

# Power and the hierarchy of knowledge: A review of a decade of the World Bank's relationship with South Africa

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## Abstract

This article presents a case study of the World Bank's relationship with South Africa to argue that the Bank uses its knowledge brokering role as a device to facilitate the development of a lending relationship with countries that may initially be reluctant to enter into this kind of engagement. This article reviews the World Bank's 10-year effort to develop a lending relationship with South Africa. The Bank inserted itself into the country in the early 1990s at the outset of its democratic transformation. Throughout the decade, South Africa acceded to the Bank's policy interventions through technical assistance rather than through a concerted lending programme. In doing so, South Africa internalized the Bank's market-driven political economy framework underlying its technical assistance programme. The country's application of the Bank's knowledge has had questionable outcomes for its development agenda. While the Bank's 'expert' interventions may have offered valuable technical insights, it neglected the politics of distribution that are embedded in a more localized knowledge formation process. The result has led to the instrumentalization of local governance and undermined the engagement of civil society actors in the construction of a democratic state at the local level.

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## 1. Introduction<sup>2</sup>

Knowledge generated by and for 'global' centers of power may in fact tell us very little about poverty as it is actually lived in everyday experience (Patel and Rademacher, 2002, p. 167).

The World Bank's central role in defining and promoting development orthodoxy is well-documented (George and Sabelli, 1994; Wade, 2002). A common thread in arti-

cles that critique the World Bank's development impact portray it as a monolithic unit, acting in the interests of Northern stakeholders, with a unidirectional imposition of aid conditionalities on recipient countries (Gibbon, 1992; Watkins, 1994; Hildyard and Wilks, 1998). The development literature has made a contribution to understanding the negative impacts of these policy conditions, mainly via structural adjustment programmes (O'Brien, 1994; Mwase, 1999), and those tracing the outcomes at

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<sup>2</sup> The methodology for this paper consisted of interviews with 11 World Bank officials and consultants and one high-level South African official. All of these officials and consultants were directly involved with South African development over the course of the 1990s except one. These interviews were conducted in 2002 in person in Washington, DC (Pamela Cox, Jeff Racki, William Kingdom, James Hicks, Richard Kalbermatten), New York (Michael Cohen) and Pretoria, South Africa (Dave De Groot, Ahmedi Vawda), as well as telephonically in the case of Junaid Ahmad, William Cobbett and Rolland White. Michael Cohen was the only former Bank official that was not involved with South Africa but was responsible for urban thinking within the Bank over a 30-year period and was exceptionally helpful in providing access to all the urban aides memoirs that framed the Bank's interview/research process in South Africa. The positions of these officials are indicated where they are cited throughout the document. It is interesting to note that three of the World Bank officials that were interviewed, all holding prominent positions, were South African citizens and were therefore fairly conversant with the development dynamics of South Africa's transition to democracy.

the local scale (Osmont, 1995; Zannetta, 2001). These critiques have, however, been primarily structural in their analysis of macro-economic frameworks and lack a nuanced understanding of how power operates in the dissemination of information *between*, rather than from, the Bank and a recipient country.

A number of authors have focused on the contested nature of development discourse and knowledge production within the Bank (Bebbington et al., 2004; Goldman, 2001). Within the general literature on development knowledge production and prioritizing technologies and science (Scott, 1999; Escobar, 1995), a much needed focus is beginning to appear on the interactive process of knowledge formation between a recipient country from the South and a Northern based lending institution (see Bell, 2002 for a good analysis of this). This interactive process reveals the formation of hierarchies of knowledge and the power wielded through these hierarchies. Rather than revealing a direct line of causality between World Bank policies to increasing poverty and rising inequality in a Third World country, this second line of enquiry—one that emphasizes knowledge formation as an interactive process that is time, place and people specific—gives the nation state and its complex myriad of institutional and civil society actors, agency in making policy choices.

This article provides an unusual case study of the Bank's liaison with a country-in-transition by focusing on its relationship with South Africa. The article illustrates how South Africa received over a decade (1990–2002) of technical assistance at virtually no cost to its treasury, but in doing so internalized a 'redistribution through growth' political economy framework that was heavily mediated by the Bank's assistance. The Bank's traditional power has been wielded through its lending policies by commanding influence and leverage. The nature of the Bank's power in South Africa was subtler by virtue of its role as a knowledge broker. The fact that the Bank was in a non-lending relationship with South Africa, with no aid conditionalities, may have contributed to South Africa being more receptive to the Bank's role in shaping development options for the country. This kind of reception was sorely lacking in its relationship with countries where Structural Adjustment Programme conditionalities were in place.

The realm of criticism, in this case, lies not in how the Bank uniformly shaped South African development practices, but rather, how the government internalized the Bank's hierarchy of knowledge in its own approach to the reconstruction of the state. Essentially, the state prioritized a technical and scientific knowledge over a political one. The outcome of this hierarchy has shaped national and local government decision-making processes by adhering to recommendations from best practices, offered by 'experts' from elsewhere, or through local consultants adept at using desktop studies to resolve problems that are specific to a South African context. While externally produced knowledge may offer valuable insights at a technical level, it does not address the politics of distribution that are

embedded in a more localized knowledge formation process. This hierarchy of knowledge has displaced the opening up of alternative frameworks driven by civil society voices for providing solutions to service delivery problems.

This article traces the Bank's involvement in South Africa through three phases. The changing nature of assistance over this 13 year (1990–2002)<sup>3</sup> period reveals not only the momentous changes within South Africa but also the shifting identity of the Bank from a lending institution to a 'Knowledge Bank' (Stone, 2002). The timing of the transition to this new identity coincided with the Bank's adoption of a new realm of influence through a policy of non-lending operations involving technical assistance (World Bank, 2002a,b). For instance, rather than the Bank lending to national governments through sectoral avenues, its new impetus was to foster technical assistance through smaller lending programmes to local authorities through various programmes such as the Water and Sanitation Programme, the World Bank Institute, and later, the Cities Alliance Programme. In the case of the latter, when South Africa became a board member of the Cities Alliance in 2004, it was in a better position to receive technical assistance on informal settlement upgrading and City Development Strategies, the two core focus areas of this World Bank programme.

The article illustrates a case study on South Africa to argue that the Bank uses its knowledge brokering role as a device to facilitate the development of a lending relationship with countries that may initially be wary of this kind of engagement.

The implication of this change in assistance patterns reveals a shift from explicit forms of aid conditionalities, associated with the Bank's past lending policies, to an implicit influence in shaping local development through technical knowledge that is packaged as "best practice" (Tomlinson, 2002; Gilbert, 2002). The sheer magnitude of knowledge production of the Bank, let alone the degree to which it is highly regarded by decision-makers in many countries, makes the knowledge generated by the Bank's country observations and studies very influential. Gosovic puts it succinctly:

'The Bank no longer has to rely on its financial clout alone, as it is winning arguments upstream. Through its global and national-level studies, and its extensive network of official, journalist and academic contacts, the Bank has a strong influence on policy debate even where it is not lending (2001: p. 8).

<sup>3</sup> The purpose of a discussion of this particular time period (1990–2002) is to capture the start of the Bank's interest in developing a lending relationship with South Africa as it moved into a transition to democracy. The period of the Bank's involvement in South Africa through technical assistance ends when it manages to broker its first formal loan with the democratic South African state through a loan on technical assistance in municipal finance.

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