



Law, Social Justice & Global Development

(An Electronic Journal)

Reinforcement of Good Governance in the International Financial Institutions

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This article was published on: October 2015

Citation: Ahmed, N, 'Reinforcement of Good Governance in the International Financial Institutions', 2015(1) Law, Social Justice & Global Development Journal (LGD)

ABSTRACT

This article aims to contextualize the concepts of good governance, its relevance to economic development and the corruption which is considered as an obstacle in the way of sustainable economic development. For the last two decades, the International Financial Institutions (IFIs) have been focusing on good governance as driver of development. However, the Millennium Development Declaration adopted by the United Nations in September 2000 identified good governance as an effective tool for the eradication of poverty and realisation of sustainable economic growth. The accountability and transparency mechanisms within the IFIs are considered as key to its internal governance. It is important to note that these issues have become significant in contemporary IFIs strategies in various developing countries. However, corruption has been identified as one of the biggest problems in the way of globally established development objectives.

Keywords: good governance, United Nations, development, International Financial Institutions, Corruption.

1. Introduction

Good governance is responsible for the paradigmatic shift in the policies of IFIs towards major conditionalities for borrower countries. In this article, the term good governance as a policy objective and key conditionality of the IFIs for borrowing countries will be examined. Moreover, the relevance of good governance with anti-corruption strategies introduced by the IFIs to ensure sustainable economic development will be the prime focus of the article. In order to understand these diverse conceptions, the article has been structured in four parts. Part II examines the notion of good governance and recent trends in the IFIs' developmental perspective. Part III considers impediments in the way of global good governance agenda. Part IV considers the Millennium Development Goals and its relevance to good governance. Part V concludes the article and summarises key arguments.

2. Defining 'Good Governance'

The expression 'governance' originated from the Greek word *kubernan*, which means, to steer. The term governance has been elaborated by the American Heritage Dictionary as "the act, process, or power of governing; government;" whereas the Oxford Advanced Learner's Dictionary defines it as "the activity of governing a country or controlling a company or an organization; the way in which a country is governed or a company or institution is controlled". The concept of good governance is relatively new. Although there is no comprehensive and uniform definition of good governance, there have been attempts by scholars, the United Nations and IFIs to expound the notion (Chowdhury and Skarstedt, 2005: 13).

According to the World Bank, good governance means “the manner in which power is exercised in the management of a country’s economic and social resources for development” (World Bank, 1992: 3). The Bank further explains that good governance facilitates open and progressive policy-making. It ensures that countries are able to attain financial progress, social progress and strong institutions. Achieving it however depends on the capability of countries and how they plan, prepare and execute strategies as well as assume responsibilities (World Bank, 1994: 10). The World Bank’s interest can be traced back from its finances to the countries for sustainable growth as poor governance can risk its lendings if not properly utilised.

The United Nations Development Programme (1997:4) suggests that governance means an application of monetary, executive and political power to administer all problems of the state at all stages. It embodies means, procedures and organizations, through which people individually as well as collectively express their concerns, use their lawful rights, fulfil their duties and resolve their disputes.

For the last two decades, the issue of good governance attributed significant attention to the achievement of sustainable economic development in international financial governance (Rittich, 2005: 200). In the 1990s, issues such as the collapse of communism in the former Soviet Union, the growing geopolitical interests, the ‘neo-liberal’ economic hegemony and the increase of multinational corporations draws the attention of the World Bank towards the role of law in development. The contemporary conception of the Law and Development Movement (LDM), which initially started in America, was premised on the belief that law might expedite the social, political and economic association of third world countries with the western world (Barron, 2005: 5; Rose, 1998: 94).

The primary focus of the Bank's policies was to consider the legal system simply as a practical instrument free from any political influence and impartial in connection with ethical and philosophical matters. This concept was suitable for floating the market-fundamentalist approach at the international level authorised by the Washington Consensus¹ (Williamson, 1999: 2). The Washington Consensus was considered as a powerful and only potential choice or replacement for the communist led market-based strategies for better development objectives to the global world. The World Bank and IMF put pressure on the states by way of strict conditionalities attached with their lendings who were not willing to welcome the Washington Consensus. One significant feature which convinced the developing states to acknowledge the novel economic concept was the changing nature of global legal institutions. The creation of WTO in 1995 and numerous business pacts and trade conventions gave strength to the new economic shift and provided a favourable atmosphere for supplementary descriptions of the Washington Consensus (Williamson, 1999: 5).

Sen's perception of development is different to the other writers. He is of the opinion that development is not only concerned with economic growth but also in a broader sense, indispensable in the realisation of the individual's capabilities. Sen has provided a new approach to the developmental thinking of a contemporary society and said that the development actors and intellectuals must include all spheres of social life such as legal, social, economic and political as they contribute to the growth procedure. These factors of social life worked collectively but each one equally bears a significant responsibility to increase individual's capabilities. He suggests that it is useless to provide rights to socially and economically disadvantaged people without securing them from other key obstacles in their way of practicing these rights. Sen is of the opinion that the World Bank can formulate an efficient policy for legal

and judicial development provided it has been able to draft some relationship between law and other parts of social life. Moreover, he points out that focus on law and market is significant but without establishing a relationship between the legal and the social spheres, it is counterproductive (Sen, 2006: 38, 47-48). However, the Bank's legal branch or legal officers did not take into consideration Sen's recommendations to establish this relationship (Faundez, 2009: 4, 9).

In 1999, the Poverty Reduction Strategy Papers (PRSPs) were introduced in order to quash the rigorous outcomes of Structural Adjustment Programmes (SAPs). The Poverty Reduction Growth Facility (PRGF) of the PRSPs was declared as a pre-condition for applying further lendings which includes conditionalities in the shape of privatization and liberalisation. Of course, these generally come at the expense of the poor having access to basic facilities of life such as health and education. The borrower countries were however, unable to implement them completely (Wood, 2006: 7; Chidaushe, 2008: 2). The PRSPs approach adopted four dimensions to poverty reduction. The four core elements were “‘pro-poor’ growth, focusing on ‘empowerment creating growth’... investment in human capital typically the health and education sectors... ‘good governance’ which has grown from anti-corruption and public accountability measures... ‘social safety nets’” (Craig and Porter, 2001: 1). However, the results of various studies commissioned by the United Nations Commission on Human Rights, Independent Researchers and NGOs illustrate that PRSP-PRGF are the replacement of the same SAPs programme and both the World Bank and IMF have not been successful in demonstrating the effectiveness of their strategies to decrease poverty (Joy, 2003: 21; Focus on the Global South, 2003: 17). The lacklustre results of the Structural Adjustment Programmes especially in African countries considered as the major reasons for change in the policies of IFIs (Jauch, 1999:

4). The World Bank in its 1989 report on *Sub-Saharan Africa: from Crisis to Sustainable Growth* identified the element of lack of governance as a considerable cause for the African Development Crisis (Curtin and Wessel, 2005: 81; Singh, 2003: 6).

Michel Camdessus² concedes that:

The widening gaps between rich and poor within nations, and the gulf between the most affluent and most impoverished nations, are morally outrageous, economically wasteful, and potentially socially explosive. Now we know that it is not enough to increase the size of the cake; the way it is shared is deeply relevant to the dynamism of development. If the poor are left hopeless, poverty will undermine the fabric of our societies through confrontation, violence, and civil disorder. We cannot afford to ignore poverty, wherever it exists, whether in the advanced countries, emerging economies, or the least developed nations. But it is in the poorest countries that extreme poverty can no longer be tolerated; it is our duty to work together to relieve suffering (IMF, 2000:51).

In practice, the international agencies including the IFIs introduced a major shift in their policies. In reference with the issues referred to above that although the strategic interests of big powers are still active, they have provided an opportunity to third world countries through the IFIs to develop better conditions of good governance which has not been previously considered. The IFIs incorporated good governance as an essential element in their policies for borrower countries seeking for new lendings. The former United Nations Secretary General Kofi Annan perceived good governance as key to development noting that “good governance is perhaps the single most important factor in eradicating poverty and promoting development” (Abdellatif, 2003: 1). At the present, it is almost impossible to receive aid from bilateral as well as

multilateral loan packages without a pledge to undertake good governance measures (Singh, 2003: 2; Wouters and Ryngaert, 2004: 15).

The question that arises here is whether the governance structures introduced by the IFIs are universal in their character or vary from country to country? Wouters and Ryngaert note that the international governance or good governance structures of the IFIs are not different from the national good governance structures. The key elements of good governance like participation, accountability, transparency and efficiency can be applied globally because of their universal character. They consider that the appropriate elements of good governance portrayed by the IFIs are essential for every one (2004: 14).

Diamond (2005) is of the opinion that whilst there are various aspects of good governance, the following five key elements are significant to the concept of well-established civic society. The first one is *the capacity of the state*, which means to serve for the betterment of society by having better understanding of policies and set of laws and to train the public servants in their respective fields. It also requires a capable bureaucracy that encourages reliability to public policies and obligations relatively by providing incentives to those officials who carry out their duties well. While addressing the second element, which is *commitment to the public good*, he poses a question on the establishment of this fidelity. Then he suggests that the devoted and committed administration may produce it or it may originate from a system of moral standards or principles of the society that understands and a development of institutional inducement that rewards well-organized service to a common person or society. In each contemporary society, it must be the responsibility of institutions to punish for any breach of public trust (Diamond, 2005: 4).

The third element is *transparency*, which involves the general public access to information about the governmental policies, financial matters, public procurement and personal assets of public servants including politicians. He observes that the fourth element *accountability*, which closely linked with *transparency*, requires that all the governmental authorities should be responsible for their unjustified acts before the public as well as to some particular body that is fully authorized to check their conduct and can enforce sanctions in case of any misconduct (Ibid).

The fifth element is *the rule of law*, which demands that everybody is equal before the law regardless status. The rule of law is the only viable option to safeguard peoples from capricious acts of influential public and private groups. Diamond concludes that if these five elements of good governance are observed properly, they can generate a collective aspiration culminating in the adherence to law which are not only important for political progress, but also crucial for investment and market friendly environment (Diamond, 2005: 5).

The World Bank, IMF, ADB and UNDP have adopted similar approaches and paid significant attention to the four key elements of good governance. Kaufmann et al (1999: 2-3) have identified six key indicators of good governance. These are:

- ♦ **Voice and Accountability (VA)** – This represents the extent to which a country's citizens are able to participate in selecting their government, as well enjoy freedom of expression, freedom of association, and a freedom of the press.
- ♦ **Political Stability and Absence of Violence (PV)** – This is the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism.

- ♦ **Government Effectiveness (GE)** – This relates to the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies.
- ♦ **Regulatory Quality (RQ)** – The ability of the government to formulate and implement sound policies and regulations that permits and promotes private sector development.
- ♦ **The rule of law (RL)** – The extent to which agents have confidence in and abide by the rules of society, and in particular, the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.
- ♦ **Control of Corruption (CC)** – The extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the state by elites and private interests (See also Santiso, 2001: 5; Trebilcock and Daniels, 2008: 7).

Michael Camdessus,³ the former President of the IMF has suggested that:

Good governance is important for countries at all stages of development. . . Our approach is to concentrate on those aspects of good governance that are most closely related to our surveillance over macroeconomic policies—namely, the transparency of government accounts, the effectiveness of public resource management, and the stability and transparency of the economic and regulatory environment for private sector activity (IMF, 1997:1).

The World Bank in its consecutive reports of 1992 and 1994 highlighted the importance of ‘good governance for Development’. It concludes that the measures of liberal economic policies, transparency and predictability in governmental policies, effective administrative accountability mechanisms in the context of strict checks and balances over the actions of decision-making bodies, public and private partnerships, are all desirable indicators for sustainable economic growth (Ghosh et al, 1999: 2).

The Asian Development Bank acknowledges that accountability, participation, predictability and transparency as four core elements of good governance. The bank emphasised the establishment of effective accountability mechanisms in order to check the efficiency of public officials. Participation means encouragement of the public and private partnership in all areas including devolution of power at grass root level. Predictability requires a congenial and fair environment for the resolution of financial disputes, just and efficient government policies and laws. Moreover, transparency promotes the awareness of governmental policies, rules, regulations and judgments to the public. Access to information clarifies governmental policies, which may ultimately boost economic activities in the private sector and reduces corruption in public offices (ADB, 1995: 8-12).

The UNDP adopted accountability, transparency, participation, rule of law and equity as fundamental elements of good governance. Taken together, they ensure the economic, social and political preferences, the rights and voices of the impoverished people in the distribution of growth incomes. Governance splits up into the three branches: “administrative, political and economic”. ‘Administrative governance’ is the procedure of policy execution. ‘Political governance’ is the course of management to plan strategy. ‘Economic governance’ means

administrative procedure that influence a country's economic performance and its associations with other economies (UNDP, 1997:9).

Haq (1999) proposed the concept of “humane governance” which means the contribution of the people in state, public and private partnership which is favorable for human development. Haq’s three tier conception of “humane governance” based on “good political governance”, “good economic governance” and “good civic governance” are similar to the three subsets of governance adopted by the UNDP. Haq further noted that ‘good political governance’ in terms of accountability, transparency and the rule of law are impossible to achieve without the contribution of independent and unbiased legal and democratic institutions. Good economic governance is closely related not only to the efforts of financial strength, safeguards to property rights, promoting friendly environment for economic activities but also to the equal distribution of wealth and social justice as well. The third element consists of civil society groups such as the media, specialist groups and corporate sector. These are considered effective devices for protecting the primary human, economic and political rights of impoverished minorities which are not covered by the other two elements of “humane governance” (Haq, 1999: 8).

3. Impediment in the way of ‘Global Governance Agenda’

One of the key problems considered as a major obstacle to good governance in the third world is the huge foreign debts portfolio of these states. Kananaskis (2002) considers that ‘debt relief’ is not an assurance for a long-term economic growth or progressive fiscal development. The heavily indebted poor states can attain their objectives if they pursue principles of good governance.

There has been a lot of debate in academic circles over the issue of debt relief to Heavily Indebted Poor Countries (HIPC) especially in the late 1980s and 1990s. The powerful nations and IFIs realised that the debt burden on the developing countries is a major obstacle to development. The World Bank has taken some steps to decrease their debt burden by placing emphases on exports. Moreover, the HIPC programme was designed to provide debt assistance to heavily indebted countries (Welch and Nuru, 2006: 170). However, the most important question here is to what extent has debts relief reinstated the process of development in these states? Different scholars have approached this question differently. Easterly (2002:10) notes that poor states have been rewarded enormous debt relief which in turn resulted in bad strategies and poor institutions as well as in creating ethical vulnerability in order that bad course of action remains persistent in these countries. Sachs (2002:3) perceives this issue in a different way and acknowledges the debt relief as a little incentive that was not enough to pay the foremost creditors as well as insufficient to support development or poverty alleviation.

Bräutigam (2000) advocates that foreign aid linked with good governance can play a constructive role a country's progress. The countries that have better conditions of rule of law, well-established public institutions and strong political leadership enjoy economic development and individual progress. However, the present aid programmes are more supportive of bad leadership than good ones and aid administrators who spend public money on worthless projects receive more incentives and as a result, rarely produce meaningful results. Bräutigam on the other hand suggests that in some particular cases the donors and borrowing countries should decide to stop most of the assistance programmes in ten to fifteen years after getting some strength in their economic growth. To support his argument, he gave the examples of Taiwan and Botswana, who have minimized their reliance on foreign assistance considerably. This has

allowed them to raise the standards of living of their people. These two countries under strong leaderships relied on their private sectors as a tool for development and an increase in foreign exchange through export promotion, which ultimately provides them a launching pad for their economy towards a self-sufficient economy (Bräutigam, 2000: 54).

Combatting corruption has been identified as another key element of ‘good governance’ by the IFIs (Hobbs, 2005: 2). For the last decade, the menace of corruption had become a priority for the World Bank especially in relation to its governance policies in the third world. Recently, the Bank declared ‘zero tolerance’ towards corruption or the misappropriation of funds disbursed to the borrowing countries (World Bank, 2004: 2-3).

The Mahbub ul Haq Human Development Centre asserts that poor governance is one of the root causes of corruption. It subverts the course of investment and financial growth, reduces the accessible capital reserved for human progress plans, widens the level of poverty, overturn the judicial scheme, and weaken the legal status of nations. It is a reality that deeply rooted corruption erodes a country’s economic, political and social values. The centre suggested that there is an urgent need to formulate a ‘zero tolerance policy’ towards corruption, which was not only adopted by the global legal order but also in national level strategies and lower tiers (1999: 96).

Mauro (1998) notes that corruption may result in the reduction of national tax incomes when it appears in the form of tax evasion. Mauro further observes that corruption easily flourishes when political instability and weak legal structures exist in a country. Could corruption be responsible for under-development? It is generally understood that corruption can and does affect development. However, it remains a challenge to prove that corruption is the primary cause of

under-development rather than the institutional deficiencies. In fact, all these deficiencies are deeply inter-connected (for instance delaying tactics in official work provides chances of corrupt practices to flourish and in most of the cases bureaucrats intentionally adopt these to be able to get extra graft). Moreover, corruption can be eliminated or decreased by the control of institutional deficiencies as low-level institutional efficiency provides sufficient space for corrupt practices (1998:12).

There is a wealth of materials on reform strategies, which point out that political condition have deep impact on financial performance of a country. The studies provide a broad analysis of continuing relationship between economic development and good governance (Shimomura, 2005: 1). Sharma and others suggest that “political and economic institutions” are the two key features, which provide a favourable environment for better economic performance (Acemoglu et al, 2002: 56). Poor Governance is not only a dilemma for states but also constitutes a major hurdle in the functioning of formal institutions. The elements of good governance can only be achieved by building state capability. Sharma concludes that good governance is not only effective for the protection of human rights but also invaluable for economic growth and development of living standards (Sharma, 2007: 30, 34, 53).

Gill on the other hand, points out that the disciplinary neo-liberalism consists of three “C’s” “Credibility, Consistency and Confidence”. He describes “disciplinary neo-liberalism” in terms of the three C’s as; a government should have strong institutional infrastructure, “consistency” in its laws and policy-making and reliability in its application as well as to remove the insecurity of investors by protecting property rights, enforcing predictable economic policies, ensuring better law and order situations (Gill, 2000:4).

Bendana (2003: 2-3) is of the view that good governance determines efficiency in relation to market-friendly developments and private sector reforms. He asked whether the markets are acquiescent to democratic institutions as publicized by the World Bank 2002 document's heading "Building Institutions for Markets?" (World Bank, 2001: 1) It is worth noting that the state is an important mechanism in supporting progress which is widely accepted by the World Bank in its pro-market strategies of the 1980s in "the World Development Report of 1997 - the State in a Changing World" (World Bank, 1997: 15). In this document, the indirect role of the state as a collaborator and facilitator has been well articulated. However, the good governance reform strategies are going to be implemented by rich powerful nations and international corporations very cautiously circumvent the queries relating to the real purpose and focus of the development. The rich powerful nations who are driving the development agenda make use of it to fulfill their personal interests (Bendana, 2004: 2-3).

4. The Millennium Development Goals (MDGs)

The United Nations 2005 World Summit Outcome adopted a number of resolutions:

To reaffirm that good governance is essential for sustainable development; that sound economic policies, solid democratic institutions responsive to the needs of the people and improved infrastructure are the basis for sustained economic growth, poverty eradication and employment creation; and that freedom, peace and security, domestic stability, respect for human rights, including the right to development, the rule of law, gender equality and market-oriented policies and an overall commitment to just and democratic societies are also essential and mutually reinforcing (UN, 2005: 7; UN, 2007: 16).

The United Nations held development symposiums during the 1960s to 1990s which ultimately resulted in the Millennium Development Goals (MDGs). The United Nations emphasized economic development in its first three decades (1960s-1980s). In the 1990s, the United Nations shifted its trend towards the issues of “good governance, the rule of law, powerful institutions, economic stability and eradication of poverty, social justice and control of corruption” and introduced MGDs. The Millennium Development declaration was adopted by the General Assembly of the UN in September 2000 (Wagner, 2000: 2; UNAIDS; Alarcon 2003: 37).

The main emphasis of the Millennium Development Declaration is on the following:

- 1- Eradicate extreme poverty and hunger.
- 2- Achieve Universal Primary Education.
- 3- Promote Gender Equality and empower Women.
- 4- Reduce Child Mortality.
- 5- Improve Maternal Health.
- 6- Combat HIV/AIDS, malaria and other diseases.
- 7- Ensure environmental sustainability.
- 8- Develop a global partnership for development (Abdellatif, 2003: 1).

The United Nations Millennium Development Declaration has gone through a series of scrutiny and validation processes. The first was the Doha Round on international trade in 2001, and the second, in March 2002, was reaffirmed in Monterrey, Mexico during the ‘International Conference on Financing for Development’ when heads of the powerful nations developed a structure for international progress with strong emphasis on Goal 8. After that, In Johannesburg, South Africa, the United Nations member states participated in the ‘World Summit on

Sustainable Development' and discussed environmental issues in relation with Goal 7 of MDGs. Again, in 2005 World Summit Outcome it was emphasised that the developing nations should streamline their 'national development' framework according to the Millennium Development strategies by the end of 2006 (UN, 2007: 1-2).

The UN Secretary General has nominated UNDP to act as the custodian of the Millennium Development Goals. Its role as custodian is to assist in securing national agreement around the MDGs and to observe development by publishing national MDGs Reports. However, the MDGs are economically reasonable and possible to achieve. It simply requires cooperation and finances of world powerful nations. It is estimated that fifty billion U.S. dollars is needed annually to realise the stabilisation of developing nations, especially in Sub-Saharan Africa. Therefore, it will consume a small portion, which is just 0.16 of 1% of annual global income. (Alarcón, 2003: 38).

In the MDGs good governance is identified as an effective tool in the eradication of poverty and sustainable growth. The World Bank is considered as a pioneer International Financial Institution that attached good governance as one of the conditionalities to loan recipient states (Chaudhry, 2009: 339). It is highly appreciated that the World Bank, the IMF and the United Nations have declared Millennium Development Goals as policy objectives for the achievement of real development at the country level (Welch and Nuru, 2006: 170). In the 1990s, the IFIs through a considerable change in its policies made it mandatory for the borrower countries to implement and establish rule of law under the good governance agenda in their countries before applying for further lendings (Tamanaha, 2003: 3).

5. Conclusion

Bad governance has been identified as a major cause of problems in developing countries especially Sub-Saharan Africa. Moreover, bad governance breeds corruption and corrupt practices. However, good governance is considered as a prerequisite for development. The IFIs have declared good governance as a precondition for borrowing countries seeking for new lendings. The lacklustre results of the Structural Adjustment Programmes, East Asian Crisis, African Crisis, institutional weaknesses and other factors contributed to provide IFIs an opportunity to reform its policies and to shift its attention towards good governance.

For the last two decades, good governance has become the issues of prime importance for the Developed World and the IFIs. However, the global good governance policies introduced by the IFIs are not embedded in the local cultures as these have been co-opted without certain considerations such as the institutional and legal structures of developing countries. In the last four decades, the IFIs had gone through enormous changes in their reform policies.

The issues relating to the eradication of poverty, bad governance, weak institutional structures, economic instabilities, social injustice and growing corruption forced the United Nations to introduce Millennium Development Goals (MDGs) for “eradication of poverty, universal primary education, women empowerment, reducing child mortality, improving maternal health, combating against HIV/AIDS, malaria and other diseases, ensuring environmental sustainability and developing a global partnership for development” which have to be achieved until 2015 (Wagner, 2000). The achievement of these goals depends on the mechanism for proper organisation and utilization of external aid. The global governance reforms require sincere efforts, political motivation and consistency.

The role of the developmental actors should be to encourage good governance by declaring no compromise on the effectiveness of the accountability mechanisms no matter whether they have been provided at national or international level. The political influence of powerful nations should also be removed and the participation of third world countries in these IFIs should be gradually improved. The conditions of good governance in third world countries may reduce growing terrorism in the world. For all this, there is a need to support the governments in designing their policy objectives in relation to Millennium Development Goals and to make the lending more effective.

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Footnotes

¹ The expression ‘Washington Consensus’ was primarily introduced by the U.S. economist John Williamson in a background paper entitled ‘What Washington means by Policy Reform’ to refer to policy package advocated by the influential Washington-based institutions, particularly, the World Bank, IMF, the U.S. Treasury and neo-liberal think-tanks. In the beginning it was designed for implementation in the Latin American countries in 1980s, but later on the scope of Washington Consensus was broadened to include rest of the developing countries. The key elements of the Washington Consensus were fiscal discipline; financial liberalization and capital account liberalization; trade liberalization; liberalization of foreign investment regime; market-based exchange rate; deregulation; privatization; labour reforms; tax reforms and protection of property rights (Williamson, 2004: 2-4; 2002).

² Michel Camdessus, a French Economist was 7th Managing Director and Chairman of the Executive Board of the IMF from 16th January 1987 to 14th February 2000. Although, his tenure is a longest period in the IMF but he is strongly criticised for some controversial policies like East Asian Financial Crisis, turmoil in Mexico and riots in Indonesia. Camdessus insisted the IMF to be more malleable with countries that were prepared to build a pathway for good strategies and work together in reinstating normal associations with loan recipients. Besides of all criticism, Camdessus accepted the challenges and introduced a new concept of humanism in the policies of the IMF which entirely started a different approach to develop common man’s life (Boughton, 2000: 25).

³ Former IMF Managing Director, July 2, 1997.

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