, and technological innovation was the focus of projects (Kraske, 1996: 195). In line with this, McNamara’s understanding of development mostly prioritized directive planning and management of public sector with the purpose of controlling the growing disparity of incomes (Kraske, 1996: 176). Therefore, different than following presidents in his term the privatization was not applauded for itself.

2.2.5 Fifth Term: The Debt Crisis & Structural Adjustment (1981- 1991)

The 1980s was marked by the structural adjustment programs of international financial organizations. The Debt Crisis that came to be the principal concern of world politics for some time was the key development, strengthening the reasons behind the support to structural adjustment programs. Despite the rising criticisms

starting from late 1980s and the modifications on those programs, we can still claim that the foremost characteristic of the decade was them.

The early years of 1980s were passed in a tough environment for the Bank. The developments challenging the policies and projects of the Bank were both the external and the ideological changes. One of the most challenging external developments for the Bank was the cut back and delays of loans by the USA, followed by some other donors. The Reagan administration was very critical to the Bank and particularly doubtful about the credits given to developing world (World Bank History, Presidents). It is also claimed that US administration aimed to systematically weaken the Bank by denying financial support it needs to expand lending (Payer, 1985: 661).

The cut backs coincided with the Debt Crisis that was in onset in 1982; hence, with the increase of the demands to credits (Kraske, 1996: 228). Due to sharp rise in interest rates of commercial banks, the developing world faced with a serious trouble to meet the payments of required amounts so they pressurized international organizations to help them more. The President Alden Winship Clausen (July 1981-June 1986) made initiatives for the formation of cooperation among different international organizations, especially the IMF with the intention of initiating aid consortia and joint aid programs (World Bank History, Presidents).

For the ideological changes, in 1980s the conservative liberals were coming to power and the support to trade liberalization and to private sector were in rise. In line with this thinking, the Bank was supporting structural lending and encouraging countries to adapt to international market conditions and liberalize trade policies, as a centerpiece of the Bank's response to the Debt Crisis, which is further explicated below. It was thought that even the poorest country can grow and come to a certain

development level with developing private sector so it is beneficial for everybody (Kraske, 1996: 224).

To understand the developments better in this term, I referred the Debt Crisis and Structural Adjustment separately.

2.2.5.1 The Debt Crisis

The Debt Crisis needs to be understood to grasp the logic in the decade and the structural adjustments programs that were seen as necessary by the international financial organizations. The Debt Crisis was a kind of test for the World Bank in questioning its capabilities to maintain financial stability. In the early 1990s the views about the success of international debt strategy of international financial agencies vary. Some critics mention the weakness of banking system and emphasize the success of the strategy to avoid the international financial system collapse and some other critics were frustrated by the delaying the resolution of the problem by rescheduling the debts over and over. However, there was a more or less agreement on that an important contribution of the Bank was being the first institution researching the debt crisis and debt repayment seriously and being the major source of statistics with its annual World Debt Tables (Payer, 1986: 662).

The Debt Crisis began with the declaration by Mexico of not being able to honor its debt obligations in 1982. The reason behind the Debt Crisis was argued to be the “unwise lending” of commercial banks and “unwise or corrupt use of these loans” by borrowing governments (Evans, 1999). From that time on financial packages designed for debtor countries and creditors aimed to give time to debtors to resolve debt-servicing difficulties by new lending (Clark, 1993). However, till the beginning of 1990s few countries started to service their debts and the remaining majority faced up with even more hardship with growing debts.

The strategies between early 1980s and mid 1990s were divided into three periods according to Vasquez (1996). In the first phase of Debt Crisis (1982-1985), developed nations supported a way of provision of more funds through commercial banks and multilateral banks (the IMF and the World Bank) for a limited period against the possibility of default by Third World countries. Structural adjustments were not taken so much seriously because the problem was thought to be a temporary illiquidity (Vasquez, 1996). In the second phase between 1985 and 1989 a new plan was put to force with the US initiative called Baker Plan (name of the Secretary of Treasury), proposing new lending to highly-indebted countries on market conditionality (Vasquez, 1996). In this term it was realized that the debtor countries can not pay their debt and besides, got more indebted so the problem was beyond illiquidity. The previous plan broadened to include the structural reforms and more official and commercial bank lending (Clark, 1996). In return of reforms; like tax reductions, privatization of state owned enterprises, reduction of trade barriers and investment liberalization, the commercial banks were supposed to provide \$20 billion loans and the multilateral banks \$9 billion more to the countries accepted the plan. This second plan was argued to be a change from an approach of macroeconomic austerity to one of market oriented reforms with the IMF and the World Bank and commercial bank provision of substantial net flows. Cline argues the change between the previous initiative and Baker Plan debt strategy was the change from assistance to short-term balance of payment deficit to long-term structural change (1995: 208). According to Tammen (1990), in line with the plan, “Baker 15” middle income LDCs maintained positive net flows in three years period with the new loans from commercial banks and official creditors.

In a few years the Baker Plan had a limited success in payment of debts and in execution of market reforms. In this period the official lenders raised their debt stocks in return to a decrease in debt stocks of commercial banks “without a corresponding resolution to underlying debt crisis” (Vasquez, 1996). However, Clark (1996) mentions the positive development, the commercial banks increased their capital which hinders the systemic threat to international financial system. The third phase started with again an US initiative and again with the name of Secretary of Treasury, Brady Plan, in 1989. In a simplified way, this plan calls for a voluntary debt reduction by the banks with the continuation of market reforms and the new money but on a long term basis. This plan was said to be more respectful to the country differences according to Vasquez (1996) because the negotiations for agreements between the countries and creditors were bargained in one to one basis. The trust to financial support was tried to be achieved with the premise of the long term lending in order to encourage the reforms demanded. The assessments of the results of Brady Plan varied. Clark (1996) admits the success of the initiative by referring to the sustainability of reforms and growing market access with decreasing debts. According to Cline (1995: 245) the early critics from the academia and the economists in the Bank and the IMF emphasized the debt forgiveness would be so small to solve the debt problem. But he concluded as the early 1990s the international strategy finally gave positive results and the substantial resurgence of capital inflows to Latin America was experienced. Kenneth Rogoff asserts that the commercial banks took the advantage at the expense of developing countries because debt forgiveness increased the creditworthiness of borrowers, thus enhancing the value of the remaining debt and the amount banks could be expected to receive (Vasquez, 1996).

Another two initiatives were emerged in 1996 , called the Heavily Indebted Poor Countries Initiative (HIPC), and in 1999, called Enhanced HIPC, which aimed debt reduction for the poorest countries. According to Oliver and Shahin Vallee (2005) these initiatives were not a fresh start or an individualized solution and they argue that the lacking poverty perception in 1996 initiative was revised in 1999 Enhanced HIPC, increasing the number of participant countries. This enhancement also includes lowering ratios for debt sustainability and interim relief till completion point (Gunter, 2001). The crucial remark about the initiatives is that they necessitate the “satisfactory implementation of key policy reforms”, macroeconomic stability and implementation of Poverty Reduction Strategy Program at least for 1 year (Vallee, 2005: 183). Gunter (2001) argues that in this initiative the growth assumptions were too optimistic, country selection too narrow and debt sustainability was inappropriate.

Leaving the success of the plans aside, another important policy took the primary position in discussions was the structural reforms and so-called the Washington Consensus, which were very related to the Debt Crisis.

2.2.5.2 The Structural Adjustment

During the Debt Crisis, we see continuous reference to structural adjustment reforms, which was a must for taking the advantage of various debt restructuring or relief initiatives. These adjustment reforms commenced to be mentioned in late 1970s in order to increase the impact and effectiveness of loans given to developing countries. However, in 1980s it turned to be a compulsory practice for Third world countries to receive credits or loans from international financial agencies (Bradshaw and Huang, 1991: 324). Traditional World Bank loans were given on project based lending but in early 1980s this new type of lending was started to be emphasized.

The structural adjustment loans were given to countries having balance of payments problems and it was given on conditional base, demanded policy and structural changes in the economy of borrowing states (Cyper, 1989: 60). The structural adjustment loans were supposed to make less developed countries more adjust to market with reforms of privatization, trade liberalization, tariff reduction and deregulation. A point that should be kept in mind is that in the conditional loans the IMF took the upper seat because of the share of responsibilities during the Debt Crisis and it was followed by the World Bank. Greenaway and Morrissey (1993) argued that the IMF dominated the conditional lending with stabilization loans due to stabilize the macroeconomic policies and to end the balance of payment crisis, so the Bank wanted to be effective too with emphasizing the underlying structure and microeconomic distortions.

The structural loans were heavily criticized due to the continuing economic and social problems in developing world. Despite the high support to the view that the countries need to restructure economies in order to survive in world economy, there could not be reached an agreement on the type and extent of reforms . The criticisms of reforms focus on that the economic condition of borrowing countries in early 1990s was discouraging and some resources mentioned “sharp fall in average investment and GDP ratios, whereas doubling inflation” (Adams, 1992: 103). Besides the negative implications of structural adjustment on growth, another focus of criticisms states the sovereignty of nations and stresses the conditionality principle as forced reforms, not a country’s own will. Related to that, it is claimed that to carry out agenda, international financial institutions established autonomous government agencies, like Development Banks and agricultural-credit institutions so that they could bypass governmental decision making (Adams, 1992: 104-5). Moreover,

another claim is that the borrower countries used these loans to pay for their routine imports and pay their debts, thus, the loans to Africa made a round trip from Washington to Africa and turned back to Washington, to the Bank or to the creditors (Adams, 1992: 103).

However, there are conflicting judgments too. Mosley et al (1993) suggests that adjustment lending had neutral impact on real growth, whereas the World Bank argues it is positive. In 1987 and in 1996, the World Bank pressed two reports assessing the relationship between the structural adjustment reforms and poverty and social dimensions. In first report of 1987, Demery and Addison argue that concerns over the social effects of structural adjustment recently became evident and adjustment policies may have negative influence on the poor in two ways: (a) in the short run these reforms may cause a decrease in real income and consumption levels, (b) even in the long term the poor may not benefit from the process of growth. However, they claim that for the long term there are the things that can be done to reduce the negative impact of reforms on the poor. They believe that disorderly structural adjustment without necessary preparation may give damage to vulnerable groups and with intervening properly during the reforms severity of consequences may be decreased. In the second and more comprehensive report, Jayarajah, Branson and Sen (1996) states a similar conclusion by their study over 53 countries on 144 Bank-supported operations. They found that two third of these operations can be evaluated as success and they argue that those successful adjustment programs reduce poverty, by decreasing the number of poor people and increasing the real spending on health, education and social services. They accept that the strategies necessary for the growth is not sufficient to reduce poverty and income distribution may get worse during the process. However, they present that if the growth happens

in the sectors that the poor can participate, then the growth may have a positive impact on poverty reduction. It is also said that if good macroeconomic policies are merged with relevant sectoral policies and if the income distribution is taken to consideration in reform process, then the structural adjustment programs may have contribute to social dimension. Lastly, it is argued that in late World Bank programs the safety nets has become more common and the last programs have been refined over the years to decrease negative impacts.

2.2.5.3 The Criticisms against the Bank in the Beginning of the 1990s

When we came to the beginning of the 1990s, the World Bank gives the impression of a very strong international financial institution, having enormous resources and loans all over the world, extensive number of specialists and economists working for the Bank and worldwide reputation. However, there three major issues in front of the Bank which deeply undermines its prestige.

The first one was the environmental and social damage of the projects and programs of the Bank. The extent of environmental degradation and forced migration has devastating consequences of the some projects in developing world, which took substantial criticisms. As an example in accordance with Bank advice Tanzanian government made 13 million peasants to move and burned their houses and forced them to live in another place for ‘collectivized agriculture’, results in declining food production and hunger (Georgia, 1995). Another one is in Indonesia, relocation of thousand of indigenous people to tropical rain forests (Georgia, 1995). Also, dam projects supported by the Bank in Brazil and elsewhere were severely criticized because of lack of enough environmental assessment in planning phase. The dam construction in Ethiopia is argued to decrease natural irrigation dramatically, which ended up with severe lack of food (Adams, 1992). Sardar Sarovar Dam on Narmada

River in India and Amazon forest in Brazil were some other examples of environmental damage and massive resettlement. Hence, many third world countries suffered from massive population transfers, substantial environmental damage and human-made famines because of the bad planning of projects, funded by the Bank. This issue took extensive public criticism and was a major issue in the campaign protesting the Bank and the IMF, called '50 Years is Enough'.

Secondly, the lack of accountability and public scrutiny in projects of the World Bank was another issue. The developing countries complain about the lack of accountability of World Bank projects. Because of the lack of participation by the people and NGOs to decision making, tragic environmental and social consequences can emerge out of the projects (Adams, 1992). Thirdly, the social and political consequences of structural adjustment loans were another subject that took substantial public criticism. The issues were the decrease in social spending to education and health and reducing the support to the most vulnerable sections of society. These were above explained, even in the reports by the Bank. As regards to political consequences, Abouharb and Cingranelli (2006) argued that structural adjustment agreements worsen governments' respect on human rights in general. It damages physical integrity rights, and increases the extra-judicial killing, torture, disappearances and political imprisonment and they stressed that there is increasing evidence that when human rights are respected, national economies grow faster and by pursuing structural adjustment programs, the World Bank works against its mission.

The responses to those criticisms were largely positive and the Bank has attempted to reform itself. The response to environmental criticisms were the environmental safeguarding projects and programs; such as Environmental Program

for Mediterranean (1989), the establishment of Environment Department, the publication of environmental protection reports like forestry strategy paper (1991) and environmental annual reports (first report in 1990) and supporting UN formation Global Environmental Facility (World Bank Chronology). An independent commission was established in 1991, called Morse Commission, to give advice about what to do to limit the environmental damage (World Bank Chronology). The first grant of Global Environmental Facility was approved for a biodiversity project in Poland in 1991.

There has not been a considerable policy turn from the structural adjustment programs but the presidents made many public declarations about poverty alleviation, sustainable economy and he emphasized in particular the women and development issues, which will be further explicated in the next part. This development indicates that in the process the Bank developed the insight of the possible and negative impacts of the reforms and tried to open space for a policy change and sensitivity for poverty.

In order to respond better to criticisms, transparency in Bank operations were tried to be maintained. Public information centers were set up and discussions with civil society were organized (World Bank History, Presidents). In 1993 the President Lewis Preston argued that accountability and transparency were essential to the development process and this was responsibility of the Bank to its shareholders (World Bank Chronology).

2.2.6 Sixth Term: Poverty as an Overarching Objective (1991 to today)

The 1990s was the period that the World Bank reclaims its commitment to poverty reduction in a clear manner. The World Development Report that dates back to 1990 was named as “Attacking Poverty” and in that report it was said that the

“1980s was a lost decade” for the poor and over one third of world population live under 1 dollar per day .

A review of development experience shows that the most effective way of achieving rapid and politically sustainable improvements in the quality of life for the poor has been through a two-part strategy. The first element of the strategy is the pursuit of a pattern of growth that ensures productive use of the poor's most abundant asset-labor. The second element is widespread provision to the poor of basic social services, especially primary education, primary health care, and family planning.

In this report poverty was mentioned as “the most pressing issue” for the “development community” and in fighting poverty the desire of the governments and the importance of international assistance was emphasized.

In 1991 in Opening of Annual Meetings World Bank President Preston (September 1991- March 1995) said that “reduction of poverty” is “overarching objective” of the Bank and continued that the end of Cold War is an opportunity for better development strategies (World Bank Group Historical Chronology). The claim of such a mission was quite important and it gave an idea about the further steps of the Bank. The president Preston reclaimed the Bank’s commitment to reduction of poverty in 1992 Rio Conference and in 1993 Hunger Conference and argued that alleviation of poverty would remove the destruction of environment in developing world so emphasized the complementariness of development and environmental protection (World Bank History, Presidents). In the same conference in 1993 , Preston stresses the importance of social justice as well as economic efficiency.

In June 1995 James D. Wolfensohn became tenth president of the Bank. The issues he gave priority during his term of presidency were decentralization of the Bank, fight against corruption and working closely with NGOs in order to be more

responsive to country's needs (World Bank History, Presidents). Moreover, in this term a "fundamental shift" in poverty reduction programs was experienced (World Bank History, Presidents). During his tenure, many reports and books were published on poverty. In 1998 "Our dream is world free of poverty" statement was articulated and one year later the Bank formulated its mission, principles and values and declared that "to fight poverty with passion and professionalism for lasting results; to help people help themselves and their environment by providing resources, sharing knowledge, building capacity, and forging partnerships in the public and private sectors; to be an excellent institution able to attract, excite, and nurture diverse and committed staff with exceptional skills who know how to listen and learn" are the missions of the World Bank (World Bank Chronology).

In 1999 an important initiative was set off, the Poverty Reduction Strategy Papers (PRSP), which is a commitment by the government and is produced by a joint work of the World Bank, the IMF and the government itself. Under this initiative, the strategy of each country was being constructed by the country itself under the supervision of the Bank. By that way the strategy will serve to local demands, protect the local people and include their perspectives. This is a part of Comprehensive Development Framework, which is "an approach" by which countries reach objectives of "eliminating poverty, reducing inequality and improving opportunity for low- and middle-income countries". With those strategies the main goals are to increase the cooperation between the governments and donors, to establish a sustainable, transparent long term strategy and to include public opinion to decision-making, to produce clear outcomes out of strategies. These will be further analyzed in fifth chapter in detail.

In the 2000s, the Bank's poverty strategy got even more matured. After the declaration of commitment to the Millennium Development Goals, a kind of collective response was provided with the United Nation bodies. In the World Development Report 2000/2001 "Attacking Poverty: Opportunity, Empowerment and Security", it is stated that

"Poor people live without fundamental freedoms of action and choice that the better-off take for granted. They often lack adequate food and shelter, education and health, deprivations that keep them from leading the kind of life that everyone values. They also face extreme vulnerability to ill health, economic dislocation, and natural disasters. And they are often exposed to ill treatment by institutions of the state and society and are powerless to influence key decisions affecting their lives. These are all dimensions of poverty. (...) Poverty is the result of economic, political, and social processes that interact with each other and frequently reinforce each other in ways that exacerbate the deprivation in which poor people live." (World Development Report 2000/2001)

It is also emphasized that the report is a result of the accumulation of knowledge since 1950s.

In the 2000s with the increasing emphasis on participation by local people, the new poverty definitions and the methods to struggle poverty is sought. Some studies of the Bank focused on the Participatory Poverty Assessments were published and developed. The annual publications of the Bank have varied more and more, such as the Global Development Finance, Global Monitoring Report, World Development Indicators, and World Resources Report (World Bank Chronology). In 2004, the first review on is published and it works on improving its investigations on corruption (World Bank Chronology). In June 2005 Paul Wolfowitz , the former Defence Minister of the USA, became the tenth president and in August loan fees are lowered and maximum amount lent to single country is increased (World Bank Chronology). The studies on environment and development, good governance and poverty continued and the strategies of rapid response to war-torn countries are developed (World Bank History, Presidents). The current president is Robert B. Zoellick and he came to the post in June 2007.

2.3 Conclusion

By exploring the history of the World Bank, I concluded that Bank's prior policies modified very much throughout decades. The Bank is not only under the influence of contemporary political and economic atmosphere but also affected by its trial and error method of learning.

The poverty problem and the gap between the poor and rich was not much of a concern till the 1960s and 1970s. In the establishment years 1940s and 1950s the reconstruction and development loans supporting the infrastructure of economies were the priority. The 1960s were more or less a similar term but during the presidency of Woods a concern for development and poverty can be argued to be initiated. In this term in addition to loans for infrastructure, the loans for education and agriculture were started to be provided. During the presidency of McNamara in 1970s the Bank became more clear about its focus to developing nations, which can be followed by the increasing the amounts of loan and provision in a greater geographical place. In the very term the rural development was taken into consideration as much as industrialization, because it was understood that the rural development can increase life standards of a high number of people in a shorter term.

In the 1980s with the rise of financial crises the World Bank also was also challenged by these new trends. Its loans has become more and more conditional and pressurizing for liberalization of economies, decreasing taxes, prioritizing public enterprises and so on. In the 1990s the World Bank renewed its pledge to fighting poverty in a much visible and strong way and from that time onwards new and original research and projects are initiated in line with the multi-level approach to poverty. The fourth chapter deals more with evaluation of this new kind of researches and the projects of the Bank in poverty subject.

In conclusion, it can be argued that the Bank is very responsive to contemporary trends in world economy and in the next two chapters its responsiveness to literature will be revealed. In the ten year periods, the significant policy changes can be observed, like from reconstruction to development of richer third world countries, then to expansion to poorer countries, from big industrialization projects to rural development projects, from structural adjustment to gender-sensitive projects, from huge dam electricity projects to environmental protection programs. For about 1990s and especially late 1990s onwards, there is a clear emphasis on poverty reduction and the Bank seems to concentrate much of its resources and effort in this subject. However, it is important to keep in mind that this is not the first time the Bank starts to focus on developing countries and poverty. In late 1960s and in 1970s there used to be such concerns about poverty, which ended up with an increase in rural development focus and some social projects in developing world. From 1990s onwards, the focus is much more explicit. Secondly, despite the current attention to poverty reduction, macroeconomic and financial concerns of the Bank continues in Bank's projects and programs and demands about these concerns are always included in poverty reduction strategies. Hence, in terms of concentration of poverty, there is a rupture from the policies of 1980s but in terms of macroeconomic concerns and other financial projects there is the continuity.

CHAPTER 3

LITERATURE REVIEW ON POVERTY

The attempts to define and measure poverty have taken considerable academic attention in the last century. Most of the studies agree on the necessity to define and to measure poverty in order to take action against it but do not reach on an agreement on how to do that. The purpose of this chapter is to review the main approaches in poverty studies. In the next chapter these approaches will be used to assess the changing position of the World Bank in its poverty policy. The perceptions and orientations of the World Bank will be more clarified, considering the main perceptions related to poverty. In this chapter, firstly a general introduction will be provided that raises the early arguments on poverty and measurement of it. After that, the four main approaches (monetary, capability, social exclusion and participatory approaches) around which the contemporary poverty literature concentrates will be presented.

The first studies on poverty which have taken attention of the poverty researchers were dated back to the late 19th and early 20th century. These studies were preliminary attempts to find the number of poor either in a part of big city or in a town and for that, these researchers undertook their studies by establishing some income level that is enough for basic needs of food, rent and some other necessities. The later studies on 20th century were vastly influenced by those studies and continued to improve these methodology by working on the type of and measurement of necessities. In order to find more specific numbers related to poverty, the monetary amount necessary to get those necessities were defined by a

“poverty line”. The poverty line is set of needed goods and services, calculated them in terms of either income or expenditure. In the beginning of 21st century, poverty line is a still useful concept in poverty studies despite the criticisms.

On the other hand, these early studies and the studies which followed their footprints were evolved by considering the criticisms. One strong criticism supports that the necessities of different families from different societies and lived in different times cannot be the same. The criticism supports that the relativity of needs should be taken into account while defining and measuring it. These criticisms are partly responded by forming relative or hybrid (absolute and relative) poverty lines (Madden, 1999). Another discussion is whether the poverty lines can be objective or subjective. The ones who support the subjectiveness of poverty studies pursue public opinion surveys to make people explain their perception of their poverty. To sum up, around poverty line topic, considerable literature has been constructed from different point of views. Leaving the discussion on monetary perceptions aside, some other approaches have influenced the poverty studies too.

To explain the experience of poverty different concepts have been utilized. Three of the most important concepts used in poverty studies are capability, social exclusion and participation. Capability approach was initially used by Nobel Prize-winning economist Amartya Sen. According to Sen, poverty ends up with not having some capabilities that are necessary for human life. Thus, he does not set a poverty line according to what you have, but instead, he considers what you are and what you do. If a person cannot satisfy basic functionings or cannot participate into social life because of material necessities, then the person can be defined as poor. This approach is further studied by different academicians, especially in 1990s and 2000s.

Social exclusion concept is originated from European discussions and has a limited use at first. The concept was used to point out the unlucky minorities in societies, like disabled, aged, or mentally ill people, who are excluded from social processes. Then, it was started to be applied to people living under poverty with the emphasis that economic situation of poor people restricts them from socializing and limits them in their cultural and social life in northern societies. Later the discussion is expanded to southern societies, followed by some criticisms. Nevertheless, this concept of social exclusion is widely used in poverty and inequality discussions after 1980s.

The last point I want to mention about the poverty literature is the participatory studies. With the increasing emphasis on democracy and participation, the self definition of communities has gained importance in the eyes of researchers. In these kinds of studies, like the subjective poverty line, the views of people are asked with questions, like whether they think they are poor, how they experience poverty, how to cope with poverty and what can be done to make the situation of poor better. By that way, perceptions of people are reflected by poverty studies. This approach is a more recent and less developed one, compared to previous approaches.

All of the perceptions above will be analyzed in this chapter in a detailed way. The included perceptions are not all the perceptions about poverty phenomena but they are the ones that have been studied the most and they are also chosen as comprehensive general headings in which some different theories develops. Before explicating the approaches, a short discussion about the meaning of poverty and some general remarks will be provided. Then, the four approaches will be analyzed in an approximately chronological order in terms of the peak attention to these approaches.

3.1 The Definitions of Poverty

It is difficult to define poverty in a few words and use this definition for all circumstances. However, to measure poverty each researcher keep up with their original definition, by which they label a part of population as “poor”. All those definitions reflect different world views and different considerations. Some of them can be just pragmatic and for measurement purposes, holding a definition which can be served by available data . Some others look at the world more ethical and moral considerations and give an idealistic definition. In this study my goal is not to convince about the strength of one definition but to show some common grounds and diversions on poverty studies. Thus, I do not follow just one definition of poverty, rather than I attempt to highlight the common words that are used in defining “poor”. Firstly, poverty and being poor is always associated with “have-not” or not having “enough”, “sufficient”, “necessary” or “adequate” or being “deprived”. Thus, poverty is understood as a situation of lack of possession of some “necessities” or some “capabilities”, which creates a “deficiency” or a feeling of deficiency in our lives. This deficiency can be either material deficiencies or “powerlessness” in social and political realm.

Since the early poverty studies, the most important emphasis has been given to “lack” of or “inadequacy” of “nutritional necessities” on reasonable basis. After nutrition, usually the need for shelter is stressed secondly. Noting those, the next defined needs are very much related to time, place and goal of study. With enhancements on development and wealth, poverty definitions evolve from material and “basic” necessities to social and cultural needs. In social and cultural needs, education always takes a front seat due to providing the opportunity to live a wealthier life in future. Adequate health care is usually emphasized as another very

important necessity. The studies that consider social life aspect usually include some basic social activities of the time, such as going out or watching a film. Without those activities, socialization of a person would be limited. To sum up, the aim and approach of researcher is very important in drawing the lines of poverty in a research study.

3.2 Some Remarks Related to Poverty Studies

In identification of poor, the time and place has been a matter of concern from two aspects. The first one is whether this proposed definition of poverty can be applied to the populations which live in various places or even whether the same identification can be used in 10 years before and after. The second issue is related to the time span of poverty. If poverty definition is made according to a certain income level, even finding an employment can change the number of the poor. However, if poverty is defined according to more of social terms, then radical changes have less probability to occur. Hence, a definition of poverty can be more or less sensitive to the duration of poverty with its criteria of identification.

Another concern of identification is the whether the identification and measurement of poverty is either objective or subjective or either absolute or relative. The objective and absolute criteria of definition of poverty dominantly depends on income or expenditure levels, which are clearly easier to measure. A common measurement of absolute poverty is defining poverty as not having enough income to acquire some specified materials (Basic needs approach). These materials can be defined as a basket of different goods, as usually the case and the minimum requirement is put as the poverty line. In many countries, the minimum income is defined according to the calculation of the defined absolute poverty. The relative poverty definition emerged as a response to criticisms of absolute poverty. About the

basket measurement, it is argued that the cost of the basket can vary frequently and the needs of different societies and even families can be different. For subjective poverty, poverty is argued to be defined by the society.

However, if a researcher wants to take the general situation of the society into consideration and make a comparison to divide the poor from non-poor, then the definition would reflect a relative nature. As another option researcher studies the perceptions of poverty and reflects the views on poverty within the criteria, then the definition would be subjective nature. The poverty definitions mostly possess a hybrid character. There are a number of studies which attempts to measure income relatively or social needs objectively.

3.3 Early Studies of Poverty Measurement

The studies that were undertaken in England in late 19th century were usually emphasized as early scientific poverty studies (Dawson, 1988) (Laderchi et al, 2003). In this part, two important inquiries of the period made by Charles Booth “The Life and Labour of the People of London” (1889) and B. Seebohm Rowntree “Poverty: A Study of Town Life” (1901) is stressed since these studies are seen as primary theorizations and scientific measurement of poverty. These studies are broadly followed with various modifications (Townsend, 1962: 211).

In his studies, Charles Booth aims to understand, explain and measure the poverty in East London and prepares maps of poverty in the districts in the late 19th century. As a way of inquiry, he works with school board visitors who contact directly with people, check the situations of houses and work places and learn the incomes of families. Booth makes a definition of poverty as the ones whose income requires them to struggle in order to get the necessities of life, such as food, lodging

and clothes (Dawson, 1988). Another researcher of the same era is B Seebohm Rowntree, who makes inquiry for the city of York.

Both researchers seek some criteria to draw a poverty line. Rowntree (1901) takes into account a minimum amount of calorie that should be taken to continue a healthy life, the food having that much calorie and the money needed for that much amount of food. He also keeps in mind the money needed to buy clothes and accommodation and some other basic daily stuff. By counting the number of children in the family and the income of the family, both researchers classify the people into categories according to their poorness (lowest class, very poor, poor, above poverty line, higher class labor, lower middle class and upper middle class). Moreover, both studies work on the areas of urban; one in metropolis and other in province, hence, they do not study rural poverty.

Rowntree (1901) differentiate, what he called, primary and secondary poverty. Primary poverty refers to “families whose total earnings are insufficient to obtain the minimum necessities for the maintenance of merely physical efficiency” and secondary poverty ascribes to “families whose total earnings would be sufficient for the maintenance of merely physical efficiency were it not that some portion of it is absorbed by other expenditure, either useful or wasteful”. For wasteful expenditure, Rowntree counts the drinking, betting, gambling and careless housekeeping. Second category points out the expenditure habits in addition to basic necessities, which needs further emphasis. He admits that there are some other reasons of poverty, which could be challenged by family members and are in a sense the guilt of families.

The studies of the Rowntree and Booth are crucial in that they consider many factors to measure the poverty scientifically, such as checking the weight and height

of children, or finding out the necessary food with a detailed analysis of calorie needs of children, women and men in different ages (nutritional quality). Their analyses inspired further research of this sort and with some modifications; the likely methods are used for years. Their claim of objectivity (setting objective conditions of poverty), externality (poor are not elaborating on their poverty) and universality have implications on even recent studies. This kind of definition of poverty is labelled as “subsistence poverty” (Dawson, 1988). The subsistence poverty forms the basis of absolute poverty understanding. Another analysis is the theories of Rowntree and Booth have individualist characteristics. In individualist theories the focus of attention is on individual traits, characteristics and motivations of individuals (Stitt, 1994). Hence, not the societal factors and social mechanisms but the individual circumstances thought to be the reasons of poverty. These characteristics of the studies will become more clarified with opposite ones in following parts.

3.4 Current Approaches to Poverty

3.4.1 Monetary Approach

The most common approach to poverty studies has been monetary approach. This approach has been generally favored by economists, who dominate the field. In this part, I first mention the general views and common points about the monetary approach. Then I emphasize the different approaches within monetary approach, like absolute, relative or subjective. Lastly, I note the criticisms to each of these methodologies.

As can be guessed from its name, in monetary approach the poverty is believed to be measured by some monetary indicators. Previously mentioned subsistence poverty is an example to monetary approach. To repeat, in Rowntree’s poverty categories poverty line was set by taking into consideration the maintenance

of physical efficiency and the need for a shelter. In monetary analysis of poverty, setting the poverty line constitutes an important part of the studies (Stitt, 1994: 50). This approach defines poverty with a shortfall in income or expenditure from a poverty line (Laderchi et al, 2003). Poverty line is set at a minimum welfare, which is determined by the researcher. For setting the poverty line in years other kinds of necessities are added to the list. In addition to basic needs of nutrition and shelter, various other needs are considered. In the Level of Living Index, prepared by Drenowski, and Scott in 1966, as well as basic physical needs (nutrition, shelter and health), they count basic cultural needs (education, leisure and recreation, and security) and higher needs (Townsend, 1967: 6). In the 1960s and 70s US and Canadian governments count poor by putting a percentage to food vis s vis other expenditures of a family. The US government states three times the amount needed for food should be the poverty line and for Canadian government unofficially accepts that if a family spends 70 percent of its budget to food, shelter and clothing, they are below poverty line (Dawson, 1988: 223). Another method is the definitions like the definition of Fuchs. He argues that poor should be any family whose income is less than one-half the median family income so that assessment related to anti-poverty program can be made (Fuchs, 1967: 89). Today many countries still define their poverty lines and pursue social and economic policies in accordance with this line.

In monetary approach to measure poverty, either income or expenditure of households or individuals is used. Hence, the usual method is after the determination of the market prices of the list of predetermined necessities, the incomes (or consumptions) of households are checked according to the minimum needed income level (poverty line). By this method the number of poor can be found but how much poor they are cannot be known. In order to reply this deficiency, poverty gap method

is used. With this method, not only the number of poor is known but also the amount of income gap (the amount of poverty) can be learned.

Ravallion (1996) summarizes monetary approach as measurement by using monetary indicators of household welfare by income or expenditure over a time period. He asserts that there are different ways of setting the poverty line but at end different poverty aggregate measures are attained and the most common measure is headcount index. According to Ravallion, headcount index is favored much by policy analyzers because of the possibility of multiple poverty lines.

An obvious advantage of the use of income/consumption is its easiness in operationalization to measure poverty (Flik & Van Praag, 1991). Income is easy to compare and measure but other dimensions of poverty are hardly operationalized. However, the necessities lists have been always under attack. In absolute poverty identification, there is the possibility that considers nobody as poor.

Peter Townsend (1962), a core figure in poverty studies, claims that the poverty studies has not developed much theoretically after Rowntree and rises important criticisms about the credibility of poverty lines depend on subsistence understanding. First, he argues that the physical health cannot be separated from psychological wellbeing and structure of society and subsistence concept is insufficient because of overemphasis to physical need and nearly exclusion of social need (Townsend, 1985). Secondly, he states that the definition of poverty should not be static and cannot be defined by a list of unchanging needs (fixed yardstick). He suggests man is a social animal so that poverty, subsistence and needs are relative concepts, changing according to person to person and family to family. He gives the example of tea (1962: 217). If nutritional requirements are taken into consideration, tea would not be counted as a need for the family but it is a custom in many parts of

the world. To summarize, he challenges the poverty being an objectively defined static concept and proposes studies to pay attention to customs in the society and dynamism of the changing necessities. His works contribute to the development of relative poverty concept.

As opposition to this argument, in 1979 Amartya Sen, another key figure in poverty studies, supports there is an “irreducible core of absolute deprivation” within poverty debate and relative poverty definitions can supplement but cannot replace poverty definition. He emphasizes the hunger and starvation as clear indications of poverty, no matter what the relative picture is (Stitt, 1994: 52). This line of thinking is a general understanding for absolute poverty.

Relative poverty is related to the distribution of wealth in a society. This category stresses that a part of population is relatively poor and relatively deprived compared to other parts of society, disrespect to their welfare level. This means that they do not have to suffer from hunger to be count as poor. Hence, relative poverty considers poverty as a phenomenon of inequality (Flik & Van Praag, 1991: 312). As done by Townsend, the relative poverty definitions highlight the customs and life habits in a society and exclusion of poor because of their nonparticipation to those customs. Rejecting an absolute standard acceptable in all times and in all countries, Atkinson argues, “a poverty line is necessarily defined in relation to social conventions and contemporary living standards” (Hagenaars & Van Praag, 1985: 140). Hence, the point is not subsistence needs but “social adequacy” (Dawson, 1988).

Another measurement of relative poverty is by determination of an income level or index of commodities, which are argued to be standard pattern of a society.

However, the difference of this index of commodities is their emphasis on social characteristics, customs and life styles that are particular to that specific society.

In early 1970s, Townsend supports a definition of fixed percentile of society as poor. They argue no matter what their incomes are, a certain percentage of population is defined as poor because of their relative deprivation in comparison to other parts of society (one fourth for instance) (Flik & Van Praag, 1991). Years before this statement, Engel argues that of a person spends one third of his money to food then he is poor. Hence, he believes if a family spends most of income to the food, then the money for other necessities will be less. (Flik & Van Praag, 1991). This definition of Engel is used as another poverty definition, called “food/income ratio”, and utilized by some authors like Watts 1967 and Love and Oja 1977 (Hagenaars, De Vos, 1988: 213).

Another definition of poverty is subjective poverty, in which not the researcher but people themselves decide on who the poor are. In this method, by questionnaires the views of people about where the poverty starts is asked and according to the answers a poverty line could be set reflecting the opinions of sample population. Actually, this method is in between monetary approach and participatory method. However, in this case it is utilized as a method but in participatory research it is the goal and the way of measuring poverty.

As an example, Leiden Poverty Line, proposed by Goedhart, Halberstadt, Kapteyn and Van Praag in late 1970s, could be given. In this method, the researchers apply an income evaluation survey, asking people what is their opinion on some amount of income per week (very bad, bad, insufficient, sufficient, good, and very good). According to the results, they evaluate the poverty in the society. Another example is Majority Necessity Index in 1985 by Mack and Lansley, which is also a

public opinion survey on the necessities of people (socially perceived necessities: what is adequate income level, what are necessities, how much money is needed to afford necessities) (Eroglu, 2007).

The strength of relative poverty definition is that it is sensitive to inequality and respective incomes in a society. However, as a weakness of approach, with the fixed percentage method even the society gets wealthier, the percentage of poor will not change. Also, both the fixed percentage method and the set of an index is as arbitrary as subsistence approach, depends very much on the choices of researcher. Moreover, it is very hard to agree on the customs of a society and necessities according to those customs. Another criticism is raised by Piachaud in 1987 is the difference between the choice and tastes of people and customs cannot be divided clearly (Eroglu, 2007). Townsend (1962) argues that a person may prefer walk rather than taking tramway and this may be choice rather than being poor and Piachaud questions how differentiation between constrain and choice is determined in this case. Another criticism to relative poverty argues that if merely relativist approach is used, simply poverty cannot be eliminated (Sen, 1983).

As related to subjective relative poverty method, the advantage is that by this way researcher does not make arbitrary decisions about the poverty line and the perception of poverty of a representative sample of population decides instead of researcher (Hagenaar & Van Praag, 1985). The questions of questionnaire can be criticized but it is still more reliable than the lists prepared by the researchers or government.

To sum up, monetary approach has long been the dominant approach in poverty studies and there are various kinds of studies, which draw different poverty lines in accordance with different priorities. Studies are in a large variety in

perceptions and in focuses. The general criticism to all is whether poverty and experience of poverty can be understood by just monetary values, graphs and statistics. What is more than income or expenditure is sought by other approaches.

3.4.2 Capability Approach

Capability Approach is a recent approach when we compared with Monetary Approach. It has taken considerable academic and policy attention in the 1990s (Robeyns, 2006) despite its initial steps were taken by Nobel Prized economist Amartya Sen in late 1970s and early 1980s. Later, the approach has been further progressed by many academicians and a pioneer was Martha Nussbaum (Robeyns, 2005). In this section, I firstly explain the foundation of this approach and thoughts of Amartya Sen and then point out some applications of this theory. Then, I point out the discussion on whether this approach is a theory or a framework for different theories to flourish. Lastly, I summarize the positive and negative sides of the approach.

Firstly, this approach is emerged as a criticism to commodity and income-based poverty analysis. Within this thought, it is argued that commodities and incomes are means, not ends. The important thing is the quality of life and the focus should be on life standards, not on income or expenditure. Amartya Sen (1999) supports that commodities are seen in terms of their characteristics and characteristics of commodities do not reveal the information about what a person can do with those properties. Instead of these measures, he proposes to analyze the capabilities and functionings of people for an appropriate assessment of well-being.

The definition of capability is what a person is and what a person does (Sen, 1983). To clarify his notion of capability, it is worth expressing his famous bicycle example. Bicycle as a transportation vehicle enables a person to go to a place without

which he would not be able to go. Hence, in this case a bicycle (a commodity) provides a “capacity” to transport from one place to another. He argues having bicycle may not mean that you can ride it so commodity ownership by itself would not mean much (Sen, 1983). As a result, related to this example, the important thing is to transport (a capability) by what means is a second issue. Thus, according to Sen the important thing is the quality of life and removing the obstacles in lives of people (Robeyns, 2005). Since the end of well-being is conceptualized in terms of functionings of people, Sen (1985) defines poverty as not being a matter of income but it is “failure to achieve certain minimum capabilities”. Accordingly, if a person does not have an opportunity to escape from hunger, undernourishment and homelessness, or to attend community life, then poverty exists (1997: 210). By that definition, poverty is capability deprivation.

About the functionings and capabilities, there are different views. Amartya Sen (1997: 199) points out some of the functionings are elementary ones (like having adequate nutrition, health care) and complex ones (taking life in communal life and having self-respect). Martha Nussbaum also differentiates between the capabilities and argue that according to their importance there are three type of capabilities: basic capabilities (necessary basis for a more advanced capability and a ground for moral concern), internal capabilities (sufficient conditions for exercise of requisite functions), and combined capabilities (in order to function internal capabilities should be combined with external conditions)(Nussbaum, 1999: 237). As another thinker, Robeyns (2005) exemplifies functionings as working, resting, being literate, being healthy, being part of community, being respected and so on, which makes life valuable. All thinkers support at least a minimal satisfaction of those in order to have good life.

Related to capability approach, there are some other researches, which have been used a similar idea to assess life standards. One of them is Human Impact Indicators. In a similar logic, human impact indicators measure ends rather than means. Life expectancy and literacy as two of the indicators but it is argued that this method of wellbeing measurement is useful as complement rather than replacement (Streten, 1994: 22-24). As another example, Streten gives the Physical Quality Index, which uses a similar methodology by M D Morris in 1979. This study was based on the infant mortality, life expectancy and basic literacy rates.

Human Development Reports, published yearly since 1990 by United Nations Development Program, follow the similar conceptualization (Robeyns, 2006) and this study was supported by Amartya Sen (Fukuda-Parr, 2003). In addition to Human Development Index, other indexes like Gender-Related Development Index and Gender Empowerment Measure were prepared in 1995 and Human Poverty Index was constructed in 1997, which have the similar characteristics (ibid). Human Development Index defines deprivation in terms of life expectancy, literacy and minimum decent income based on purchasing power comparisons (Streten, 1994). Then it was expanded to life expectancy, nourishment, literacy, access to safe water and health services and for the rich and poor countries different indicators are used (Marris, 1999: 25).

Moreover, this approach is used substantially in feminist studies. Martha Nussbaum and other scholars, like Martha Chen use this approach to discuss the capabilities of women. Martha Nussbaum points out the advantage of capability approach, as its central question is not “how satisfied this woman is” but “what is she actually able to do and to be”. It is not about satisfaction but it is about opportunities and liberties (1999: 233). She also claims that utility-based understanding ignores

that if traditionally deprived people has no hope for change in their situation, they may be satisfied with their conditions. However, capability approach does not pursue such a satisfaction but questions the availability of economic and material rights in terms of capabilities and possibility of transition to full capability (Nussbaum, 1999: 240-1). As an example in the work of Martha Chen (1995), she studies women employment as a capability and points out women from Bangladesh and India, who are under the pressure of customs and caste norms like “no work outside the home” but are needy for a work in order not to starve. She stresses the social norms that restrict women employment. In addition to feminist studies, there are also researches which questions education and whether it enables enhancement of capabilities.

There is an agreement on capability approach is not a theory but a general framework on which different theories and perceptions can flourish. From one perspective, it can be seen as a critique to mainstream economics whose focus is on utility analysis. According to Ingrid Robeyns (2005), capability approach is a broad normative framework on which assessments about wellbeing, social arrangements, policy-making, and societal change can be made. She does not agree that this approach is a theory of inequality and poverty but a framework for conceptualization or evaluation. David Clark (2005) assesses the approach as a leading alternative to standard economic frameworks of poverty and human development. He (2005) claims that there are at least three categories of applications of capability approach. First application is the measure of poverty and well-being and the most known and used version of it is the human development index (income, life expectancy, and education). In human development index, which is also mentioned above, the income approach is enriched by some other aspects of life in order for a better measurement of life standards in a country. This approach is appreciated because of its multi-level

analysis and multi-layer assessment of development with information about life expectancy, child mortalities, education, literacy, and health. Secondly, Clark mentions studies searching the connections between the income and capabilities. Thirdly and lastly, he emphasized studies of inequalities related to gender, race, caste etc is studied in terms of life expectancy, literacy, nutrition and education. Third kind of study is also favored and used by many academicians, such as Martha Chen and Martha Nussbaum.

To evaluate the approach, firstly positive contributions will be noted and then the criticisms and weaknesses will be highlighted. One of the strengths is with the application of this approach interpersonal variations can be handled and human diversity can be evaluated (Robeyns, 2000: 6). The preferences element is included. Besides, impacts of social rules can be highlighted. For example, a family can be well off, but because of some social rules, they may deprive the daughters from the wealth of family (Sen, 1997). The important thing is not what is possessed by the girl within family, but to what she has access (ibid). Hence, both functionings differing among individuals and within/across groups and societies can be studied with the approach. In addition, counting more indicators than income enriches the intergroup, society and state comparisons. There are some views supporting that this approach is “the most comprehensive framework for conceptualizing well-being” because of this characteristic (Saito, 2003: 18). It is not searching what is “instrumentally important” but what is crucial in essence (Ingrid, 2004).

In relation to criticisms, one of the most raised questions is about the operationalization and identification of capabilities (Clark, 2005) (Robeyns, 2006). How this framework can be operationalized is a strong challenge and whether this framework can be “a realist alternative to the methods on which economists typically

rely—measurement of real income, and the kind of practical cost-benefit analysis which is grounded in Marshallian consumer theory” remains ad a question (Robeyns 2006, quoted from Robert Sugden). Since Sen does not provide a clear list for capabilities, they remain as vague. Second line of criticism mentions the different valuations of different capabilities by different people. Across the communities, the notion of good life changes. Hence, if good life and attainment of basic capabilities mean different things to anybody, then it does not seem to be possible for this framework to be used to assess poverty. This is clearer on the criticisms to the weigh system of indexes like UNDP’s Human Development Index. It is argued to be arbitrary by some academicians (Robeyns, 2006). As a third criticism, the choice between luxury and simpleness in capabilities remain unanswered, meaning that transportation need can be thought to be satisfied for some with a bike and for some with a luxury car (because of as a prestige vehicle) (Robeyns, 2000). Thus, how expensive tastes can be justified is a question (ibid). Fourthly, the approach is criticised to be individualistic but it is argued that ethical individualism is different from methodological and ontological individualism and ethical individualism, like this approach, should be acceptable (Robeyns, 2000: 17). Moreover, there are some comments that capability approach is a part of mainstream economics; however, it is also argued to be used to form a alternative way (Robeyns, 2002).

3.4.3 Social Exclusion Approach

Social Exclusion is a widely discussed subject. In different platforms and literatures, social exclusion is extensively touched upon but still its meaning has not much clarified (Levitas, 1998). Hence, it is a kind of subject that makes everybody think about something though it is not much apparent. Silver (1994, 1995) argues that social exclusion is polysemic concept that means multiple things according to

different contexts and different purposes (Brady, 2003: 723). In this part of the chapter, I firstly explain the emergence of the concept. Secondly, I explicate the comments over the social exclusion and its relation with poverty. Lastly, I note the criticisms to social exclusion approach.

Social exclusion concept has been used since 1970s and it has become increasingly dominant in European discussions of poverty (Du Toit, 2004) (Levitas, 1998). The concept was initiated in France and the first attribution is the people who cannot benefit from social insurance system. Thus, it was an administrative exclusion (Burchardt et al, 1999). Moreover, the focus was on social solidarity rather than personal suffer. Then, it spreads to Continental Europe and Britain but in US discussions, other concepts left dominant, like ghettoization, marginalization and underclass (Perlman, 2004: 190) (Burchardt et al, 1999: 228).

In this process of spreading, social exclusion requires meanings more than administrative exclusion. The term comes to imply a wide range of meanings from economic inequality to political powerlessness, from non-recognition of differences to social deprivation. European Union plays a key role in the process of developing the idea of social exclusion (Gallie et al, 2003). European Commission begins to use the concept in 1980s and discusses it in many reports and there was excessive attempt to construct policies against social exclusion (Gordon, 1998). In Britain also as a national attempt, Social Exclusion Unit has been formed (Du Toit, 2004). In 1990s, fight against social exclusion became a general slogan (Blanc, 1998: 783). Atkinson (2000) argues that due to nonfunctioning of trickle down and persistent urban poverty, states had to do something in 1990s and social exclusion policies are one of the responses. However, they remain still under the neo-liberal policies. There was not a rupture in policy. Bhalla and Lapeyre (1999) suggests a similar point that

globalization and neo-liberalism causes social polarization and exclusion with its economic processes, resulting in poverty and rising unemployment and inequalities.

Furthermore, similar criticisms are discussed under “new poverty” debate. This debate focuses on addressing new set of problems due to the changing society (Atkinson, 2000). In this new poverty debate, there is again reference neo-liberal reforms and long-term unemployment. In short-term unemployment, social safety nets can provide some protection but not for long-term (Bhalla, Lapeyre, 1999). What is called ‘new poverty’ is explained in a context of weakening of social inclusion, social solidarity and social cohesion.

There has been some confusion about what social exclusion means. Some comments criticize the use of social exclusion instead of poverty in discussions in Europe (Gordon, 1998). They argue that social exclusion is not poverty and there are some examples that poor and excluded are the same group but this is not a general rule. People can be excluded because of their religion, race or ethnicity, disrespect to their wealth level. Also, people can be poor but not excluded at all. Hence, two concepts should not be used interchangeably. Some comments insist that social exclusion includes poverty but poverty cannot include social exclusion. For those, poverty is perceived as a more static concept, whereas social exclusion as dynamic. However, it is not a very clear argument but just confusion over concepts. Exclusion is said to include “loss of positive identity and lack of a project providing a meaning to existence and incorporation to society” (Blanc, 1998: 784).

In line with previous argument, Glenester et al (1999) argue that social exclusion is “exclusion of individuals and groups from the mainstream activities of that society” and social exclusion is more than income poverty. They state that area factors are important in the process of social exclusion. Sirovatka and Mares (2006:

290) states they understand social exclusion as a rupture of relationship between individual and society, merging both low/income, polarization and inequality, and “state of being in or out of a circle”. According to Berghman, social exclusion is a dynamic process, not a situation or a result (Burchardt et al, 1999). De Haan argues that social exclusion is more than narrow groups of outsiders and misfits; it is more widespread discriminatory and exclusionary social processes (Du Toit, 2004).

In social exclusion studies of poverty, in the definition of poverty the exclusion from “living patterns, customs and activities” (Townsend, 1979) and from “participating in the accepted way of life in the society because of the low level of their resource” is stressed (Gordon, 1998). Actually, the definition is not limited to material deficiencies. Gordon (1998) cites from Golding (1986) that social exclusion in the areas of “leisure pursuits, political life, financial institutions and new entertainment and communication technologies”. Hence, social exclusion deals with both distributional issues of material goods and relational issues of social links (family, friends, local community, state and institutions) (Bhalla, Lapeyre, 1997).

Some exclusion studies try to understand the patterns of the social exclusion with non-participation to some common activities of society. Burchardt et al (1999) suggest five key activities without which exclusion will appear, these are consumption, savings, production, political and social. Bhalla and Lapeyre (1997) mention economic, social and political aspects of social exclusion.

In the theoretical side, social exclusion theory opposes to neo-liberal explanations of poverty that states that the gap between unemployment and employment benefits being less to encourage people to find jobs. In opposition, social exclusion theory supports that there is a kind vicious circle that unemployed people cannot find jobs and social isolation decreases their prospects of finding

employment. Thus, there appears long-term unemployment (Gallie et al, 2003). To make it more clear, unemployment raises the risk of poverty, which hardens to find jobs. Hence, people remain as unemployed. Gallie et al (2003) argue that there is strong evidence that unemployment causing poverty and poverty restricting people from finding new jobs . Therefore, theory points out the structural barriers in the market.

The positive side of this approach is it provides a general understanding related to the position of poors in the society. According to Du Toit (2004), concept of social exclusion helps researchers to explain “the complex and multi-leveled processes of deprivation and find out the linkages between poverty, power and agency”. Thus, utilizing this approach, political and social marginality of the poor sections can be studied. There is participatory element in the approach, by which subjective analysis of the poor can be reflected. Hence, this is not an individualist perspective but it searches the social processes and outcomes of these processes in the lives of people. Also, it is a normative understanding, focusing right of basic standard of living and right to participate in main social and occupational institutions of the society and stressing the disadvantage from these social rights (Bhalla, Lapeyre, 1997).

About the notions, in social exclusion studies researchers either follow with the notions of social cohesion or justice and egalitarian society. Compared with social exclusion, in capability approach, the focus is on freedoms and achievements of the people. In this approach, there are also such similar elements. Social exclusion discussions also mention participation to social activities. The difference is capability approach more stresses the notion of freedom to have a capability and functioning, whereas social exclusion emphasizes social processes in which people are excluded.

Thus, capability use individualist methodology and social exclusion uses both individualist but more than individualist, group analysis.

The negative side of the approach is the difficulties of measurement. Many studies make assessments about social exclusion in a population. These studies mostly select a specific subject, such as education, housing, or health, and list the problems concerning excluded people. Hence, these are usually qualitative and verbal studies. It is very hard to form an index of indicators of social exclusion and few attempts try to achieve that. Thus, the measurement issue remains as a problem. Besides, most studies do not bother with defining the social exclusion or using the concept loosely. Moreover, despite attention in the West, social exclusion framework is hardly applied to Southern countries because of the high levels of inequality and high number of poor (Du Toit, 2004). The economic part of exclusion left the other parts behind in those states. Hence, it is more or less a Western concept and better applied to affluent countries.

3.4.4 Participatory Poverty Approach

Participatory poverty assessments (PPA) have been developed since the 1990s and it is used by the World Bank to contribute to country assessments (Narayan et al, 2000: 15). It is a reflection to conventional poverty assessment approaches, like consumption-based poverty lines (Brock, 2002). In conventional methods, the numbers talk for themselves. In contrast to them, in PPAs the goal is to provide the views of the poor on the problems they faced with. These can be problems with the state, problems within family or community. The point is the reports or the researchers reflect the thoughts of people and their experience of poverty. Hence, this kind of research is expected to enhance the effectiveness of research and deepening

the awareness of poverty and policy impact by revealing insider experience (Bennett & Roberts, 2004).

Thus, the method of research is subjective and surveys and questionnaires are applied to learn what people live. What is important in this studies are not just to involve some quotes from people but to involve their subjective feelings to objective findings of researcher (Bennett & Roberts, 2004). In some studies, the results are enriched with some monetary data. Field researches are essential. According to Robb (2001), PPAs have three key constituents: field research (direct dialogue with the poor), policy influence with wider group ownership of the process and country capacity shown by other quantitative datas.

In early studies of PPA, the first point of field research is emphasized but in later PPAs after mid 1990s, the studies turn to be more long term researches that are carefully planned for effective policy change and for participation of poor through institutional mechanisms (Brock, 2002). The discourse change and policy shaping has prominent importance in those researches (Brock, 2002). Moreover, the studies try to develop the role played by the poor citizens and make them active for their demands.

As an example, a comprehensive participatory poverty assessment study, 'Voices of the Poor: Can Anyone Hear Us?' (one of three books by the Bank) (2000), searches the effectiveness, quality and accessibility of institutions that have effect on the poor. Norms and values of those institutions, state and civil society and expectations from them are tried to be explained. As conclusion of research, they state that poor women are usually excluded from those institutions for their basic security and survival and the institutions are very effective in perpetuation of poverty.

The positive aspects of participatory research are, firstly, the fact that they are including views of more people rather than just the researchers make these studies more inclusive and democratic. Secondly, in this way these studies intensify the understanding of poverty by revealing different dimensions of it (Robb, 2001). As a third point, those studies usually merge quantitative data of poverty lines, social and demographic characteristic of poor and economic profiles with interviews (Narayan, 2000: 15) so they reveal a comprehensive profile of the poor. Another positive side is since they make comprehensive questionnaire with a substantial number of people in a small place, the results of these studies point out the problems effectively and may suggest to the point policy recommendations. There are some examples of some governments make some small policy changes which have a considerable impact on poors in the country as a reply to the recommendations.

The negative side of the PPAs is, like the capability approach, the criticisms mention that this approach cannot be an alternative to monetary approach but a supplementary one. Also, it is hard to construct a research process in which the local population can be clear and open to the researchers.

3.5 Conclusion

As a last analysis, I should mention that monetary poverty studies are the only studies whose only focus is on poverty. Capability approach, social exclusion and participatory poverty approach have a wide vision and expresses an understanding of the world, so that they suggest a different perspective and priorities in explaining the socio-economic system and poverty, in particular. For monetary approach, the main goal is to measure poverty and for that goal they used various methods. Its methods are much more varied than other three approaches and it is the most widespread

approach. Thus, in terms of styles and philosophical foundations three approaches are different from monetary approach.

Capability approach, unlike social exclusion and participatory approach, uses a more individualist methodology. This approach appreciates human freedom in functionings and capabilities and aims a society in which everybody can satisfies their capabilities and functionings (have right and ability to do so). For social exclusion, justice and social cohesion are significant priorities in social life and it has a community perspective. For participatory approach the inclusion of thoughts of excludeds is essential and it is quite in line with democratic ideals.

To sum up, each approach may have a complementary side for each other but their vision of world, definitions of poverty, measurement methods and ideals have differences.

CHAPTER 4

ANALYSING THE BANK

This chapter aims to assess the poverty reduction policies of the World Bank and to note the important criticisms to it. In the first chapter, the transformation of Bank policy towards prioritization of poverty is assessed in a historical perspective. In the second chapter, the poverty literature is classified according to the four main perceptions. In this chapter, with the goal of assessing and evaluating the Bank policies in terms of poverty, recent Bank program on poverty, namely the Comprehensive Development Framework, and the recent World Development Reports, as the most noteworthy yearly publication of the Bank presenting the current trends in the Bank perception, will be analyzed. In this analysis, their innovative aspects and successes and failures will be pointed out.

Before starting this chapter, it is important to note an important remark with regards to institutions. As discussed before, it is hard to comprehend the outlook of an organization in a specific topic because of the various voices raised by different people from different bodies in a time period. Hence, it is false to perceive an organization possessing a homogenous stand on a subject. Like other organizations, the Bank consists of different bodies with different focuses so it will be an exaggeration to reveal it as having just one viewpoint. From the other hand, it is necessary to stress the common points and main declarations that bind the organization. In this chapter in order to reveal the stand point of the Bank, in addition to the Comprehensive Development Framework, I mention a number of World Development Reports, published by the World Bank. These reports are the annual publications of the Bank on a specific topic and they are carefully followed by

development community and referenced by many researches. Also, throughout this study I concentrate mostly on the International Bank for Reconstruction and Development and the International Development Agency, rather than other World Bank bodies due to their focus area is closer to poverty topic.

4.1 The Comprehensive Development Framework (CDF)

4.1.1 Transformation of Bank Policy from Structural Adjustment Programs to the Comprehensive Development Framework

The World Bank, like most institutions, has transformed its policies in time in accordance with its experience in various projects and programs and as a response to the criticisms against itself. Especially the 1990s were the years of big transformation due to the failures of policies that were pursued on previous decade.

The structural adjustment reforms of the 1980s took substantial criticisms, chiefly from the developing world. The conditionality of reforms, restrictions on national sovereignty and the pressures on government spending were some of the issues which were not welcomed by most developing states. Moreover, the reforms were argued to be increasing the poverty, which makes them to be a self-defeating strategy for the Bank. Hence, with the 1990s the Bank began to take into consideration social side of the reforms more and to demand social impact analyses of structural reforms . As a result of this social awareness, structural reforms are recommended to be more carefully planned in terms of their social cost. Besides, as another policy change, the tolerance to government intervention is tolerated to some extent due to success of East Asian countries in their development strategies. The conditionality principle is constrained and the governments started to participate more on decision-making about their country. Moreover, in the beginning of the 1990s the international society blamed the IMF and the World Bank because of the

failure in SAPs and debt initiatives, in order to share responsibility about the programs the Bank started to support country ownership of projects and participation of civil society and local authorities in decision making. Thus, the Comprehensive Development Framework is the product of these above mentioned experiences.

The Comprehensive Development Framework (CDF) is initiated in late 1990s. It is an approach supported by the Bank to respond the needs of developing countries in their targets of reducing poverty and promoting growth. This approach fulfills the deficiencies of structural adjustment reforms and provides a comprehensive approach to macroeconomic and social considerations.

There are seven main differences between the Structural Adjustment Programs (SAPs) and the Comprehensive Development Framework (CDF): (1) The SAPs are basically economic programs, whereas the CDF examines social, structural, human, governance, environmental, macroeconomic and financial aspects of development . (2) In the SAPs, the main goal is to provide growth, to solve macroeconomic problems of countries and to integrate them into the world economy. However, the CDF involves those elements but as well it has a strong poverty reduction promise. In 1990s poverty turned to be a limited consideration for the SAPs too, but the Framework has the awareness of a multiple facets poverty understanding. It is expressed in the website of the Bank with relation to the CDF that

“(...) income or wealth are only an element (about poverty): others include physical security, environmental sustainability, and the ability of poor people to confront their future with confidence, as discussed in WDR 2000/01 (...) Experience shows that unless we look at both sides of a country's balance sheet—macroeconomic and financial aspects on the one side and structural, social, and human considerations on the other—we run a grave risk of misjudging a country's performance, as well as inadequately supporting its future development.”

(3) The SAPs used to be recommended against the deficiencies of project-based lending and they aim to increase the effectiveness and efficiency of reforms. In the

case of the CDF, it has the claim of being even more holistic and long-term than adjustment reforms. Hence, it can be seen as a correction of this previous methodology. (4) Another difference the CDF brings is country ownership of programs. One of the criticisms in relation to structural adjustment reforms is the strict similar receipts come from international financial organizations for different countries. In order countries to be more adhered to their programs of the CDF, it is demanded that the program is owned by the country and strategy is produced by the country itself. Hence, there is an interactive element between the lenders and borrowers. (5) Also, this framework is not presented as a blueprint for all countries but country variations in programs are welcomed. (6) Another change in the CDF is that the SAPs give recommendations only to governments and only in interaction with them but in the CDF, program includes all sections of government, private sector, civil society and other representatives and international actors. (7) Partnership, transparency, accountability and interaction, which were barely mentioned in 1980s, are the core principles of the CDF. Hence, in order to reach the goal of fast and sustainable poverty reduction, in the CDF, flexibility is merged with principles of accountability and transparency and country ownership of programs.

There are also some continuities between the SAP and the CDF. According to the website of the Bank, the CDF also “draws attention to other important macroeconomic and sector policy issues, such as ensuring the long-run fiscal sustainability of the country's development strategy; evaluating the medium-term external financing needs generated by the country's development strategy; and addressing the tough economic management issues faced by countries that are subject to repeated shocks such as droughts or large commodity price swings.”

Hence, while giving importance to values mentioned above and social factors; there is still the emphasis on financial side of development.

In relation to CDFs, there is the issue of Poverty Reduction Strategy Papers, which is worth mentioning due to the high interest in literature. The Poverty Reduction Strategy Papers (PRSP) is a part of this new understanding. The PRSP is initiated in 1995 and it has the goal of provision of a country's macroeconomic, structural and social policies and programs for growth and for reducing poverty with a joint work by governments, civil society and the IMF and the World Bank. The logic of Poverty Reduction Strategy Papers is to reach a concession about the assistance by the World Bank and the IMF through International Development Association (a sub-body in the World Bank Group). These are the five core principles of PRSP approach : (1) be country-driven with the participation of civil society and private sector, (2) be results-oriented, benefiting the poor, (3) be comprehensive enclosing multi-dimensions of poverty and scope of actors, (4) be partnership oriented and (5) have a long term perspective of poverty reduction . The PRSP is also a basis for the debt relief under the HIPC initiative.

In the literature, there has been a focus on the CDF and the PRSP, evaluating their positive and negative sides. As positive sides, the CDF being an inclusive multidimensional approach, having human considerations, linking different sections of society with private, public sector and civil society and also donor governments, and encouraging participation by all is appreciated. Amartya Sen (2000) also makes positive comments about mentioned topics and he refers this approach as a “natural extension of institution-based approach” and as having similarities with human development concept.

Also, about conditionality of past reforms, in the CDF mutually agreed targets replace unilaterally imposed conditionality and by some commentators it is referred as agreed conditionality (Hopkins et al, 2000: 294). Hence, due to the consensus about objectives, there is said to be less need for imposing rigid views. In a similar way, Paul Collier also believes that due to the innovation of emphasis on partnership among donors, governments and civil society, the CDF is a clear departure from narrow and coercive conditionality appropriate for crisis management (In Pender, 2001). Pender agrees that in the CDF there is a substantially transformed conditionality because of great transformation in conception of development from economic growth to subordination to society's resources to meet the perceived requirements of the poorest of that society (2001: 409).

The negative criticisms about the CDF are far more than positive ones and most of them are results of the negative image of the Bank and its previous records. The negative criticisms can be summarized in three points: First, the claim is there are many ambiguities and unclear points about the process and because of high expectations and complex goals that are not seem to be attainable. The role of the Bank in consensus process is argued to be vague (Kless, 2002) and the comments mention their worries about the process turn to be a conditionality application as the past experiences (King, McGrath, 2000). Also, in relation to civil society and national government participation, the questions about the lack of institutionalization of their relation with donor governments and the Bank are raised and lack of institutionalization is claimed to serve in the interest of donor governments and their agendas about the South (Abugre, 2000). With relation to comprehensiveness of the CDF, it is argued that the goals are too abstract and too broad that they seem like a

wish list rather than a framework and they can hardly be meaningfully applied (Cao, 2005) (Jacobs, 2005).

Secondly, there are serious doubts among the commentators about the “change” in policy by the Bank. It is argued that the CDF is just the new rhetoric with the emphasis on participation and the essence of it has many similarities with the programs with social focus, which were applied in 1990s (SAPs and SWAPs (sector wide programs)) (Klees, 2002) (Abugre, 2000). Still the macroeconomic and pro-growth policies are claimed to be continuing within “new” framework (Abugre, 2000). About the participation focus, it is also argued that this is not the goal but the mean and it is not ethical but pragmatic approach (King, McGrath, 2000). Hence, the participation focus of the Bank is questioned about the intentions. The worry is about the subordination of civil society to donor governments’ demands by the weak institutionalized dialogue process (Fidler, 2000). Also, according to practical researches of regions, it is analyzed that the process of the PRSP is a donor-driven one (Reynolds, 2006).

The third question is about the applicability by the local and national governments. It is also stated by the Bank itself as well as other academics that the national and local governments lack enough capacity to prepare and monitor the PRSP and the CDF (The World Bank Report on Evaluation of the CDF, 2003) (Jacobs, 2005). Moreover, setting long term goals of poverty reduction and coordinating them with medium and short term goals seem like not very feasible for the participating governments. Also, it is stated that political realities of the region should be taken into consideration for a successful program (Reynolds, 2006).

There are also two other potential practical problems. According to Hopkins et al (2000), the CDF approach may result in greater selectivity in Bank funding

because of enhanced donor coordination and secondly, they believe the CDF approach mainly focuses on management problems about development and argue “exclusive reliance on better management is likely to result in disappointment” (295).

4.2 The World Development Reports

The World Development Reports are the annual publications of the Bank. The Bank, being a serious knowledge producer in the development community, having the largest resources to fund worldwide researches, employing a large number of academicians and researchers within the Bank and funding independent researches for various studies, has a crucial place within development community not only with its programs and projects but also with its research studies. Among other publications, the World Development Reports have a significant position because of (1) being annually published, (2) focusing on a highly debated topic, (3) being comprehensive and involving a wide range of literature review, and (4) being the forefront presentation of the views of the Bank, the largest funder of investment projects in developing world.

To express the main way thinking in the Bank, I had a closer look to the change in wording and policies offered by the WDRs. In this part I will first assess three innovation in Bank policies of 2000s (multi-level policy analysis, good governance, and participation and ownership) for which there was not much attention in 1990s and which has impact on poverty reduction policies of the Bank. Then I will mention some other emphasized Bank policies and approaches in WDRs. Lastly, I will explain the main criticisms about the methodology and about the perceptions defended in reports with giving references to the four approaches that I analyzed in second chapter.

4.2.1 Three important policy changes in the WDRs

In the reports that date back to 1990 and 2000/1, the main topic was the fight against poverty. However, in other reports, especially the ones after 2000, all claims and recommendations are also justified in reference to the Bank's general commitment of a "world free of poverty". Hence, in this part I mainly concentrate on the WDRs after 2000 and at some points make comparisons with 1990 report to reveal policy change in those years and to stress the recent policies more than others.

As a result of analysis of the WDRs, below I note three changes in Bank's poverty policies in comparison to policies in 1990s. These are (1) multi-level analysis of poverty, (2) good governance (accountability, transparency and openness), (3) participation and ownership. For the first one there were some signs of change in 1990 report but for the last two changes, these notions were not even mentioned in 1990s.

4.2.1.1 Multi-level Analysis of Poverty

As touched upon in previous heading, from late 1990s onwards the World Bank emphasizes the multi-dimensional analysis of poverty more and more. Previously poverty was just perceived as lack of enough income so that the suggestion to countries was to promote growth and to increase the level of wealth in the country. The increase in income, which is thought to be observed by increase in consumption, was the mere standard to measure poverty. For instance in 1990 WDR, poverty was defined as inability to attain a minimal standard of living and world poverty was measured according to minimum calorie diet and counting the other necessities. It is also stated in the same report that poverty and inequality is different and poverty is related to absolute standard of living, whereas inequality is relative. However, in the report it was acknowledged that this way of poverty measurement is

so limited so it involves other kinds of data, like primary school enrollment, life expectancy and infant mortality. (It does not have participatory element).

In 2000/1 World Development Report of Attacking Poverty, it was accepted that poverty is not just low income and consumption but at the same time it is low achievement in education, health, nutrition and other areas of human development. The 2000/1 report is perceived as one of the most important resource both by the Bank and by outsiders. The reason is it depends on even a more research than other WDRs and for this WDR, the Bank funds a participatory poverty study that lasted in three years and reflected interviews that were done with thousands of people in developing world.

In this participatory poverty study, it was comprehended that poor people associates poverty with powerlessness, voicelessness, vulnerability and fear. In the book of “Can Anyone Hear Us” (2000), one of the three books revealing the results of this study, poverty is associated with hunger, deprivation, powerlessness, violation of dignity, social isolation, resilience, resourcelessness, solidarity, state corruption, rudeness of service providers, and gender inequity by the poor. It is expressed that states does not favor the poors and they are subject to unequal treatment, corruption and arbitrariness.

As a result of above mentioned research, in the report of 2000/1 it is stated that poverty contributes to the lack of freedom of action and choice. Hence, it is acknowledged that poverty is multiple deprivations. In line with this definition, in January 2004 in the World Bank Operational Manual it is asserted that “Poverty encompasses lack of opportunities (including capabilities), lack of voice, and representation, and vulnerability to shocks.” It continues like mentioning the increasing opportunity, enhancing empowerment and strengthening security

approach that was explained in 2000/1 report. It is expressed that the critical priority is “promoting broad based growth”.

Thus, from 1990s to the beginning of 2000s there was a clear policy change in terms of defining and measuring poverty. In the beginning of 1990s, it was started to be diagnosed that poverty cannot be measured by just income determinants. As a result, other human development measures were initiated to be noted in the researches. However, after 2000s they become the indispensable part of poverty studies and also in terms of methodology, the Bank left revealing just the numbers related to poverty but also it includes new kinds of researches, like participatory studies.

As regards to comparison of 1990 and 2000/1 reports, there are also some differences about the recommendations about the anti-poverty programs. In 1990 report there were only two suggestions and these were later developed in 2000/1 report. In 1990 report it was recommended as the most effective strategy to reduce poverty is (1) to increase opportunity for the poor by the productive use of most abundant asset of poor -labor- and (2) to enhance the capacities of the poor by widespread provision of basic social services (primary education, primary health care, and family planning). International assistance was encouraged in assisting these ways.

As regards to the suggestions, the 2000/1 report stands on three suggestions. First, growth is presented under a heading of promoting opportunity, implying that growth is necessary for creating new opportunities for the poor people in terms of material necessities. It is similar to the first recommendation of the 1990 report but it is more general and material necessities to get rid of poverty is quite broader than just investment to labor. For growth, encouraging effective private investment,

expanding to international markets, building assets for the poor people, addressing asset inequalities across gender, ethnic, racial and social divides and spreading knowledge to poor areas are being recommended. Greater equity is said to necessary for rapid progress in reducing poverty. Second suggestion is related with empowerment through better interaction of political, social and other institutional processes, efficient and accountable services. This second recommendation is also similar to 1990 WDRs second recommendation but in 2000/1 WDR the emphasis is on institutional process and in 1990 report there was no remark of empowerment, which is the basics of the 2000/1 report. Third and last suggestion is related to enhancing security. Security is defined in terms of economic shocks or other events causing unexpected economic problems for the people or personal like ill-health or societal like any catastrophe. For these events, states should reduce the vulnerabilities of people. This recommendation does not take place in 1990 WDR.

Another difference between two reports is the gender orientation and equal treatment in analysis. The report and policies stresses the gender inequalities and offers some ways to increase women participation in education and work force. In terms of empowerment, the report points out the social barriers that decrease the mobility within society.

4.2.1.2 Good Governance (openness, transparency and accountability)

Good governance of state institutions also becomes a key principle that the Bank recommends for development and economic growth. Hence, The Bank notes the importance of strong institutional structure, need for institutional reform and points out the consequences of institutional problems in various reports. It is observed in participatory researches that poor people are excluded from governments' services and the state institutions are neither responsive nor

accountable for their needs (Crying for Change, 2000: 200-214). The poor complain about bad behaviour of state staff, corruption and bribes in services. According to World Development Report 2002 “Building Institutions for Markets”, the poor are affected from corruption three times more than the rest of society and it is stated in the report that corruption is claimed to be having large costs for economic development (105).

Also in the same report it is defended that weak legal and market institutions hinder development and creates problem for the poor people. To escape from these drawbacks, countries are advised to continuously work on this strengthening of institutional structure to respond to local needs better. In the report 2002, it is argued that good institutions help to test the results of market reforms and provide stable growth and poverty reduction.

For institutional reform, the Bank gives following advices: Firstly new institutional design should be in accordance with existing institutions and local conditions. Then, innovations should foster open trade and open information flows and lastly competition among regions, firms and individuals should be encouraged (WDR 2002). It is stated that complex business opening processes and problematic dispute settlement processes makes foreign investments to escape to other places. Hence, institutions of a country may assist or hinder the development and poverty reduction.

In WDR 2000/2001 *Attacking Poverty*, there is also reference to good governance. In this report in terms of good governance, the emphasis is on democratic and participatory mechanisms in making decisions and monitoring their implementation. The report mentions the possible contribution of decentralization in

helping the people to have more control over the processes. Moreover, as solutions; performance rating of public services and inclusive decentralization is suggested.

Hence, the Bank encourages participation, good governance and institutional reforms suiting local conditions and demands to take measures against corruption from states. Also, it reminds the benefits of competition, decentralization and opening to trade and investment flows.

4.2.1.3 Participation and Ownership

Participation emphasis in development and poverty studies dates back to 1990s. It is related to increased emphasis on democratization processes on countries. Also, from the side of the Bank, as mentioned above, there was the impact of structural adjustment reforms and their prescriptions forced on countries. When these prescriptions failed, international financial institutions were kept as responsible. In order for burden sharing in macroeconomic programs and in line with the increased emphasis on democratization, the Bank stresses participatory assessments of poverty projects and country ownership of programs.

As mentioned earlier, in 2000 the World Bank published a great scale research on participatory poverty assessments with the inclusion of over sixty thousand people in more than 60 countries. A three book report, “Voices of the Poor”, was produced out of researches in which many interviews and stories of people from different countries are explained. In this study the poor people are asked to define poverty and explain their experiences of poverty in order to grasp their perceptions of poverty. Thanks to this study, Bank staff was more convinced that poverty is not just lack of money but lack of power and security and it comes with humiliation in society and weakness against the state. This study was a preparatory research for the World Development Report on Poverty in 2000/1. Out of this study,

various conclusions were reached. First, poverty is multidimensional, dynamic, complex, institutionally embedded and gender and location specific phenomenon. Secondly, it is concluded that states are usually ineffective in reaching poor and changing their conditions. Thirdly, NGOs may also remain ineffective and people mostly takes help from informal networks. Fourthly, households and other social fabrics are challenged by the conditions of poverty and they are destroyed and become vulnerable to change.

Also in operational policies of 2004, it is stated that Bank supports countries to articulate their vision and strategy for reducing poverty and attaining the development results. Also collaboration with national institutions, partners and civil society, the Bank prepares poverty assessments. In Country Assistance Strategy and Poverty Reduction Strategy Papers the notions of participation and ownership is repeated frequently. Moreover, as expressed above, participation and country ownership has given significant importance in the Comprehensive Development Framework. Hence, in rhetoric it is given excessive importance and there published and pursued mass researches from this perspective.

About the problems related to delivery of state services, the Bank recommends increasing the participatory mechanisms in decision making and in feedback giving. In the 2004 WDR “Making Services Work for the Poor People”, state is kept responsible for dissemination of information, widening decision making, ensuring basic health and education outcomes and it is argued that many states fail to fulfil their responsibilities, especially in (1) making poor people to enjoy the public spending and health services (usually enjoyed by non-poor), (2) making poor to reach the frontline service provider (no schools or hospitals in rural places), (3) giving incentives to state personnel for effective service delivery, and (4) sustaining

the demand from people (families does not send their children to school because of many reasons). For these problems, the Bank suggests (1) privatization of state services, (2) selling concessions to private sector, (3) transferring responsibility to local authorities and (4) transferring responsibility to local communities and clients (like firing the teacher because of bad service), and transferring resource and responsibility to household (like giving cash to families for school expenses).

4.2.2 Other Remarks about Disputable Topics

Other than these three changes, there are a number of perceptions of the Bank, revealed in the reports, which are important for fight against poverty. These are (a) external help and advices to developed countries, (b) growth and poverty, (c) equity and development and (d) next generations and development.

a) External Help and Advices to Developed Countries:

About external assistance, the Bank has always given cautious comments. In 1990 WDR, it is stated that if a public expenditures and monetary policies of a country is not in accordance with the goal of poverty reduction, external assistance will definitely be ineffective. In order to prove this, the report stresses the performance gap of countries in 1980s about their macroeconomic stability for adjustment and microeconomic stability favorable for investment. Actually, this thought can be followed without change in other reports too. In WDR 2006, it is argued the global and domestic actions are complementary in development process. In WDR 2000/1 it is stated that there is the need for increasing aid and debt relief to end the poverty within a comprehensive framework, which countries plan themselves and external resources are used effectively. It is also maintained that developed countries should open their markets for agricultural goods and technology should be bridged throughout the world.

Again in 2006 WDR, it is stated that despite the Bank supports opening to global markets for years, when global markets are far from equitable, this has disproportionate negative effect on developing countries.

b) Growth and Poverty

In 1980s poverty was perceived as an indispensable side effect for high rates of economic growth. In 1990 WDR, it is expressed that it does not have to be such a tradeoff between poverty and growth and with good policies of supporting the most vulnerable people, the high growth times can be passed without serious problems. In the same report it is analyzed that the impact of growth on the poor depends on many factors and if a state increases poor sections access to land and credit and improves access to infrastructure and technology, then the growth for the poor can be achieved. Hence, poverty reducing growth policies should encourage employment, in addition to increasing access to land, credit and infrastructure and for resource-poor regions; states should encourage out-migration and additional investments with subsidies.

c) Equity and Development:

The WDR 2006 explains the Bank's perception of equity in detail. According to the report, equity means that individuals should have equal opportunities to pursue a life of their choice and should be avoided from extreme deprivation in outcomes. The report states clearly that the policy aim about equity is not equality in outcomes but the concern over outcomes only emerges about their influence on absolute deprivation and their role in shaping opportunities. In the report, it is asserted that inequalities have a moral side but the report deals with its functional side. In two ways inequality gives damage to development by wasting productive potential by an inefficient allocation of resources and by perpetuating inequalities in power status and wealth in the long run. So what is important is to distribute opportunities rather

than distribution of outcomes. If society is more equitable, then direct benefit to the poor by increased opportunities and greater participation and development process may be more successful because of better working institutions, more effective conflict management, better use of all potential resources on the economy (WDR 2006: 9). Moreover, it is expressed in the report that different inequalities interact each other and reinforces continuation of inequalities (2006: 29). Hence, the role of authorities is to broaden the opportunities and avoid inequality traps that cause persistence of poverty .

It is also expressed that even if markets work equitable, due to unequal endowments poor countries would be limited in their ability. It is also acknowledged that the rules are resulting from a complex negotiation process in which poor has little voice (WDR 2006:16).

d) Next Generations and Development:

The WDR 2007 “Development and Next Generation” deals with the topic of young populations in developing countries with the claim that the high percentage of young population is a great opportunity to reduce poverty and accelerate growth, only if states provide good opportunities for them. In the report, for the next generations in developing countries, developing countries are advised (1) to broaden opportunities for young generations with improving access to education and health services, increasing employment opportunities and participation in the matters that have implications on them, (2) to develop their capabilities by enhancing their choices and information about decision making, and (3) to develop a second chance system for the ones who had bad starting in their lives.

4.2.3 Discussion about World Development Reports

4.2.3.1 Methodology

In nearly all WDRs, The World Bank uses monetary measures to give a general picture about the world poverty. In that, it utilizes poverty lines of 1\$ and 2\$ and reveals serious percentage of world population lives under the poverty line. By revealing this fact, it comes to show the great inequalities in world wide. However, these poverty lines are criticized in that it can hardly be same in different parts of the world that 1\$ would buy similar amount of necessities. Thus, for giving a quite general picture these statistics can be appropriate but reveals no more information than that.

As explained above, the Bank does not only use monetary measurement but it enriches its studies with some researches, like participatory poverty research. In this research, the people and their experiences are revealed more rather than scientists and their research results. This is a more qualitative study and results are not shown in an aggregate level. Positive aspect of this study is the perceptions of people help researchers to understand what problem people live in their lives as daily experience of poverty. It gives, not an external, but an internal view of the poverty. Before poverty was mostly thought in terms of material deprivations like nutrition, housing etc. but with these studies, the empowerment aspect of poverty, the relations with the state and poor, the vulnerability and the fear side of the problem is being understood. Hence, thanks to these participatory assessments, the Bank widens its understanding of poverty and includes multiple deprivations in its reports.

Other than these, in the WDRs the results of Human Development Reports are also used. These studies includes the education levels, some determinants related to health and average life span, children mortality and other significant elements,

which gives idea about the living conditions. The Human Development Reports are argued to be an interpretation of capability approach. Thus, by using these research results, the WDRs indirectly benefits from the capability approach. For social exclusion, also indirect links can be found but I do not think they have an important role as much as other approaches. This may be related to the Bank dealing with poverty mostly in developing world and in developing world analysis social exclusion approach is less used vis a vis developed country poverty studies.

4.2.3.2 Consistency or Diversity?

By analyzing the WDRs, it can be stated that the Bank follows the poverty literature closely and prepares studies in which it can include different perceptions, viewpoints and methodologies. For instance, it refers to the percentage of a family spending on food, then to 1\$ and 2\$ poverty lines and from the other hand, it mentions enhancement of capabilities in terms of strategies recommended and provides definition of poverty with reference to quality of life. The first two references are from different monetary approaches and the third and fourth one reminds the capability approach. In the strategies mentioned in 2000/1 report, behind the recommendations of opportunity, empowerment and security there is the concerns of social exclusion, especially about the empowerment and governance. Also, the gender concern in reports and studies is related to women exclusion from decision making and economic processes.

The different methods and approaches that are included in the studies provide diversity and multiplicity so the analyses become more enriched, complex and comprehensive. The important messages, like Bank's given importance to growth, are also given but in a wider perspective. Hence, we can say that, especially with regards to WDRs, in the tradeoff of consistency and diversity, the Bank position

itself in nearer to latter. As an example in WDR 1990, the definition of poverty is given on absolute terms, like “inability to attain minimal standard of living” (1990: 26) and as a method of measurement, income and expenditure levels in different countries are taken (like the measurement of necessary calorie for a human body). It is also expressed in the same resource that despite this definition and measurement methods are chosen, they cannot give information about the situation of health services, level of nutrition, or the quality of education. As a solution, the writers also include the studies that measure and compare education, health levels of societies so supplement the consumption-based understanding.

For the CDF, it can also be said that this study combines old style economic concerns with non economic variables. The inclusion of those values is very important but as expressed by the critiques, it is still not clear that how all those can happen. I think it is very similar to the case of Millennium Development Goals. In both documents, the problems are stressed, recommendations are given but how can those will be achieved is a question that has not replied satisfactorily.

4.2.3.3 International Responsibility

About the WDRs, especially about WDR 2000/1, the recommendations in this report are the suggestions for how to make the current economic system more efficient in a way to reduce poverty/eliminate extreme poverty. Though being in such a topic, it is carefully situated in a platform that no systemic criticisms are raised and no systemic suggestions are proposed. This report formulates that economic growth is not demanded for the sake of the growth but for “provision of new opportunities” to the poor. Secondly, state institutions are recommended to stop being corrupt and respect all of its citizens in equal importance and thirdly, states are advised to be more prepared to secure their citizens in any short or long-term economic problems.

Hence, it may be argued that this report demands a repairment of the system, by making states more responsible for their citizens. For example, in terms of access of poor people to basic services, the suggestions are like provision of scholarship by the state or privatization of public delivery of water, and in terms of security, food transfer programs, social funds and national social risk management system is offered. As can be seen, none of these are systemic solutions to worldwide poverty but just treatment for symptoms . Besides, the responsibility of global inequality is divided among the states and they are recommended to amend their policies to alleviate the negative impacts of poverty.

About the analysis of the Bank it easily recognized that the Bank makes its researches usually in state level and it gives primary responsibility to states to solve their citizens' problems. This understanding may be seen more effective from the side that states are more organized bodies that can take action in a sooner time period than international community. However, this involves an assumption that states "can" solve the problems but "do not". What about the problems that states are ineffective and unable to solve, such as the rising AIDS crisis and early child deaths or any other problems like the wealth of rich countries being 37 times more than the poor countries?

I think the Bank usually turns a blind eye to such problems and global inequalities and choose to stay in a safe ground by giving no concrete advice or no direct criticism of this situation. About many problems and inequalities it is clear that the one who "can" create a change and "does not" is the developed countries. For about demands from developed countries, the Bank asks for international assistance, sharing technologies, opening agriculture markets and calls for decreasing of enormous global inequalities. However, it is not specified that (1) who should give

this assistance, (2) by what way (bilateral or multilateral agencies), (3) on what conditions if any, (4) whether as debt or as donation and (5) to whom (states, NGOs, local governments, intergovernmental associations etc). Hence, the responsibilities of international society are barely drawn. Probably it is purposefully left blank. The Bank does not want to face the blow and instead, leave the part of responsibility about poverty eradication and development to a vague “international society”.

4.3 The Most Stressed Criticisms to World Bank Policies

In the previous parts of this chapter, I attempted to narrow the subject to Bank’s policies on poverty and to have a very close look to them. In this part of the chapter I do the opposite and have a look to the World Bank policies from a distance and note the most common criticisms that take considerable place in literature about the Bank.

Basically, the criticisms against the Bank can be analyzed in two headings: (1) criticisms against problems in its autonomy and (2) criticisms against the analysis and results of the World Bank.

4.3.1 Problems about Autonomy

The World Bank as a multilateral financial institution is expected to be autonomous from any state intervention and should be in same distance to any state. All states, disregard to their political and economic positions in world politics, should benefit from its funds in an equal manner. Otherwise, the legitimacy of the institution is destroyed and the trust may fade because of the thought that the Bank favors one state’s interests as opposed to others. However, it is common knowledge that the Bank takes substantial criticisms regarding these points, especially parallelism of its policies with US foreign policy.

There are two lines of criticisms regards to Bank autonomy and legitimacy: The first is the Bank is argued to serve US interest and/or dominant power relations and to follow developed country agenda. The first criticism is discussed nearly as early as the Bank was established. The second is a more recent one, pointing out the more technical accountability problems in Bank structure and legitimacy issues that are related to the first point.

4.3.1.1 Developed Country Agenda, the US impact and Power Relations

For the first line of criticism, I will mention, Robert Wade, Paul Cammack and Ngaire Woods. These discussions are raised around the concepts of hegemony, dominant paradigms and power relations.

Robert Wade is a prominent author that has written a number of articles related to the Bank policies. Wade (2002) has the strong belief that the USA, as the hegemon, intervenes frequently to the Bank and this interventions damages the legitimacy of the Bank and its own hegemony. He notes that hegemony refers to “a dominant group’s ability to make others want the same thing as it wants for itself” and hegemony “rests upon (1) substantive pillar of belief that the system of rule created by the dominant group brings material and other benefits to all or most participants and that the feasible alternatives are worse, and (2) a procedural pillar of the belief that the processes and procedures of dominant system of rule are fair and appropriate and will be enforced on the dominant group as well as subordinate group” (2002: 215). His argument is that because of the US intervention, it strengthens the first pillar of mutual benefits but at the same time, it damages fairness and collective legitimacy. He points out the interventions of the US in terms of Bank’s personnel selection or interventions to research results and publications and he believes the US is very effective in organization in allocation of resources,

selection of president and having the largest share of votes and being the biggest contributor to the IDA (2002: 217). He also defends that (2001b) the US prefers negative power rather than direct interventions, like being sure the Bank does not defend anything contrary to US objectives . He argues “the Bank would be a better development agency if the US –both state and NGOs- had less control over it, if people from other states, with knowledge of other (social democratic, developmental state) forms of capitalism had more influence over what the Bank says and does, causing the Bank to affirm a wider range of institutional ecologies”. He also urges more interest and intervention from Europe and Japan.

In another article that discusses the WDR 2000 by Robert Wade (2001a), he pursues the ways of US intervention to the World Bank and how it does so . He writes about the relation between the resignation of Joseph Stiglitz, the chief economist of the World Bank and Ravi Kanbur, the director of WDR 2000 and the how the Treasury of the United States had impact on the revision of the draft of WDR, which ended up with resignation of Kanbur. He points out the “back-channel communications” (2001a: 1439) between the Treasury and the Bank and argues that one needs to know these to analyse the extent of US role in the Bank . Wade states that leaving the back-channels aside, the tone, the timing of Treasury comments and close correspondence between Treasury, managing director and director of research are worth emphasizing about the content and tone of intervention. He concludes (2001a) as US government and US-based NGOs have significant impact on actions of the Bank and if the government does not restrain its interventions, the Bank will lose its legitimacy and credibility that appears from its multilateralism.

The perception of Ngaire Woods is partly different than Wade. Despite she also acknowledges the US impact on the Bank, she is not as critical as Wade.

According to Ngaire Woods (2003), although the USA benefits a special position in the IMF and the World Bank since their establishment, she argues neither of these institutions can be perceived as mere instrument of US policy. She states that it is both true that these institutions were partly established to serve US-supported goals and also their existence is for providing neutral technical advices “less offensive to national sentiments than direct intervention by the States.” (2003: 1). According to her, many countries believe the legitimacy of these institutions and this is why they are member of these institutions. “that they perceive the institutions to proffer a particular technical expertise as well as a certain degree of independence, a genuinely international character, and actions which are rule-based rather than reflecting US discretionary judgments”. Hence, she mentions that still the fact that US having close relation with these institutions causes tensions for them since they aim to make US happy for their actions and to protect their independence and credibility as research and technical agency and multilateral organizations (2003: 3). She notes four channels of influence over these organizations: (1) finance of organization , (2) use of resources, (3) the staffing and management of the institutions, and the last (4) representative and deliberative functions of these organizations. Also, she agrees with Wade that there are strong informal channels of communication with the heads of both organizations and US authorities (2000: 827). Moreover, she states the USA possesses large share of votes in Executive Board, large presence of staff and geographical proximity. Woods argues these all raises problems about governance of the institution.

Paul Cammack’s criticisms are much more radical than the other two authors. Cammack (2004) acknowledges that the promise of the Bank to reduce poverty is real; however, this goal is conditional for its broader goal of systemic transformation

of social relations and institutions in developing world towards proletarianisation for capital accumulation in global scale. He claims that community participation and country ownership strategies of the Bank are the tools for legitimization of establishment of capitalist hegemony. He supports that through policies of participation and pro-poor propaganda, since 1990s the Bank systematically establishes the institutional framework for global capitalist accumulation and backs proletarianisation of world's poor. Cammack also (2004) thinks that the Bank's strategy for forming hegemonic discourse about the 'right' knowledge about the development serves this goal. To sum up, according to Cammack, with the new development understanding, including its stress on country ownership, participation, 'voluntary' developing country programs and knowledge authority of the Bank, the Bank openly aims to transform societal and governmental relations and institutions in a way that supports capitalist development. He also claims for the CDF knowledge monopoly is a prerequisite.

4.3.1.2 More Technical Accountability Problems in Bank Structure

For the second line of criticisms about the Bank on the issue of accountability, few scholars published work and one of the well-known is Ngaire Woods. In her articles, Woods points out the inevitable hardship in the accountability of an international institution so accepts there are solvable and unsolvable problems in relation to the issue and she gives some proper advices to how to establish better accountability in the Bank. I note a few points related to her discussion of the topic: (a) stability in the institutional structure despite changing world conditions, (b) accountability problems related to Executive Board, (c) importance of horizontal accountability, (d) transparency of the Bank, and (e) suggestions.

First of all, she points out the time, the power structure and scope of Bank activities when the structure and the decision making procedures of the Bank was designed and how much it has changed after that. Especially after 1980s the Bank and the IMF involved intense negotiations with the governments of debtor countries and became much more effective in economic policy making in these countries. Hence, she argues that despite the Bank's role and purview is expanded in time, accountability is not (Woods, 2001).

She highlights that the Executive Board is key topic in the accountability arguments because of unequal representation of states. Only eight countries are directly represented and the others are represented in groups. In addition to lack of representation problem, she indicates that there is the issue of lack of influence in informal process of consultation and decision making (2001: 85). Also, it is important to mention that many decisions are not taken before coming to the board. For example if the USA does not approve a loan, then it is seldom presented to the Board for discussion (2001: 87).

Woods (2001) stresses the importance of horizontal accountability and independent evaluation so welcomes the establishment of Operations Evaluation Department of the Bank development and disclosure of information about the reports of the Department. She also appreciates the establishment of Ombudsman of MIGA in terms of transparency and monitoring of the institution.

Woods also raises some questions about the transparency of the organization, in topics like selection of heads of the organization, which is also criticized heavily by Robert Wade. However, about the transparency of the organization the picture is not so dark. She emphasizes that the Bank has started to share more information about the research and activities.

In terms of suggestions, she calls for (1) open and legitimate process of appointment of the president of the Bank, (2) stronger role for Executive Board in the working of institution, (3) better representation which reflects in the stakes of governments better, and (4) increase in accountability of Executive Directors to their governments and voters (Woods, 2001: 100).

4.3.2 Problems about the Analysis and Results of the Bank

Many critiques of the Bank's research and policies concentrate on the researches of the Bank about its claim of world poverty and inequality decreasing and growth causing poverty reduction. To analyse the criticisms to the Bank, I again divide the subject into two: (1) technical problems about the research of the Bank and (2) problems about the ideological assumptions of the Bank.

About the technical questions of the Bank research, there are many questions regarding the poverty measurement of the Bank and its comparison results. About the poverty figures some writers, like Robert Wade, argues that in the poverty figures of the Bank is subject to large margin of error and probably downward biased. According to Wade (2004), the Bank usually uses the 1980 and 1998 figures to show the decrease in poverty; however, they are not comparable because the Bank introduced new methodology in late 1990s. Besides, he raises his doubts about the headcount measures because of their over sensitivity to household surveys, in which there is a large amount of error. Hence, by adding a number of other technical details, he emphasizes the problems about the arguments of decreasing poverty and inequality in last two decades because of opening of markets. I take Wade as an example there are some other authors, making similar arguments.

The second issue is about the neoliberal ideological assumptions of the Bank. Two of these are: (1) structural adjustment programs are good for the economic

growth thanks to the macroeconomic measures and trade liberalization and (2) economic growth is good for poverty reduction. There are many works questioning both premises of the Bank. About the structural adjustment programs' impact on growth and poverty, there are conflicting arguments; supporting either SAPs are good for growth and poverty reduction, SAPs are not good for growth so not for poverty reduction, or SAPs are not directly correlated to poverty reduction and its indirect impact depends on other factors.

The famous article written by Dollar and Kraay (2000) "Growth is Good for the Poor" supports the positive argument. In this classic work, the claim of Dollar and Kraay was incomes of the poor rise proportionately with the rise in average incomes, which is positively affected from SAPs according to the results of their research on 137 countries. They argue that the policies of international trade openness, macroeconomic stability, moderate size of government, financial development and strong property rights and rule of law have systemic effects on share of income accruing to the poorest quintile. Hence, their result is growth-enhancing policies and institutions tend to benefit the poor and everyone else in the society proportionately.

Criticizing the classic work by Dollar and Kraay (2000), Weisbrot, Baker, Naiman and Neta (2005) claims that despite there is a generally positive correlation between economic growth and income of the poor, world wide economic growth in the last twenty years has been dramatically reduced and SAPS had considerable impact on this reduction. They oppose the argument that in every condition poor would benefit from economic growth and argue that gains from the economic growth by the poor sections of society can vary substantially because of the other policy implemented. The authors stresses the IMF policies since 1997 reduced cumulative

growth of hundreds of millions of people and one of the reasons of this is lack of knowledge by IMF and World Bank economists about the specific country conditions. Hence, they doubt SAPs are good for growth despite their belief in growth causing poverty reduction.

Another way of analysis of poverty and SAPs relation is using the growth elasticity. According to Easterly (2000), adjustment lending has no direct effect on poverty reduction but has strong interaction effect with economic growth. He stresses IMF and WB adjustment lending lowers the growth elasticity of poverty (the amount of change in poverty rates for a given amount of growth). Thus, according to his results based on data of lending WB and IMF lending between 1980 to 1998, from economic expansion the poor can benefit less, but also from economic contraction the poor are damaged less if they apply SAPs.

In a similar argument to Easterly, about the inequality and growth relation, Ravallion (1995) argues that growth does not necessarily has strong adverse effect in distribution of income and there is no certain sign that growth is associated with increase or decrease of inequality in developing countries.

In relation to all these complexity Ravi Kanbur, who resigned from Directory position of WDR 2000, brings an agreeable explanation. According to Ravi Kanbur (2005) the relation between growth, inequality and poverty is quite hard to explain. Firstly, by using a monetary definition for growth and poverty, he argues that if we think about growth in isolation, then growth is good for the poor. However, if we take into consideration inequality increase, then the effect of growth on poor is no longer clear (Kanbur, 2005: 224). He also notes that there is no statistical correlation between per capita income and inequality so in income change we do not expect a change in inequality.

Another analysis of Ravi Kanbur, which is also very interesting, is the one that is related to the differences of ideas between Finance Ministry Agenda, in which the Bank and IMF is included and Civil Society Agenda, in which UN agencies are included. He thinks that these two groups have very different ideas about fiscal adjustments, interest rate policy, exchange rate regimes, trade and openness, internal and external financial liberalization, privatization. He explains the reason for great difference as; (1) Finance Ministry Agenda considers more aggregate terms than Civil Society Agenda; (2) Civil Society Agenda concerns more on medium time horizon, whereas Finance Ministry Agenda concerns with shorter and longer term horizon; and (3) distribution is more important for Civil Society Agenda and market structure and power are more important issue for Finance Ministry Agenda.

To sum up, the Bank is criticized more on two topics: autonomy and policy presumptions. About the autonomy, there is (1) technical aspect, related to decision making procedures and (2) power relations aspect, related to international power struggle. About the policy presumptions, there are long, ongoing discussions about the relation of structural adjustment reforms, growth, poverty, and inequality. The Bank makes policy recommendations in line with the thought that SAPs are good for growth so good for poverty but as ongoing discussion shows, things are not so easy to be determinate about such policy prescriptions. Impact of growing inequality should not be ignored to make proper assessments about the effect of growth on poor sections of society.

CHAPTER 5

RIGHTS-BASED APPROACHES TO DEVELOPMENT & COMPARISON OF APPROACH OF THE UN AGENCIES AND THE WORLD BANK

In addition to the four approaches that were summarized in third chapter (monetary, capability, social exclusion and participatory approaches), there is another important approach, which is not as developed as the previous four, but, I believe, it is worth mentioning in analyzing the policies of the World Bank in its fight against poverty. This approach is predominantly defended by United Nation agencies and programs and is developed upon the Declaration on Right to Development, 1986. Since this approach is the basis of UN perspective, I separated it from other perspectives and referred it in this different chapter of comparison of the UN and the World Bank.

When compared to other four approaches, there are important similarities between rights-based approach and capability approach. Their concerns are similar but their legitimization grounds are different. Rights-based approaches stands on international laws and norms, whereas capability approach does not legitimize itself in this way, rather it uses philosophical arguments. Also, some similarities between social exclusion and participatory approach can be found in terms of their analyses. However, again none of these theories give references to international law.

I argue the Bank can benefit from this approach. Despite the Bank's multi-level analysis of poverty and its growing emphasis to capability and participatory analysis, I believe the missing point in the research and the work of the Bank in poverty area is the lack of notion of right. In spite of the interest of the Bank in the

beginning of discussion related to right to development, the notion of rights in development is not digested and integrated in projects and policies of the Bank. Being so comprehensive in terms of inclusion of different perspectives, the Bank does not have so much coherence. Rights-based approach to development may contribute to policies of the Bank in terms of increasing legitimacy, maintaining coherence, enhancing international civil society support and becoming more harmonious with the UN.

The reason I want to compare the UN agencies, like United Nations Development Program, and the Bank is that these are both worldwide international financial institutions, working for development. The Bank is always compared to the IMF but actually they are complementary organizations. The IMF is for short term crises and the Bank is for long term development goals. Hence, I believe the UN agencies and the Bank have more similar goals, mandates and means but to some extent they are pursuing these goals in different ways.

Hence, in this chapter, there are two main parts of this chapter. In the first part I will analyze the rights-based approaches to development and discuss the weaknesses and strengths of this approach and in the second part I will compare the Bank and United Nation agencies approaches. In this second part, I will explain the process in which UN agencies incorporated this approach to their projects. I aim to compare the stand of the Bank with UN agencies and note how the Bank can improve its stand by utilizing this approach. I will also discuss whether the Bank may have the possibility to adopt this approach.

5.1 Rights-Based Approaches to Development

In this part I intend to understand and analyze the rights-based approaches to development. To do that, firstly, I will provide the differences between so-called

needs-based and rights-based approaches to development. Then, I will explain which approaches are included in rights-based approaches and for this study I will just concentrate on two of these perspectives: human rights-based approach and right to development. After that, I will explain the content and international covenants related to Right to Development and then the content of human rights-based approach to development. Lastly, I will explain the weaknesses and strengths of these approaches and write my comments about this rights-based perspective.

5.1.1 Rights-Based Approaches Vs Needs-Based Approaches

To understand the basic principle of the RBA, it is good to start with the rarely used classification of needs-based and rights-based approaches. In so-called needs-based approaches, the priority is on whether the need is satisfied or not. These approaches are consequence oriented and the process is a secondary concern. According to this approach, the problem about poverty today is the lack of resources. In opposition to this approach, rights-based approach is more process-oriented. It focuses on the legal rights and obligations and calls for share of resources in a more equal manner rather than more resources to be distributed. This approach will be explicated further.

The Bank seems to be situated more in needs-based approach according to this classification. It is more outcome-oriented for its projects and it puts more emphasis on the needs of poor societies rather than claiming about rights of poor people. Also, the Bank always calls for the increase in international cooperation for development aid.

5.1.2 The Content and Types of the RBAs and the Differences with RTD

Since 1970s the rights-based approaches has initiated to be discussed. According to Robinson (2005), the rights-based approach has been used by NGOs

since 1970s and by OECD governments since 1990s. Also, Nordic governments have benefited from this approach. The starting point of the rights-based approaches is “poverty is denial of human rights and human dignity”. The legitimization for this thought is human freedom cannot be properly used and expressed because of poverty. Poverty destroys human dignity and also, it causes discriminations and injustices (Jahan, 2004).

In this part, the difference between right-based approaches to development and right to development will be explained and other kinds of right-based approaches will be pointed out. Then, fundamental legal agreements about the issue, mainly the Declaration on Right to Development, and the rights and responsibility understanding in RTD will be mentioned.

5.1.2.1 Types of RBAs and Difference between RTD and HRBA

There are a number of different perceptions, supporting the above mentioned premises. According to Stephen Marks (2003), there are seven different approaches through which human rights framework for development can be analyzed. These are holistic approach, human rights-based approach, social justice approach, capabilities approach, right to development approach, responsibilities approach and human rights education approach. Not all of these approaches are developed or has taken enough attention in the literature.

Despite being plural approaches that can be referred as rights-based approach, I will just mention the two of them that are more studied in the literature and more relevant to the topic here: human rights-based approach (HRBA) and right to development (RTD) approach. The difference between these two approaches is the right to development approach involves criticism of whole development process in addition to right based analysis. Meaning that, RTD includes HRBA and does more

than that in terms of its “critical examination of overall development process, including planning, participation, allocation of resources and priorities in international development cooperation.” (Marks, 2003: 16).

5.1.2.2 The Definition of Right to Development

According to the definition of right to development by Arjun Sengupta, the Independent Expert on Right to Development for the Human Rights Commission, deployed by UN High Commission for Human Rights, right to development refers to “a process of development which leads to the realization of each human right and of all of them together and which has to be carried out in a manner known as rights-based, in accordance with the international human rights standards, as a participatory, non-discriminatory, accountable and transparent process with equity in decision making and sharing of the fruits of the process.” (2002: 846). He argues that equity is the basis of the process and identification of the right-holders and duty-bearers and obligation in national and international level is essential in the process. Another definition is done by Piron (2002: 5) that the right to development can be defined with following principles: (1) human person being in the center of development, (2) development process being respectful of all human rights, and of participation, (3) development promoting social justice, (4) states carrying the primary responsibility for realizing RTD at national level, but also through appropriate international policies and, (5) process of effective international cooperation.

Hence, the notion emphasized with this concept is the process in which human rights are realized in accordance with human rights standards. The content of RTD includes a comprehensive development understanding with considerations about human beings, respect for all human rights and fundamental freedoms

(indivisible and interdependent), participation to process of development, fair distribution of benefits, suitable international conditions for development, and full-realization of right of peoples to self determination (Sengupta, 2002).

Right to development being a process is frequently emphasized by different writers as well as the articles of the Declaration. According to Sengupta, provision of equal opportunities is crucial to examine a development process with human rights claims. Thus, development is not just growth but it involves distribution of benefits, increase of capabilities and opportunities for all sections of society so to increase freedoms shared by all (2002: 848). Hence, equity and justice is central and there are several references to equality of opportunity, equality of access to resources, equality in sharing of benefits and fairness of distribution, and equality in the rights to participation.

5.1.3 History and Main Legal Document of RTD

According To R L Barsh (1991), the term “right to development” was advanced by Keba M’baye, a noted African legal scholar in 1972. In 1981 in the African Charter on Human and People’s Rights it is stated in the Preamble that “(...) it is henceforth essential to pay particular attention to the right to development and that civil and political rights cannot be dissociated from economic, social and cultural rights in their conception as well as universality and that the satisfaction of economic, social and cultural rights is a guarantee for the enjoyment of civil and political rights” and in article 22 that “1. All peoples shall have the right to their economic, social and cultural development with due regard to their freedom and identity and in the equal enjoyment of the common heritage of mankind. 2. States shall have the duty, individually or collectively, to ensure the exercise of the right to development.”.

After this regional document, a universal declaration is made, the Declaration of Right to Development in the 1986. In this Declaration, in article 1 it is expressed that "the right to development is an inalienable human right by virtue of which every human person and all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized.". Later in 1993 it is also agreed in the Vienna Declaration that the right to development is a universal and inalienable right and an integral part of fundamental human rights, meaning that rights and freedoms are interdependent and mutually reinforcing (Udombana, 2000: 771). In 1986 Declaration, development is defined as "a comprehensive economic, social, cultural and political process, which aims at the constant improvement of the well-being of the entire population and of all individuals on the basis of their active, free and meaningful participation in development and in the fair distribution of benefits resulting therefrom".

In the 1993 World Conference on Human Rights in Vienna, the topic of right to development has been discussed extensively and there adopted a programme of action. In this meeting the commitment to right to development was redeclared and mutual reinforcement of development, democracy and human rights and freedoms are emphasized. In the next meeting related to RTD, the Office of High Commissioner for Human Rights is given the mandate about the right to development and in 1998, the Commission recommends ECOSOC to establish an open-ended working group and independent expert (Arjun Sengupta) to follow up (Marks, 2003: 13-14).

In relation to RTD, Malone and Belshaw (2003) points out that the dominant conceptual framework of RTD is driven from international declarations and treaties,

national advocacy processes and case laws and enabling legislations and in this respect they are quite different from development program activities of states and INGOs, such as SWAPs, social policies, fiscal and trade measures and so on.

5.1.4 Right and Responsibility about RTD

The 1986 Declaration is not binding. Nevertheless, it is important that it is global in its scope because it does not consider state as sole responsible unit but stresses international responsibility (Cornwall, Nyamu-Musembi, 2004: 1422). It is stated that in first paragraph of third article of the Declaration, state has the primary responsibility in creation of national and international conditions favorable for realization of development and in third paragraph, it is expressed that “States have the duty to co-operate with each other in ensuring development and eliminating obstacles to development. States should realize their rights and fulfil their duties in such a manner as to promote a new international economic order based on sovereign equality, interdependence, mutual interest and cooperation among all States, as well as to encourage the observance and realization of human rights”.

As mentioned above, states are entitled with the primary responsibility for the creation of appropriate conditions for right of development in article 3 of the Declaration, and in the second article, human person is regarded as the central subject, active participant and beneficiary of the right to development. Also in third article, individuals are given, individually and collectively, the responsibility for promoting and protecting political, social and economic order for development.

To sum up, it is expressed in international covenants and declarations that all humans are beneficiaries of this right and all states have a collective responsibility to create a just and equitable international environment for realization of right of development (Cornwall, Nyamu-Musembi, 2004: 1422). There is also a discussion

about whether RTD is an individual or a group right. According to a resolution that was passed by Human Rights Commission in January 1979 (before Declaration of RTD in 1986), the equality of opportunity for development was much a prerogative of nations as of individuals within nations (Udombana, 2000: 769). Hence, there is a group emphasis. Actually, some controversy about this issue continues because of high politicization of the subject. Mostly Northern nations refer this right as an individual right and giving primary responsibility to the states. However, Southern nations prefer a more communitarian understanding and refer it as a group right with an emphasis on international responsibilities. Because of the continuation of controversy, it can be argued that the legal documents are opened to both claims of individual and group right.

5.1.5 Content of Human Rights-Based Approach to Development

According to the Office of High Commissioner for Human Rights of the United Nations, HRBA to development implies a development process which is normatively based on and operationally directed to international human rights standards. The institution points out five elements for a RBA; (1) express linkage to rights (consideration of indivisible, interdependent and interrelated rights), (2) accountability (identifying claim-holders and duty holders and raise levels of accountability in development process), (3) empowerment (focus on beneficiaries as owners of rights, giving power and capacity to change their own lives), (4) participation (highly accessible development process) and (5) non-discrimination and attention to vulnerable groups (women, minor, indigenous people, discriminated people due to race, religion, ethnicity, language, sex and other concern areas). Similarly, former Human Rights Commissioner Mary Robinson (2005) points out key points of inclusion and non-discrimination, national and local ownership,

accountability and transparency and participation and empowerment related to the RBAD. According to the suggestions of independent expert, Arjun Sengupta, there are three basic rights to be achieved: right to food, right to primary education and right to health.

5.2 Strengths and Weaknesses of RTD and RBAs

The strengths of the approaches can be listed as (1) decreasing impact of power relations, (2) emphasizing ethical side of human rights, and (3) having practical benefits of accountability, participation and non-discrimination.

One of the most important difference that rights-based approaches to development brings is the context change from the need/aid/charity understanding to the context of right/responsibility/cooperation perspective in the discourse of international development cooperation (Sitta). As explained in the beginning of chapter, the needs-based understanding contrasts with rights-based approach. In needs-based approach, there is an inevitable power relation in the way that the fund is provided. The fund giver has a superior role because of its power of choice about the recipients and the amount of aid. Furthermore, the fund giving -being arbitrary- has the potential to be conditional. Hence, domination and enforcement of the demands and interests of fund giver is always a probability. In the rights-based understanding, there is just opposite viewpoint from the beginning. There is not comparable power relation dynamic because the fund giving is done in the context of right fulfilment. Hence, the responsibility is shared more equally between the fund giver and fund taker. In addition, the importance of equality and equity is recognized from the start as opposed to needs perspective.

Second strength of the approach is the normative and ethical side. The rights-based approaches provide a normative framework of what ought to be according to

basic human rights and freedoms for development. Backed by being normatively “true” due to the goal of fulfilment of rights, the approach is superior to other development aids. Also, the ideas behind the approach are supported by internationally agreed set of norms and international law (Cornwall & Nyamu-Musembi, 2004: 1416). Hence, this ethical ground is strengthened legally. Another related point is the RTD establishes the causal connection among the rights, serving the complementariness of rights, which is another internationally accepted norm (Andreassen, 2005).

Third aspect is related to accountability, participation and non-discrimination. The key premises of the approach are these notions. Due to identification of rights and duty holders in the Declaration and following agreements, accountability is argued to be reinforced more (Tsikata, 2004). This focus on process of the approach is seen as strength due to its impact on obligation conduct (Andreassen, 2005). There is also a positive impact of commitment to non-discrimination. Moreover, the approach perceives people not as passive recipients of development aid but active agencies that has the power to change (Tsikata, 2004). Hence, the participatory element has centrality in development aid.

The weaknesses of the approaches are (1) being hard to translated to concrete actions, (2) having the risk of remaining just in rhetoric, and (3) having the potential to be left responsibility of rights fulfilment just to Southern governments.

The most important challenge for RBAs is the difficulty to implementing the articles to concrete policy for all people. It is hard to translate the principles to meaningful, concrete policies from which action can be taken (Marks, 2003: 14). In line with same criticisms, it is argued that it is problematic how the rights can be

given a substantive content, how right to development violations can be measured, and how these rights can be enforced.

The second line of criticism mentions that one can talk about the progress in terms of principles and articles but as long as tangible steps are not taken, the RTD concept either can be manipulated by power centers or the discussions may remain just in rhetoric and no substantial progress can be experienced. For instance, Tsikata (2004) claims that development industry uses human rights talk for its own purpose and that will not result in much policy change. Also, Malone (2003: 86) criticizes that different organizations and states around the world express their support to human rights in development but there are not much examples that shows incorporation takes place.

The third and last line of criticism expresses the concern over the emphasis on country responsibility about the RTD and international society may refrain from taking solid actions and all responsibility may be left to Southern governments to provide their citizens development right. Hence, this may be no more than increased expectations for Southern states.

5.3 Discussion about Weaknesses and Strengths of the Approach

Rights-based approaches to development has a very strong normative base and is very significant due to its effort to merge human rights and development realms and its goal of achieving improvement in both realms at the same time. For developing countries, struggling with human rights abuses and problems about development, diverging politics and economics does not help the solution in both aspects. A country with very bad human rights records may continue to benefit from funds, which are strengthening the political power of authoritarian government. Also, the importance of good governance and participation for the success of development

program has been acknowledged by international development organizations. For good governance, participation and accountability the best functioning political system is democracy. Hence, because of such dense interconnections between economics and politics and human rights and development, I believe rights-based approach to development is a better approach for development agencies. Not only can it better respond to current problems of developing countries due to its normative stand of supporting rights, I suppose, this approach is more respected by the developing countries.

Keeping these in mind, it is a possibility that RBAs can remain as just empty talk or developed countries and development organizations just use it as rhetoric for legitimization of policies depend on their interests and in practice they can continue with ongoing enforcement regime. However, even if it becomes the case, as long as right to development remains in agenda, this will strengthen the awareness and demands about these rights among communities and civil society. As a consequence of increased popular support and awareness on right to development, these principles can be deepened and put into practice in many development projects.

For instance, if we think about the development of human rights regime, especially about the political and civil rights, it has been a very long process that has brought huge benefits for people. In contemporary conditions, the majority of countries either have democratic regimes that are opened to the fulfilment of fundamental rights and freedoms or is in process of struggle for establishment of democratic regimes. Despite many ongoing discussions, we can claim that fundamental rights and freedoms has become general accepted principle worldwide. We are in the process of establishing effective international human right mechanisms, having impact on national systems.

Right to development calls for complementariness of human rights; civil, political, economic, social, environmental, solidarity rights and so on. This right emphasizes the importance of individual right of development. I consider it as a continuation of progress in human rights development and fulfilment. Even if only states, not the international society, respect this right, it is a great progress and in time this will have its impacts on international sphere too in line with the demands of equity. Also, the UN agencies position in the subject is very promising, which will be explicated in following heading. Thus, as Philip Alston, UN High Commissioner for Human Rights on the Millennium Development Goals and Mary Robinson, the former UN High Commissioner for Human Rights, argue mainstreaming and ensuring human rights-based approach to development is clearly on international agenda but still there is a long for these approaches become the norm (2005: 3).

5.4 International Organizations and Their Perceptions of Rights-Based Approaches

According to Malone and Belshaw (2003) in recent years there is a power struggle between two approaches: human rights-based approach to development, led by United Nations agencies, especially the United Nations High Commission for Human Rights and other is Poverty Reduction Strategy Papers by the IMF and the World Bank (2003: 80). They also refer to the attempts to bridge these approaches. I also agree with the so-called power struggle among these policies and in this chapter I will refer to the developments in the UN agencies and their perceptions about right-based approach to development. Then I will point out the difference between World Bank policies about poverty reduction and this approach. After the comparison, I will note my views about how the Bank can benefit from this approach.

5.4.1 The United Nations and Poverty Reduction

Similar to the World Bank, the United Nations has been fighting against poverty, especially after 1990s. In the Millennium Summit of September 2000, the struggle against poverty is stressed as the first Millennium Development Goal (eradicating poverty and hunger and specifically halving extreme poverty and hunger till 2015). In various conferences and summits the UN repeatedly declares its commitment of fighting poverty and urges international society act in accordance with its responsibility.

5.4.1.1 Historical Development of the Approach in the Institution

As explained in detail above, the Declaration on Right to Development dates back to 1986. However, there happened some important developments that opened the way for this Declaration. In the webpage of the UN Commission for Human Rights, it is stated that right to development is rooted in provisions of the Charter of the United Nations, the Universal Declaration on Human Rights and the two International Human Rights Covenants. Also, in the same page, the expression of “that the enjoyment of economic and social rights is inherently linked with any meaningful and profound interconnection between the realization of human rights and economic development” in the International Conference on Human Rights in Tehran in 1968 is reminded.

The UN body that has important function about linking human rights and development was established in 1993, the Office of High Commission for Human Rights (OHCHR). From then on, the body which organizes international conferences related to the issue and which coordinates efforts about the right to development of UN bodies, other international institutions has become the OHCHR. In 1997 another big step for human rights and development was taken. The former Secretary General

Kofi Annan asked UN agencies and programs to mainstream human rights to their works and the United Nations Development Program (UNDP), the World Health Organization (WHO) and the UNICEF included human rights concerns to their mandates (Robinson, 2005).

In 1998, the Commission of Human Rights set an open-ended Working Group on Right to Development and this group is mandated with monitoring the promotion and implementation of right to development and providing reports to the Commission. Also, in 2004 a high-level task force for the implementation of right to development was established under the Working Group to give technical expertise and recommendations to Working Group.

In 2003 the United Nations agencies agreed on a Common Understanding about human rights mainstreaming (Robinson, 2005). In this Common Understanding the commitment for development cooperation and realization of human rights is renewed and it is stated that “Human rights standards contained in, and principles derived from, the Universal Declaration of Human Rights and other international human rights instruments guide all development cooperation and programming in all sectors and in all phases of the programming process.”. Hence, with this document “The UN Common Understanding explicitly recognizes the centrality of the International Human Rights normative framework in the work of the UN and further states that programming is informed by the observations and recommendations of international human rights bodies and mechanisms”.

Related to human rights and poverty eradication relation of the UN, there is frequent reference to 1992 UN General Assembly Resolution (47/134). In this resolution it is affirmed that “extreme poverty and exclusion from society constituted a violation of human dignity” and stressed “the need for a complete and in-depth

study of extreme poverty, based on the experience and the thoughts of the poorest people”. Also in Resolution 53/146 (1998) it is recognized that “as the existence of widespread extreme poverty inhibits the full and effective enjoyment of human rights and might, in some situations, constitute a threat to the right to life, its immediate alleviation and eventual elimination must remain a high priority for the international community” and acknowledges that “urgent national and international action is therefore required to eliminate them” and should be addressed by “governments, civil society and the United Nations system, including international financial institutions.”

As explained above by affirming these points and developing these agreements, the UN approach to poverty eradication is draw upon a rights-based framework and the UN agencies and programs commit themselves to this human rights understanding of poverty. Moreover, the UN is helping to integrate the Millennium Development Goals into all aspects of its work at the country level, in response to the priorities identified by each country.

5.4.1.2 Developments in Agencies and Programs

As expressed above, one of the most important bodies, responsible for cooperation of rights-based approach in UN system is the Office of High Commission for Human Rights. Other UN agencies that are involved in the process more are the UNESCO with its support to many development projects, the United Nations Development Program with preparation of human development report, Food and Agriculture Organization with its concentration on right of everyone to have access to safe and nutritious food, World Health Organization with its effort for the enjoyment of the highest attainable standard of health, and lastly UNICEF for its

rights-based approach. Now some of these will be explained in a more detailed manner.

a) Projects of the UNESCO

In the webpage of the UNESCO, it is stated that the UNESCO perceives itself as having key position in contributing the first millennium development goal of eradicating poverty. The UNESCO expresses that it is committed to “isolate poverty and to examine its relationship and impact on the protection of poverty on human rights”. Between 2002 and 2007, the UNESCO developed 31 projects about first Millennium Development Goal of fighting extreme poverty. To give some examples, a project was about training and capacity building program with the goal of improving the socio-economic opportunities of marginalized youth in Lebanon, Palestinian camps, Egypt, Sudan and Yemen and another was about integration of science and technology to micro-finance schemes for small-scale enterprises and targets were economic and social empowerment and marginalization in nine states of Eastern and Southern Africa.

One of the important aspects of these projects relevant in here is for each project there is reference to which human rights the projects serve. For instance for the former project it is expressed that they are targeting right to employment, and increasing access to social and health services by improving socio-economic skills of youth. This explanation is very significant in pointing out the real connections with human rights and anti-poverty projects. I think these projects are small projects if we think about their impact to decrease in world poverty but they are significant projects for region and also they can act as preliminary examples which can be applied in different parts of the country or in different countries. Thus, these projects are noteworthy because of being examples for further projects and because of giving

direct references to rights that they aim to realization. The other rights which are referred in these projects are right to food, to housing and clothing, to safe environment, to health and social services, to education and training, to decent work, to benefit from science and technology, to cultural identity, to peace and security, non-discrimination, access to justice, and freedom of expression and participation.

b) Works of the UNDP

The United Nations Development Program's overarching objective has been poverty eradication in last decades and its independent publication of the Human Development Report dealt with the subject of poverty exclusively in many issues. Other than the publishment of the Human Development Report, the UNDP's key areas of work are to support national efforts to reduce poverty and inequities involve: (1) policy advice and technical support to countries fighting poverty, (2) strengthening capacity of institutions, (3) advocacy and public information, (4) promoting dialogue, and (5) knowledge networking and sharing of good practices. In addition to poverty reduction, the UNDP is dealing with inclusive globalization and supporting MDGs. Like the World Bank, the UNDP gives emphasis to macroeconomic and structural policies in struggling poverty and there is the effort to link these to MDGs.

In Human Development Reports, as mentioned in second chapter, poverty is measured with Human Poverty Index, which combines a number of factors about deprivation. Three measures of deprivation can be summarized as deprivation of life (percentage of people expected to die before 40), deprivation of knowledge (percentage of illiterate adults) and deprivation in living standards (percentage of access to health services, of access to safe water, and of malnourished children under five) (Speth, 1998). This framework was developed later on. After the first Human

Development Report, in addition to Human Development Index, three more indexes and measures are developed: Gender-Related Development Index, Gender Empowerment Measure, and Human Poverty Index. There are also regional, national and sub-national Human Development Reports.

According to the UNDP, human development approach is adopted because of the growing criticisms of development policies of the 1980s, growing evidence of lack of trickle down, human cost of SAPs, social ills and wave of human-centric democratization models of 1990s. Human development approach is affected by Amartya Sen's conceptual foundations of "enlarging people's choices and enhancing human capabilities and freedoms". Human development is considered to be open-ended and open to country variations by the UNDP. Central themes of human development are pointed as social progress, economics, efficiency, equity, participation and freedom, sustainability and human security. In 2003 HDR, the crucial remarks for sustainable human development is listed as the need for economic reforms to establish macroeconomic stability; the need for strong institutions and governance—to enforce the rule of law and control corruption; the need for social justice and involving people in decisions that affect them and their communities and countries; and the structural constraints that impede economic growth and human development. As can be recognized, there is considerable similarity between these policies and Comprehensive Development Framework of the Bank. In addition to similarities in recommendations in HDRs, there are references to World Bank researches, just like the World Bank gives references to Human Development Report.

In 2004 with the support of the UNDP, the International Poverty Centre was founded in Brazil. The goal is to establish South- South cooperation in development

research in the subjects like pro-poor economic growth and inequality reducing strategies and measurement and monitoring of poverty and inequality. Other than development research, the IPC also organizes training on poverty issues.

c) The Food and Agriculture Organization, the World Health Organization and the UNESCO

Each of these bodies pursues activities in accordance with related human rights. The FAO is responsible for achievement of food security, rising the levels of nutrition, improving agricultural productivity and better the lives of rural populations. In accordance with its mandate, the FAO concentrates on right to food.

The World Health Organization aims to integrate human rights based approach to health system of member states. It aims “the enjoyment of highest attainable standard of health” and attracts attention to violations of human rights causing serious health consequences, to positive or negative impacts of health policies on human rights, and to steps to take to reduce vulnerability of ill-health.

The UNICEF prepares some reports and campaigns for children and women on projects like protection from AIDS, aid for humanitarian disasters, education right for girls and so on. The Convention on the Rights of the Child and The Convention on the Elimination of All Forms of Discrimination against Women has taken as a main source. Also, in yearly Humanitarian Action Report current humanitarian problems are explained.

5.5 The Comparison of Perceptions of the UN Agencies and the World Bank

To make the comparison of perceptions of the United Nations agencies and programs and the World Bank, I first explain the difference between the right to development and basic needs approach since the former can represent the general

frame of the UN approach and the latter can be associated more with the World Bank. Then, I concentrate on the World Bank, and begin with the comparison of Poverty Reduction Strategy Papers and rights-based approach. After that, I discuss the positive and negative remarks about the relation of the Bank with rights-based approach and conclude.

5.5.1 Differences between Right to Development and Basic Needs Approach

In the article Frances Steward writes in 1989, he mentions the interconnections between basic needs approach and right to development and to understand “how far the basic needs approach can help in defining and realizing the international rights to basic needs which are encompassed in the covenant and declaration” (346). He refers to basic needs goods, like right to food, health, shelter, education and work, which are mentioned in 1976 International Covenant on Economic and Cultural Rights.

Here, I will also work on the difference between right to development and basic needs approach with a slightly different goal. As mentioned in second chapter, in 1970s the Bank includes basic needs understanding to its policies and there are still important implications of this understanding in Bank’s work. Hence, I believe it is good idea to start with this difference and use it to make comparisons in perceptions of the Bank and the United Nations.

To begin with, the right to development is a more comprehensive concept than basic needs approach. Basic needs approach is about everyone having access to basic goods and services to maintain a living. However, right to development is a right; hence, it is a legal concept and it is referred in international declarations. However, basic needs approach is not a legal concept but it is an approach that was

emerged in early 1970s in development literature. Secondly, right to development is not limited to material living conditions of people and it also gives reference to cultural and political development. Basic needs approach can be thought in limited way (just material needs, like food, cloth, place to live etc) or a comprehensive way (including needs for education, health, a productive and creative life and so on). It depends on definition. Thirdly, basic needs approach is related to individual's living conditions but the RTD is discussed to be on individual and community basis. Fourthly, Steward (1989) points out that another difference between needs and rights is in the RTD the moral weight of and political commitment to the fulfilment is enhanced and "it gives basic needs fulfilment some international legal status, the extent and nature of which depends on the nature of the supervisory and enforcement mechanisms associated with the rights"(1989: 350). A short note about basic needs approach is that this approach is usually associated with neo-liberal thinking and its effort to give support just to the bottom level of societies, economically and socially. In this way, by supporting the lowest level income groups, social conflicts are thought to be prevented without further redistribution of wealth. Hence, it is a safe way in neoliberal logic with a less intervention in markets, the socio-economic impact of market imperfections can be diminished.

5.5.2 The Differences between Poverty Reduction Strategy Papers and Rights-Based Approaches

As expressed in previous parts, the Bank follows the trends in literature very carefully and attempts to be comprehensive in terms of inclusion of current approaches to its analysis and studies. About the discussions and developments related to right to development and rights-based approach to development, the Bank also has shown interest to the topic from the start and arranged seminars on the issue

to inform its personnel. Despite the Bank is committed to poverty reduction with all its resources and it insists on its pledge for Millennium Development Goals, it is cautious about accepting development as a right and defend a rights-based approach for poverty. There are a number of reasons for its behaviour, which will be explicated in next part. Before that, it is important to clarify the differences between the main current programme of the World Bank against poverty, which is Poverty Reduction Strategy Papers, and rights-based approach.

To do this comparison, I benefit from a presentation made in the World Bank in its seminar series. In this presentation on the RBA and the World Bank, the following comparison between the RBA and the PRSP is made: The common points between two approaches are both initiatives (1) stress human development and participation concepts in poverty analysis and (2) encourage multi-sectoral analysis. The differences between the RBA and the PRSP are they start the analysis from different points, meaning that they ask different questions. The priority of the Bank remains as macro-economic framework, whereas in the RBA the problem is how to achieve fulfilment of rights. Also, it is claimed that in the PRSP process participation is falling in implementation and monitoring stages. Another point mentioned as difference is the time period that the PRSP lasts in three year of implementation, whereas the RBA is a long term perspective. In a nutshell, despite the both approaches share some similar values like participation, ownership and human development, the PRSPs are concrete strategies which takes macroeconomic considerations very seriously throughout the process, whereas in the RBA the priority is on rights and there is a philosophical emphasis, rather than economic explanations.

From this comparison, we get an important insight. The Bank is a financial institution, with a precise mandate designed by agreements, for a specific goal, like assisting development and reconstruction, promoting private foreign investment and long balanced growth of international trade. It is regulated by Board of Directors, with representators from member states. These are kind of limitations of the Bank, having significant impact in its works and operations and of course in its perceptions. Now in the next part, I will explore more on the limitations of the Bank about rights-based approaches and at the same time I will explicate the positive remarks and conclude with my expectations.

5.5.3 Discussion about the World Bank and Rights-Based Approach to Development

Before writing my expectations about the Bank's future orientation, I would like to summarize its evolution of the polices of the Bank again and make some remarks about current trends in world politics. Then, I will note the factors which may avoid the Bank to embrace the RBAD. After that, I will reflect on these negative points and conclude.

As stated earlier, the Bank initiated its mission as a reconstruction bank to assist the war-torn European countries to rebuild their economies in late 1940s and early 1950s. During 1950s and 1960s, the Bank changed its orientation towards more on development projects in developing world. In first decade on development projects, the Bank put more emphasis to the financial credibility of the projects and borrowing countries. Later, especially with the establishment of the International Development Agency, this financial credibility demands were challenged and development assistance started to be provided even with lower interest rates to 'lower probability to return' countries. In 1970s the social concerns, such as

education and health, became more visible in the projects and basic needs poverty understanding and the goals of struggling against poverty was spoken in various cycles within the Bank. The 1980s were dark in terms of social concerns and because of the significant negative results of the Debt Crisis, the financial and macroeconomic stability programs took ahead. In the late 1980s the negative impacts of structural adjustment programs took much criticism and from early 1990s onwards social impact assessments of these programs were initiated. The 1990s were marked by rising social concerns and the commitment to struggle against poverty has become the forefront goal of the Bank. This can be evaluated as continuity if we take the 1970s into consideration but if we just focus on the 1980s, this was a remarkable break. The following decade of the 2000s continues with the rising commitment for the goal of poverty reduction and with demands for participation, accountability and ownership of the Bank projects and programs.

For about the current trends of world politics, since 1990s from the end of Cold War, there is a significant stress of globalization and its impacts on politics, economics and culture. The world politics has become more interventionist to other states affairs due to increased democratization demands and civil society pressure. Fundamental rights and freedoms and democratization movements in developing countries have been encouraged in international platforms and impact of political regimes to economic integration to world markets has been discussed. The developments about European Court of Human Rights or International Tribunals for various war crimes are the signs of rising human rights concerns. Hence, as declared in various cycles we have a world of more interaction and involvement in every aspect of economics, politics and culture. Economics and politics have been two subjects which can be hardly separated in world politics. Each has substantial impact

on the other and we have observed the increase of this interlink and interdependence in the last decades. Hence, these developments have their impacts on international organizations, like on the World Bank.

As an institution founded in 1944, the International Bank for Reconstruction and Development, the Bank was designed as an economic organization that had supposedly no relation to politics. In the Articles of Agreements of the Bank Article IV section 10, it was decided that “The Bank and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purposes stated in Article I”. Probably the assumption was it was possible that an economic institution can just limit itself to economics and take no decisions with other than economic considerations. It was clear that the establishment agreement of the Bank has intended to set up a limited institution in terms of the number of countries, the scope and may be for the time period. With the internal policy changes in the Bank and the external challenges in world politics, this article has become invalid in practice soon. As an early case, the case of Poland could be reminded. In 1949 in the early years of political polarization of two blocks, Poland’s loan application was rejected by the Bank and Poland claimed the decision was political and in accordance to the USA’s demand of subordination of Europe to itself. As a result of this crisis, Poland withdrew from IBRD membership. After this event, these criticisms about the decisions of the Bank to be political and to be in accordance to US foreign policy interest continued.

After, stating above facts, I will discuss the possibility of the Bank to adopt human rights-based approach in its poverty projects and operations. In relation to the

discussion about rights-based approach to development a similar argument of separation of politics from economics is made. This approach is found too political for a “bank”, whose Articles of Agreement has the article, written above, stating disrelation of the Bank with politics of member states. About the relation of the Bank with human rights, one of the official declarations is that “The Bank is concerned by Chad and elsewhere, but its mandate does not extend to political human rights”. Hence, the first argument against the RBAD is limitations in mandate of the World Bank.

Another negative argument for the approach is the demands of member states. As former Bank President, Wolfenson (2005) stated the Bank is not just consists of 10000 personnel but there are the member states, which limits its actions. Especially if we think about the claims of the US intervention to Bank affairs, like in selection of personnel and about intervention in various loan givings, we may assume that such a perception change has the potentiality of being confronted by various significant member states.

A third argument is the finance-orientation in Bank bureaucracy. As Ravi Kanbur (2001) claims in relation to growth, poverty and inequality relation, there are two ways of thought that are significantly different than each other: financial and civil society approach. The World Bank remains in the financial camp in terms of its dominance of its macroeconomic concerns and staff predominantly composed of economists. Hence, can we expect such a financially dominated institution to stick to a perception which is norm and law-based?

All three arguments are quite strong. In reply to these arguments, I intend to take the issue from another aspect and explain it with a metaphoric example. It is well-known that the laws are interpreted in two terms: by its wording and its spirit. I

will attempt to interpret the World Bank's policies and documents with a similar understanding. In terms of the 10th section of article IV, the Bank is limited in economic sphere. However, in its policies and programs, the Bank is involved to politics in many ways, such as recommending many law reforms, suggesting anti-fraud policies, supporting accountable and participatory functioning of institutions. Actually, this is why the Bank is criticized by being not enough accountable since it is so involved to internal works of states. Hence, even though the wording of the establishment agreements hinders political involvement, in action it is not what happens.

About the human rights, as claimed by former Bank President Wolfenson (2005), despite the R-word (rights) is not used in the Bank's documents or declarations, in effect many projects facilitates right to education, right for a healthy life, right to food and so on. Hence, despite the Bank does not legitimize its projects on the grounds of human rights, particularly right to development, in spirit many World Bank projects involves right elements and serves for fulfilment of fundamental rights and freedoms.

About the negative remarks it is true that it is hard to take positive steps because of the various orientations and interests of member states and Bank bureaucrats. Also, there is still substantial impact of macroeconomic considerations even in the PRSPs. However, it is also noteworthy to mention that the multi-level poverty approach, the work of "Voices of Poor", the commitment to struggling poverty, the emphasis to country ownership, the increased emphasis on environmental concerns in projects, the establishment of Ombudsman and the Operations Evaluations Department, the increased emphasis on accountability and participation are all hard steps to take but they are done. Hence, I agree with inter-

institutional pressures for maintaining the concentration on macroeconomics rather than rights and ethics and also I acknowledge conflicting member state interests. Nevertheless, I also think despite all these points, positive steps for rights based approaches can be taken.

The example of the International Financial Corporation, the private sector lending body of the World Bank, is a positive example in that respect. In the last years, the IFC provides loans, equity, risk management and technical advice to the clients from private sector who fulfills minimum environmental and social standards. Hence, it has become a kind of “global standard-bearer for environmental and social issues”, showing a way to companies to make business with human rights concerns (Woicke, 2005: 327-28). I also believe that as the rights based approaches defended more by the UN and civil society pressures, NGO studies increased, the demands from the Bank will increase and as the other pressures and critiques, the Bank will probably respond positively and take positive steps for the right based understanding.

The possible benefits of the rights-based approaches to development is this approach may contribute to policies of the Bank in terms of increasing legitimacy, maintaining coherence, enhancing international civil society support and becoming more harmonious with the UN.

About increasing legitimacy, as can be seen from the reactions against the Comprehensive Development Approach and Poverty Reduction Strategy Papers, the Bank has a very negative image in the eyes of academicians, writers, policy makers, especially the ones from developing world. The strongest positive aspect of this approach is its ethical and normative side. The main goal of fulfilment of human rights and fundamental freedoms and the arguments about right of development are very respectable goals in combination of goal of poverty reduction. With its

participation and accountability emphasis, the approach aims to challenge the power dynamics in development loans. Hence, by this approach the Bank policies of poverty reduction may be perceived as more legitimate.

Secondly, as repeatedly mentioned in previous chapters, the Bank's approach is so comprehensive in terms of inclusion of different approaches that its coherence is limited. The rights-based framework can provide a better frame to include all those aspects of poverty reduction that the Bank supports currently. It includes the participatory elements and has many commonalities with the capability approach. Hence, due to such commonalities in notions, the rights-based approach can be a more coherent approach, as it is in the United Nations agencies.

Thirdly, I did not mention much in this work but there are many NGO activities, based on rights-based approach. In the book "Reinventing Development: Translating Rights-based Approaches from Theory to Practice" , many good examples of NGO efforts, from big NGOs like OXFAM and CARE, are provided. By adopting this approach, the Bank may enhance its NGO support and prepare more projects in collaboration with them.

Fourthly, by adopting this approach, the Bank may become more harmonious with the UN agencies, working for poverty reduction, which will improve their effectiveness in their struggle against poverty.

To sum up, I believe there are some important benefits of the rights-based approach to development, which explained above. In addition to its practical benefits, the approach may bring more benefits in terms of its ideological and normative base.

CHAPTER 6

CONCLUSION

In the conclusion of this work, firstly I summarize the main parts of the work. Then, I reemphasize the essential arguments of the study. Later I mention the limitations of this work and conclude with some general comments about the success or failure of the World Bank.

This work intended to analyze the approach of the World Bank in its struggle against poverty in an historical and comparative manner. To reach this goal, in the first chapter the work is introduced and in the second chapter the major historical developments of the World Bank are summarized in order to search the history of the interest to poverty. In the next chapter, the main approaches to poverty are explained with the goal of forming a basis to analyze the Bank's approach. In the following analytical chapters, the information regarding the literature and the history is utilized to position the Bank's current policies in a wider context. In the fourth chapter, the focus was on the current poverty reduction policies of the Bank; the Comprehensive Development Framework and the Poverty Reduction Strategy Papers. Later in the chapter, the common criticisms against the Bank about its autonomy and results of its research are noted. In the fifth chapter, the Bank is compared with United Nations agencies in terms of the difference in perspectives.

Overall, the interest of the World Bank to poverty is older than expectations. In accordance with the policies and programs about developing countries, the topics about development and poverty were discussed even in 1970s. In 1980s these subjects were shadowed by macroeconomic reforms but in 1990s the interest to poverty started to accelerate and the 2000s follows this trend. About the approach of

the Bank, the Bank is mostly referred by its monetary research studies which aim to measure the distribution of wealth in the world. Even though the Bank is still dominated with these monetary poverty studies, there is also a space for new sort of research and perspectives of poverty. The World Development Report published in 2000 which is mainly about poverty is a kind of turning point for the Bank. In this report, poverty is defined not just in economic terms but different dimensions, like social exclusion or political powerlessness are also mentioned. Participatory poverty analyses were also an innovation in Bank's research. Hence, different points of views with regards to poverty are discussed and merged with old economic perspectives in the research studies of the Bank. This is a positive development for the Bank.

However, what can be more of a positive development is the adoption of rights-based approach. Despite the progress in terms of multi-dimensional analysis of poverty, still the approach of the Bank is economic-oriented, which makes it to disregard the inequalities in the distribution of wealth and the development as a right. In this respect, this work supports the idea that the rights-based approach to development is a better approach for the Bank in its fight against poverty since it is ethically stronger in respecting human rights and dignity and it is more consistent approach within itself. Also, it may increase the popularity of the Bank in the eyes of people since this approach creates a serious discussion about rights of people, which are already internationally recognized and which would be considered more seriously if the Bank supports them.

As noted in the introduction, the limitation of this work is that it is mainly focused on the research of the World Bank rather than its operations. Hence, the impact of its operations is not to be evaluated in this study. To overcome this limitation,

there will be a few words evaluating the success or the failure of the Bank in terms of its fight against poverty in this section.

To start with some statistics about world poverty, it is better to give some striking numbers to comprehend the extent of problem. According to the most common measures of poverty -1\$ and 2\$ poverty lines-, still 1 billion people- one fifth of world population- live less than 1\$ a day, whereas 2,5 billion people live less than 2\$ a day (World Bank Statistics, 2008). According to Human Development Report 2007, the wealthiest 20% of the world's population accounts for around 75% of global income, while the poorest 40% accounts for 5% of global income. As can be seen, despite the Millennium Development Goals and all other commitments, the action taken against poverty is insufficient and the seriousness of the poverty phenomena and inequity in the distribution of global income are persistent facts.

The World Bank or any other organizations' policies fighting against poverty can be hardly found as successful by keeping the statistics in mind. Besides, there are questions about underlying logic/intentions of these institutions, such as whether the Bank policies aim to reduce the ever-growing inequity in distribution of global wealth. In many political cycles, the intentions of the Bank and the results of its anti-poverty projects are highly criticised. There are also some questions regarding the autonomy of institution and internal limitations and biases in analysing the problems and effectively responding them. I believe most of these criticisms have a point.

By keeping these questions in mind, it is very hard to claim that the World Bank is a successful international organization in fighting poverty. The results are not positive at all. Nevertheless, I do not want to underestimate the work it has done like the other published works do. Like any other actor in global arena, the World Bank is an institution which is under certain external limitations. If we consider the

financial resources it depends, it would be unrealistic to expect that this institution aims to change the world and to end global poverty with a sponsorship of developed countries. If we forget about its orientation and focus on the capabilities-what the organization can achieve, again it would be unrealistic to expect this amount of inequalities could be responded effectively by the Bank to create a substantial decrease in global poverty.

After considering the results of this work, I can say that I appreciate the Bank's research studies since they are updated, comprehensive, and highly referred. Hence, there is a great effort behind the claim of "the knowledge bank" and I think it is important. However, the research the Bank can be hardly considered as providing strong and developed ideas to gain substantial positive results in the fight against poverty. Firstly, the World Bank is clearly a part of, a result of and a continuation force of current global economic system and it does not have an aim to alternate it. In other words, how the Bank perceive poverty is such as a deficiency in the system that needs to be controlled. Hence, it aims to alleviate "extreme" human suffering. Other than extreme, the Bank seems to have no problem with inequity and inequality in distribution of wealth.

Although I did not support this stand of the Bank, I still keep in mind that the current world politics can neither constitute nor tolerate such an alternative worldwide institution. Therefore, to offer a viable recommendation to the Bank, I analyse the other worldwide institutions and I offer not to challenge whole global economic system in fighting poverty but just to respect for human dignity and for right to development and for a decent life. Hence, I argue rights-based approach to development is a better approach for the Bank in terms of ethical terms and for

consistency. Thus, by taking the limitations into consideration, I did not end up with radical change arguments but with more moderate yet essential change demand.

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