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**The Politics of Collaborative Global Governance:
Organisational Positioning in IMF-World Bank
Collaboration**

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Declaration of Originality

I hereby confirm that the submitted work is the result of original research that I have carried out in person. The thesis is my own work. It does not include any material based on collaborative research. It also does not include any material from previous theses, course papers or any of my publications. I have submitted this thesis solely for the degree of PhD in Politics and International Studies at the University of Warwick.

Summary

This thesis studies the collaborative activities of two of the most prominent international organisations of the contemporary era, the International Monetary Fund (IMF) and the World Bank. Drawing on ninety-five interviews with organisational officials and other policy actors, as well as an analysis of key documents, I argue that competing normative expectations, especially from their membership, induce the Bretton Woods institutions to collaborate where necessary and remain distinctive as much as possible. However, regular collaboration tends to make organisations more similar to each other. The IMF and the World Bank resolve this challenge to their procedural legitimacy by employing symbolic actions as signals of distinctiveness while continuing inter-organisational collaboration. Symbolic reforms (and, sometimes, less costly alternatives) allow them to claim policy niches for the purpose of organisational differentiation. I develop this argument in case studies of IMF-World Bank collaboration in three areas: (1) crisis lending, (2) financial sector surveillance and (3) concessional lending and debt relief. Through the analysis of the collaborative activities between two influential international organisations, the research in this thesis contributes novel insights into the cultural underpinnings of the Bretton Woods institutions. The analysis extends constructivist accounts of international organisations by suggesting that contemporary notions of their agency are rooted in shared norms about what these organisations should do or should not do.

Abbreviations

AIIB	Asian Infrastructure Investment Bank
BIS	Bank for International Settlements
BoP	Balance of payments
BRIC(S)	Brazil, Russia, India, China (South Africa)
CAS	Country Assistance Strategy
CBD	Central Banking Department
CBS	Central Banking Service
CMIM	Chiang Mai Initiative Multilateralisation
CPF	Country Partnership Framework
DMD	Deputy Managing Director
DPL	Development Policy Loan
DSA	Debt Sustainability Analysis
DSF	Debt Sustainability Framework
ECR	External and Corporate Relations
ED	Executive Director
EDD	Economic Development Document
EFF	Extended Fund Facility
ESAF	Enhanced Structural Adjustment Facility
EU	European Union
EWE	Early Warning Exercise
FAO	Food and Agricultural Organization
FATF	Financial Action Task Force
FSA	Financial Sector Assessment
FSAP	Financial Sector Assessment Program
FSF/FSB	Financial Stability Forum/Financial Stability Board
FSLC	Financial Sector Liaison Committee
FSSA	Financial System Stability Assessment
FY	Financial year
GP	Global Practice
HIC	High-income country
HIPC	Heavily indebted poor country
IBRD	International Bank for Reconstruction and Development

ICSID	International Centre for Settlement of Investment Disputes
IDA	International Development Association
IDB	Inter-American Development Bank
IEG	Independent Evaluation Group
IEO	Independent Evaluation Office
IFC	International Finance Corporation
IMF	International Monetary Fund
IPE	International Political Economy
IO	International organisation
IR	International Relations
JMAP	Joint Management Action Plan
JSA/JSAN	Joint Staff Assessment/Joint Staff Advisory Note
JVI	Joint Vienna Institute
LIC	Low-income country
MAE	Monetary and Exchange Affairs
MCM	Monetary and Capital Markets
MD	Managing Director
MDRI	Multilateral Debt Relief Initiative
MFM	Macroeconomics and Fiscal Management
MIC	Middle-income country
MIGA	Multilateral Investment Guarantee Agency
NATO	North Atlantic Treaty Organization
NDB	New Development Bank
NGO	Non-governmental organisation
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OOF	Other official flows
OPCS	Operations and Policy Country Services
PDR	Policy Development and Review
PFP	Policy Framework Paper
PREM	Poverty Reduction and Economic Management
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
ROSC	Report on the Observance of Standards and Codes

SAF	Structural Adjustment Facility
SAL	Structural Adjustment Loan
SBA	Stand-by Arrangement
SCD	Systematic Country Diagnostic
SECAL	Sector Adjustment Loan
SPR	Strategy, Policy and Review
TA	Technical assistance
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
WTO	World Trade Organization

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1 Introduction

Contemporary global governance is marked by a frequently overlooked paradox that complicates the life of governors. On the one hand, observers and practitioners alike maintain that the pressing policy challenges in today's integrated international system are interconnected. Among other attributes, global governance is said to be 'complex' (Raustiala and Victor, 2004), 'fragmented' (Biermann *et al.*, 2009), 'networked' (Biermann, 2008) and 'polycentric' (Scholte, 2004). The transboundary problems of the 21st century, ranging from environmental degradation to socioeconomic injustices, can only be tackled through cooperation (Avant *et al.*, 2010: 24; Slaughter, 2004; Stein, 1982; Stone, 2004). On the other hand, the same observers and practitioners counsel against fuzzy or expansive task definitions. Governance mandates, they insist, need to combine clarity in purpose with modesty in scope. It is widely assumed that transboundary problems are most effectively tackled through specialisation (Barnett and Finnemore, 2004: 24; Busuioc, 2016; Hawkins *et al.*, 2006: 13). The latter point relates particularly to international organisations (IOs), which routinely face allegations of 'mission creep' (Einhorn, 2001; Feldstein, 1998; Leipziger, 2016). As central players in contemporary governance arrangements, IOs need to demonstrate a willingness to work together and to provide distinctive policy solutions. An IO may thus differentiate itself from precisely those IOs with which it collaborates.

Interactions between two of the most prominent IOs in the contemporary era illustrate this phenomenon. The International Monetary Fund (IMF or Fund) and the World Bank (or Bank) today collaborate across a wide range of policy areas; in some policy areas, their collaboration commenced decades ago. Their officials know the challenges of building and maintaining productive inter-organisational relationships by heart. Most of them locate difficulties either at the level of the organisation, citing bureaucratic routines, or at the level of the individual, citing uncooperative counterparts. These views were widespread among the IMF and World Bank officials, current and former, whom I interviewed for this study. Interviewees agreed that their organisations had little choice but to collaborate while they also needed to stay true to their respective mandates.

Historical experience suggests that collaboration between IOs has never been easy to accomplish. Consider the comments made by Michel Camdessus, whose

tenure as IMF Managing Director (MD) was the longest in history (1987–2000), on the occasion of the launch of the Joint Vienna Institute (JVI) in October 1992. Built to diffuse liberal economic ideas by offering professional training to policymakers from post-communist countries, the JVI was underwritten by no less than six IOs; among the founding organisations were the IMF and the International Bank for Reconstruction and Development (IBRD) as one of the two arms of the World Bank (the other being the International Development Association, IDA).¹ For Camdessus, the JVI was living proof that a combination of commitment and graft could suspend ‘the principle that the most difficult form of international cooperation is cooperation among international organizations’; notably, the former MD praised the IMF’s counterparts for not ‘losing time in complicated or protracted negotiations’ (IMF Archives, 1992: 2). Somewhat ironically, the evolution of the JVI points to another potential reason, understandably not divulged by Camdessus, for why IOs can experience collaboration as arduous: power differences between the collaborators. In the case of the JVI, the IMF exercised disproportionate influence over the original institutional design (Broome, 2010b: 615).

While they may include intricate details about the ordeal of collaborative activities in their descriptions, Fund and Bank officials exclude the deeper dynamics from their analyses. Collaboration is indeed cumbersome when each IO jealously guards its turf while willingly intruding on that of another. But a lack of hard work and good will is not usually the primary source of trouble, nor is one organisation’s preponderance. What such arguments tend to overlook, and what this thesis demonstrates, is that the difficulties with collaboration are more systemic. I argue that the actual challenge lies in reconciling inter-organisational collaboration with the competing imperative of organisational differentiation. By necessity, collaboration makes the IOs involved less distinctive as they share resources, coordinate policies and sometimes also launch joint programmes. Centring on a concrete inter-organisational setting, I use Fund-Bank collaboration as a lens through which to explore the cultural underpinnings of these two particular IOs. Nonetheless, the study of this inter-IO relationship may hold broader lessons about global governance if we

¹ The IBRD and IDA form part of the World Bank Group, which comprises a total of five organisations: the other three are the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID). Although there is also collaboration within the World Bank Group (see ch. 6), my analysis concerns only collaboration between the IMF and the World Bank (IBRD and IDA).

look beyond practical problems with collaboration, which many practitioners with a hands-on attitude identify so competently but diagnose rather poorly.

Research Question and Focus of the Thesis

This thesis examines in detail the activities of the Bretton Woods institutions through which they address global policy problems together. I seek to answer the following research question: *How do the IMF and the World Bank collaborate to govern common policy challenges?* The research identifies key drivers of and obstacles to Fund-Bank collaboration, and finds that it often remains half-hearted. Both closer collaboration and no collaboration are options that the Bretton Woods institutions avoid in their inter-organisational relationship. I explain this finding by demonstrating that, while they face high expectations for collaboration, the two organisations also work to retain distinctive qualities. Empirically, the study focuses on three cases of Fund-Bank collaboration: (1) crisis lending, (2) financial sector surveillance and (3) concessional lending and debt relief. The analysis reveals a common pattern: despite distinct institutional trajectories after the 2007–08 global financial crisis in each area, the organisations have sought to reconcile the imperatives of differentiation and collaboration in all three cases.

That collaboration between the IMF and the World Bank is half-hearted presents a puzzle in light of their common historical origins. The Fund and the Bank were built on the ashes of an extended period of political and economic turmoil that had culminated in the Second World War. When representatives from forty-four allied nations convened at Bretton Woods (New Hampshire, U.S.) in 1944, the war experience pushed them to design a post-war order centred on international institutions (Helleiner, 2010a: 621–622). While U.S. Treasury official Harry D. White and British Treasury official John M. Keynes disagreed on the details of the Fund’s institutional design (Horsefield, 1969b: 18–25), the two lead negotiators agreed on creating two new organisations (Feinberg, 1988: 546). As White explained in a draft, it was prudent to distribute tasks and disperse power (Horsefield, 1969a: 39). When towards the end of the conference the delegates resolved to found the Bank (in addition to the Fund), they converged on ‘the belief ... that the two institutions should work closely together’ (Mason and Asher, 1973: 538, 544). Special provisions for their interactions were not included in the Bretton Woods

agreements because the conference participants seemed convinced that the organisations ‘... would work together in harmony’ (Gold, 1982: 501). In fact, the history of the ‘Bretton Woods twins’ has been accompanied by occasional calls for their merger. Even some former Executive Directors (EDs) have taken to the idea (Burnham, 1999; Fischer, 2004).

As envisaged by their creators, the Fund and the Bank work together on a wide range of political issues. In each of the three policy areas examined in this thesis, their collaboration dates back to at least the 1990s. Ideologically, they subscribe to a broadly shared liberal worldview, according to which light-touch regulation of open markets promises the most prosperity (Kanbur, 2001: 1085). This political agenda is underpinned by extensive in-house research in both organisations. A large majority of staff have enjoyed professional training at elite universities in Western countries, especially the U.S. (IMF, 2016b: 50–53; Stern, 1997: 587). There are revolving doors, through which staff leave one organisation and find employment across the street. By agreement, they are guaranteed the transferability of their pension benefits.² The organisations resemble each other structurally in that their quasi-universal and almost identical memberships are grouped into similar, in some cases matching, constituencies on both Executive Boards. One of the largest shareholders, France is represented by the same ED in both organisations; all other ED offices routinely coordinate their positions with the respective counterpart office. The Boards, after considering proposals circulated by staff, normally reach decisions without formal voting. The organisations’ proximity is reflected in their very infrastructure, such as the joint Fund-Bank Library or the tunnel under 19th Street in downtown Washington between IMF HQ1 and the World Bank main building (mentioned in Woods, 2006: 6). In sum, Fund-Bank collaboration should come close to a textbook example of committed inter-IO collaboration. Because it is not, an investigation into the obstacles is warranted.

Constructivist accounts of organisational cultures offer a point of departure for resolving this puzzle. These works demonstrate that IOs develop their own cultures, or ‘the collectively held ideologies, norms, languages, and routines that provide individuals ... the heuristics and shortcuts necessary to structure their actions and choices’ (Weaver, 2010: 49). An organisation’s culture serves to filter information

² Author’s personal interview with former IMF staff member, 1 June 2015.

and channel attention in particular ways, obstructing change or slowing down the rate of change. It also colours what counts as valid expertise within the organisation – be it the IMF’s understanding of policy reform (Momani, 2005), or the World Bank’s rendering of poverty (Weaver and Leiteritz, 2005) or ‘good governance’ (Weaver, 2010). When the cultures of two (or more) IOs diverge, inter-organisational collaboration can remain ineffective and lacklustre. Precisely this argument has recently been made to explain persistent difficulties in Fund-Bank collaboration (Momani and Hibben, 2015).

Yet scholars who analyse the social environments of IOs tend to take it for granted that it is the substance of IO activities that matters most for building and nurturing policy expertise. Cultural traits bias an IO towards a narrow set of policies by excluding alternative choices that look infeasible because they are not in line with ‘how we do things here’. The majority of constructivist IO scholarship explains expertise largely as a function of the intersubjective quality of policy analysis and content: if the advocated policies are deemed useful and appropriate, an IO stands to maintain or even enhance its expertise; if, by contrast, the policies are deemed useless or even misguided, the IO risks damaging its expert status. The prevailing assumption is that ‘good’ analysis and policymaking is ultimately to the organisation’s benefit while ‘bad’ analysis and policymaking is to its detriment (Broad, 2006; Broome *et al.*, 2017; Kramarz and Momani, 2013; Mügge, 2011; Seabrooke, 2007). If an organisation’s policy advice misses the mark too often, members will stop asking for and following its advice whenever they can avoid it. In other words, an IO needs to know ‘right’ to remain credible as a governance authority.

To complement this conventional wisdom, I adopt a sociological institutionalist perspective that looks beyond the substantive (or instrumental) dimensions of IO analysis and policymaking. While building on existing constructivist IO scholarship, specifically works on the IMF and the World Bank, I stress the largely overlooked symbolic (or expressive) dimensions of IO activities to argue that cultural understandings are constitutive of IO expert authority. The idea that guides my analysis is that IOs demonstrate their status as policy experts not only through the provision of knowledge that stakeholders deem ‘truthful’, but also through symbolic moves that make their expertise appear meaningful and exclusive. Collaborative practices diminish the appearance of exclusiveness. An in-depth study of Fund-Bank

collaboration across three areas can thus provide us with novel insights into how the organisations manage this tension between being distinctive and collaborative.

International Organisations and Collaborative Global Governance in the 21st Century

International organisations occupy a central position in the global governance architecture. For the time being, the international system has become unthinkable without the existence of IOs, at least for the political mainstream. Meanwhile, rather than advocating the indiscriminate removal of IOs from the global governance landscape, more radical voices campaign for the reform or replacement of particular organisations. A pertinent example is the ‘Fifty Years Is Enough’ network, which was launched in 1994 with the goal of abolishing the IMF and the World Bank but which has lost political momentum.³ Especially at the present juncture, when several G20 states are ruled by nationalist populists, with other countries inside and outside that group having recently escaped the same fate, even critics may look to IOs to counter this trend and ‘save’ internationalism.⁴

Much constructivist scholarship attributes the prominence of IOs to successful norm entrepreneurship. To begin with, IOs identify specific problems and formulate possible responses. From its inception in 1989, the Financial Action Task Force (FATF) worked to define practices of cross-border money laundering as a political problem in need for an international solution, which empowered it as a rule-maker in this realm (Hülse, 2007). The United Nations (UN) enjoyed similar success in selling peacekeeping as a viable instrument to pacify intrastate conflicts in the post-Cold War era (Lipson, 2007). In a related manner, IOs sponsor and spread key concepts that shift governance discourses. The World Bank defined ‘poverty reduction’ (Finnemore, 1996a: ch. 6) and, later, ‘good governance’ (Weaver, 2010) as key development objectives. The Organisation for Economic Co-operation and Development (OECD) underwrote the idea of the ‘new economy’ (Godin, 2004). The next step is to encourage institutional changes that make member states more receptive to the promoted policies. The activities of the United Nations Educational,

³ See <<http://www.50years.org/>>.

⁴ The isolationist leanings of the current U.S. President, Donald J. Trump, threaten the prominent position of IOs in the international system (author’s personal interview with IMF staff member, 8 March 2017).

Scientific and Cultural Organization (UNESCO) served to ‘teach’ states science policy (Finnemore, 1993). The European Union (EU) and the North Atlantic Treaty Organization (NATO) shaped the transition processes of many Central and Eastern European countries after 1990 in a similar fashion (Jacoby, 2001).

International organisations diffuse governance norms as rules and standards to a wider community of state and non-state actors. The Bank for International Settlements (BIS) has led the way in standardising banking supervision as a largely self-regulatory practice (Ozgercin, 2012). At the forefront of harmonisation efforts, the OECD has, together with the FATF and through acts or threats of blacklisting, piled pressure on countries to comply with international tax policy standards (Sharman, 2009, 2012). Notably, IOs are not alone in defining and diffusing norms that socialise other actors into forms of acceptable behaviour. Nor do they invariably sit at the starting point of the norm diffusion chain; they may ‘consume’ the norms that they spread (Park, 2005, 2006).

These illustrative examples should not be taken to suggest that normative entrepreneurship by IOs is designed to expand organisational mandates at all times and costs, as commonly assumed in public choice scholarship (Vaubel, 1986). Some tasks are not amenable to an organisation’s skillset while others are likely to expose it to extensive public criticism for the use of dubious methods or lack of success (Wilson, 1989: 182–183, 190–191). Any properly run IO advocates political solutions that it can provide, rather than those that it cannot (see Nustad and Sending, 2000). For instance, UNESCO in its present configuration lacks the authority to run a blacklist of tax havens; such a list would not have much, if any, traction with the relevant audiences. While IOs at times fail to fulfil their multifaceted missions, norm entrepreneurship takes place mostly on an IO’s ‘home turf’.

While constructivist accounts of IOs as teachers, consumers and diffusers of transnational norms reveal many important dynamics, they ignore a fundamental one. International organisations wish to diffuse norms in ways and through formats that are conducive to ‘persuading audiences of the legitimacy of the IO advocating reforms’ (Halliday *et al.*, 2010: 79). Thus, before analysing their various roles as norm teachers, consumers and diffusers, we should understand what kinds of IO agency are legitimated in the international system. An analytical focus on the cultural embeddedness of IOs implies stepping somewhat away from their agential capacities

in order to clarify what they are expected to look like and do, including the choice for or against collaboration.

We still know little about the institutional drivers of and obstacles to inter-IO collaboration. A common assumption is that IOs collaborate because they anticipate operational improvements (Huxham, 1992: 50) or reputational benefits (Busuic, 2016). But why do they anticipate certain (positive) effects? Unable to know the future, they ground their expectations in something else, such as practical experiences or cultural norms. Similarly, organisations' cultural specificity can thwart the joint completion of tasks (Huxham, 1996: 5; Momani and Hibben, 2015). But where are diverse organisational cultures themselves anchored? Unless we assume that these cultures are utterly incompatible, or that the diverging parts matter while the converging parts do not, we cannot stop here. Where IOs collaborate, interesting and novel questions about the cultural foundations of the international system, as well as actors within it, arise for students of International Relations (IR) and International Political Economy (IPE).

A corollary of the intense interest in what kinds of norms IOs produce in-house, absorb and diffuse is a foregrounding of the substance of their activities. Much of the specialist literature assumes that IOs' decisions and operational practices are reliable indicators of normative, organisational and policy change. There are evidently good reasons for holding this belief. What IOs do can alter the institutional foundations of entire societies, especially in economically weak or vulnerable countries. The IMF's understanding of 'sound economics' guides the reforms that countries undertake to qualify for external financing (Gabor, 2010). The World Bank's conception of market-oriented service provision has reconfigured electricity sectors in countries as diverse as China and India (Xu, 2005). In general, these two organisations have helped to define what economic 'development' means in contemporary world politics (Park and Vetterlein, 2012).

The incentives offered and disincentives deployed by IOs can make certain courses of political action more materially and ideationally attractive than others. Consider the following illustrative analogy:

The IBRD ... in considering a loan application, does not accept as 'given' many of the things that a private lender does. It does not, for example, accept the political and economic situation of the potential borrower as given. In private lending terms, it is as if a boy were trying to borrow money to study law. The banker, despite his [*sic*] trust in the boy's ability and willingness to repay the loan, tells him that lawyers are bad people and that he should be a farmer. The banker then adds that he is going to 'encourage' the boy to become a farmer instead of a lawyer by refusing to lend him the money to go to law school (Baldwin, 1965: 76).

In short, IOs can transform the identities and beliefs of individuals and communities. This dynamic is particularly pronounced in development projects, which instils a pervasive 'will to improve' in those involved and targeted (Li, 2007). But the influence of IOs reaches beyond those directly interacting with them. When the World Bank, alongside the OECD, labels certain states as 'fragile' (Nay, 2014), such states will likely experience repercussions of this judgement regardless of whether they currently receive loans or advice from the Bank. When the IMF endorses a certain position on such vital matters as taxation or capital mobility (Abdelal, 2006; Broome and Seabrooke, 2007; Kentikelenis and Seabrooke, 2017: 2), even non-borrowing countries can suffer material and social costs for deviating from this precept.

Their expertise is often, though not always, magnified by the power of the purse through a mechanism known as conditionality. If the borrower fails to comply with the conditions included in a loan agreement, which specify structural, institutional or policy objectives, it risks losing access to the funds. Through this mechanism, the Fund and the Bank can more effectively diffuse ideas than IOs that lack ample financial resources or are less able to link funding to their members' compliance record. Their policy stances are accepted as authoritative by those who hold them to represent or approximate economic 'truths', consolidated through long-term practical involvement. Stakeholders, however, do not uncritically take IO expertise at face value but look for signs of credibility. For example, IMF loan facilities with 'soft' conditionality may be interpreted by creditors as sparing borrowers from tough political reforms (Broome, 2008). Failed policy initiatives can, in the long run, put in doubt an IO's capacity to deliver on its mandate, which diminishes its expert reputation as its preferred analytical models and operational

instruments do not seem to work. International organisations are careful to avoid such an impression.

Constructivists have amply shown that the IMF and the World Bank are far from the neutral intermediaries in search for the best policy response to a political problem as which both organisations like to portray themselves. As recognised experts, they have helped to establish what are seen as the most pressing global economic problems (such as intense state regulation, unsustainable sovereign debt or material poverty), and have crafted solutions for addressing these problems. They thus shape and transmit global registers of ‘good’ economics and ‘right’ politics. Having sponsored many highly influential and contentious political ideas, perhaps most notably the gamut of structural adjustment, the organisations rank among those most intensely studied by constructivists to gauge the scope for autonomous action by IOs. The substantial effects of their intellectual and operational work – changes in institutions, policies and ways of thinking – take centre stage in most analyses of this kind. The IMF and the World Bank are commonly cast as purposive actors who engage with other purposive political actors, especially states as their principals and non-governmental organisations (NGOs) as their critics.

If we were to subscribe to this standard constructivist view of IOs as purposive actors, we might miss the forest for the trees in collaborative global governance. We would confine ourselves to asking questions about how the Fund and the Bank work together in a given country or policy area; how their interaction affects the fortunes of that country, or the policies in either organisation; or how well their policy preferences mesh. We would likely find that outcomes vary significantly by country and policy area; that their interaction affects domestic and intra-organisational policymaking sometimes more, sometimes less; and that they converge on a preference for market-friendly policy reform despite occasional conflicts over the best means. Exploring these aspects would yield valuable insights into the micro- and meso-level dynamics of collaboration. But any such insights would be very contingent on the case(s) chosen for analysis. What holds true for Fund-Bank collaboration in one country may not hold for their collaboration in another. In what follows, I instead propose an analytical framework for studying the macro-level dynamics that make Fund-Bank collaboration both possible and complicated.

The Argument in Brief

Grasping the dynamics of inter-IO relationships in concrete instances presupposes an understanding of the bigger picture of collaborative global governance. One way to see more of this picture is by zooming out to the cultural foundations of the IOs under examination. Mechanisms of stability and change in collaborative settings may stem less from case-specific factors than from the overarching principles that constitute contemporary IOs as actors and delineate their governance roles. My approach to rendering visible such macro-level dynamics borrows from sociological institutionalist scholarship in the fields of political science and organisation studies, which integrates insights from sociology, public administration and management studies. Sociological institutionalism is not a coherent school of thought, and many of its key proponents have actively contributed to more than one field of study. In highlighting the cultural underpinnings of inter-IO collaboration, I draw mainly on the Stanford School's world society approach, pioneered by John W. Meyer and colleagues, as well as the related work of organisation theorist Nils Brunsson and colleagues.

From a sociological institutionalist standpoint, organisations are in large part products of their cultural environment, as are their relationships with each other. To take a pertinent example, a state achieves 'ceremonial conformity' (Meyer and Rowan, 1977: 341) by signalling to its environment, especially other states, that it meets the cultural standards of modern statehood (Meyer *et al.*, 1997a), which includes having currently fashionable institutions and policies in place (Barrett and Tsui, 1999; Drori *et al.*, 2003; Sharman, 2008). States are not alone in exhibiting features that make them legitimate in the eyes of relevant audiences. Private governance actors, who can quickly lose political support, need to justify their role in the policy process (Botzem, 2014; Tsingou, 2015: 241). Likewise, IOs expend a good deal of their resources on activities that serve to legitimate their status as global policymakers, especially vis-à-vis their members (Halliday *et al.*, 2010; Zaum, 2013c).

To attain legitimacy, global governors often showcase their ability to supply accurate and applicable knowledge. As the sociology of professions suggests, actors obtain their authority – that is, become 'experts' – through their ability to identify, apply and broker relevant knowledge (Abbott, 2005; Seabrooke, 2014; Seabrooke

and Tsingou, 2016; Sending, 2015). While knowledge serves various functions in contemporary IOs (Littoz-Monnet, 2017b: 6–9), the provision of expertise acts as a particularly credible marker of legitimacy (Boswell, 2008). The IMF’s authority is based on its credentials for creating, structuring and transmitting policy-relevant macroeconomic knowledge (Ban, 2015; Broome and Seabrooke, 2007, 2015; Moschella, 2012). The World Bank has staked its reputation as the ‘Knowledge Bank’ on the production, pooling and promotion of global development solutions (Kramarz and Momani, 2013; St. Clair, 2006b; Stern, 1997; Stone, 2003).

Drawing on ninety-five elite interviews with Fund and Bank officials, government officials and civil society actors, as well as primary documents, I suggest that choices about collaboration are connected to questions of expertise and legitimacy. To maintain procedural legitimacy as transnational policy experts, the Fund and the Bank cannot freely decide whether, where and how much to collaborate. They are constrained in these choices, first and foremost, by cultural understandings of what their organisations should look like and how they should act beyond their idiosyncrasies. What is essential is that stakeholders who can impose material sanctions (such as less funding or more control to clear funding) or social sanctions (such as public criticism or indifference) never cease to believe that each behaves like an IO: ‘... a “true” organization is an entity that is perceived to be in close conformity with the institution of Organization’ (Brunsson, 2009: 3). As IOs, they are expected by their cultural environment to be sufficiently distinct from each other. They need to communicate a differentiation strategy premised on supposedly clear and rational criteria, such as commanding superior expertise on an issue. As ‘sister’ organisations with complementary mandates, they are also strongly expected by their shareholders, who can most impose the most effective sanctions, to collaborate. Being a ‘true’ IMF or World Bank entails some level of collaboration in selected areas where priorities have come to overlap. Over the next two paragraphs, I expand on this trade-off.

The first normative imperative is general and prescribes differentiation: any IO in the contemporary international system needs to visibly set itself apart from others. Many IMF and World Bank officials are in fact concerned that the general public confounds or lumps together their organisations. Organisational boundaries must be sharp, which is why official affiliations, whether in IOs or elsewhere, are so important (Brunsson, 2009: 2–3; Meyer, 1984: 193). Successful and failed attempts

to set up new international institutions provide a valid lesson. The founders of the Financial Stability Forum (FSF) in 1999 managed to craft a mandate for the new organisation that differed from those of existing institutions (Clarke, 2014). The OECD's proposal in 1975 for its own balance of payments (BoP) support mechanism suffered from a strong resemblance with IMF instruments and was consequently sunk (Cohen, 1998). Bureaucracies vindicate their existence by providing services attributable to them alone (Busuioc, 2016; Heucher, 2016: 16; Wilson, 1989: 189–191). In this vein, one IMF staffer recommended that the organisation 'stick to its knitting'⁵; other interviewees made similar comments about the need for their organisations to avoid excessive policy and operational overlap.

The second imperative is specific to the two organisations and prescribes collaboration: the Fund and the Bank need to demonstrate that they value each other's specialist expertise. Member states strongly expect the organisations to work together because they view collaboration as the right thing to do for two organisations with complementary mandates. Various interviewees concurred that ending collaboration was not a serious option. Queried about the scenario of no collaboration, a former World Bank senior manager opined: 'It would be awful, absolutely awful.'⁶ Establishing 'links and partnerships with other organizations which bestow a stamp of approval and recognition of authority' is a common legitimisation strategy (Zaum, 2013a: 224; see also Kelly, 2008). However, interactions between organisations in the same field tend to generate 'isomorphic' effects – that is, the interactions cause the organisations to develop similar features (DiMaggio and Powell, 1983). Collaboration could render the IMF and the World Bank even more spatially, structurally and ideologically proximate than they already are. It follows that their conformity to the second imperative compromises their conformity to the first, and vice versa.

There is, in sum, a distinct cultural script that imposes two contradictory normative imperatives on the Bretton Woods institutions: working separately and working together. As their shareholders confer legitimacy for both distinctiveness and similarity, the legitimisation process is inherently more ambiguous. While it is impossible to satisfy both imperatives fully, neither can be ignored. Staff and management cannot determine with certainty what balance will please those in their

⁵ Author's personal interview with IMF staff member, 7 July 2015.

⁶ Author's personal interview with former World Bank senior manager, 18 June 2015.

authorising environment. The resulting tensions account in large part for the pervasiveness of half-hearted, sometimes even reluctant, collaboration. As they navigate the turbulent waters of global governance, the Fund and the Bank steer clear of extreme routes in their inter-organisational relationship: merger and separation as manifestations of complete and no collaboration, respectively, would be such extremes. Instead, they need to appear equally distinctive and collaborative. A statement attributed to a former high-ranking IMF official expresses the challenge: ‘Collaboration is like a Catholic marriage. You cannot get a divorce, so you have to figure it out.’⁷

This thesis argues that the IMF and the World Bank have figured it out in a very peculiar way. Neither organisation is unconditionally dedicated to collaboration, yet neither seeks to elude it. Instead, their marriage is built upon a combination of differentiation through symbolic action and collaboration through routine organisational practices. Symbolic action allows them to claim ‘policy niches’, which makes their separate work (more) meaningful, without forcing them to abort collaboration. In short, it allows them to combine differentiation with collaboration. When one organisation seeks to restore or enhance its distinctiveness, symbolic reform of the rules of collaboration, particularly through the active construction of a niche, is an effective strategy for signalling the mastery of domain-specific expertise. Thus, reforms can embody something fairly distinct from the practices of collaboration, which could otherwise be seen as dispelling the impression of unrivalled expertise. This difference between formal appearance and informal practices is the trademark of ‘decoupling’ (Meyer and Rowan, 1977), whereby organisations can survive in environments that impose conflicting demands on them. When, by contrast, their distinctiveness is judged to be sufficient, a reform for that purpose is superfluous. Symbolic action then focuses on maintaining the inter-organisational status quo. Under such conditions, the Fund and the Bank satisfy both halves of the script well enough to not have their status as expert organisations questioned.

Many of the Fund’s and the Bank’s choices about collaborative activities are heavily scripted. The organisations exercise agency within a culturally delimited

⁷ Author’s personal interview with IMF staff member, 10 June 2015. While I have found no other source to confirm the origin and accuracy of this view, it still neatly represents how current officials think about collaboration.

range of acceptable action, thereby following what James G. March and Johan P. Olsen (1989: 160–161) have famously termed the ‘logic of appropriateness’. To cite from the earlier examples: I share some ground with Martha Finnemore’s (1993, 1996a) research on how IOs assist in translating and amplifying norms that world society has in store. The World Bank, argues Finnemore (1996a: 125), is ‘an arbiter of development norms’. But I aim to demonstrate that agential capacities, such as being a norm creator and transmitter, are themselves constituted by global cultural material about what are legitimate activities for an IO.

A Primer on Fund-Bank Collaboration

Collaboration consists of ‘coordinative’ and ‘cooperative’ activities, with the former referring to the overarching rules and the latter to the relational dynamics of interactions (Gulati *et al.*, 2012). This distinction maps roughly onto linguistic conventions in the two organisations, whose officials like to speak about ‘policies’ and ‘operations’, respectively. As this study centres on specifying the institutional imperatives for the IMF and the World Bank, I pay more attention to the coordinative aspects – the rules – of collaboration, which, in turn, shape cooperation on the ground. Context matters as the organisations act strategically within the parameters permitted by their cultural environment. This section therefore introduces characteristic features of contemporary Fund-Bank collaboration, which are specific to this particular inter-IO relationship and certainly do not represent the diverse universe of IOs. On the basis of extensive original research on Fund-Bank collaboration, including ninety-five interviews, I have identified the following seven features.

1) *Collaboration is negotiation*: The IMF cannot compel the World Bank to take a particular course of action, or vice versa. Each organisation is formally autonomous in a constellation that a former IMF General Counsel Gold (1982: 519) once summarised as ‘[l]egal independence and functional interdependence’. The above-noted similarities and complementarities limit the potential for control of one organisation by the other. However, membership in the Bank presupposes membership in the Fund whereas the Fund’s Articles of Agreement do not oblige its members to accede to the Bank. Although some officials, especially those from the Bank, perceive this arrangement as a sign of deference, its practical implications are

limited because the membership of both organisations by now includes almost all of the world's countries. While many interviewees reasoned that the Fund's hierarchical culture made its staff more assertive vis-à-vis their Bank counterparts, none of them indicated that this trait translated into some kind of fundamentally uneven relationship. The bottom line is that the rules of interaction are enforceable only inasmuch as both organisations agree on what the rules are and their officials adhere to them in collaborative practice. The IMF and the World Bank are an IO dyad suitable for scrutinising how collaboration unfolds when neither organisation enjoys a marked power advantage over the other.

2) *Collaboration is global governance*: As the Fund and the Bank have to negotiate how to work together, their collaboration becomes a question of politics. As a large literature documents, the seemingly technical in global governance is political (Barry, 2012; Best, 2005, 2016; Clegg, 2010b). Although both tend to prefer market-based solutions to policy challenges, the Fund and the Bank have had their fair share of conflicts over concrete policies. Two of the most blatant instances to date have involved Joseph Stiglitz, who in 1997, as the World Bank's chief economist, covertly instructed Ethiopian authorities about how to stave off capital account liberalisation demanded by the IMF (Wade, 2001: 72); and who, after leaving the Bank in 2000, publicly chided the Fund for its response to the 1997–98 Asian financial crisis, quipping that many of its staff were 'third-rank students from first-rate universities' (Stiglitz, 2000: 57). Frictions have also repeatedly arisen over the rules and procedures of collaboration, as the research in this thesis clarifies (see especially ch. 5).

3) *Collaboration is more continuous at the informal level*: Whether in a domestic polity or an IO, politics is not limited to what the formal rules say. We know that influence in IOs is also exercised informally (Chwieroth, 2013; Stone R. W., 2013). Formal Fund-Bank collaboration occurs, for example, at the Development Committee, a joint body established in 1974 (see ch. 3); at Board meetings attended by staff from the other organisation; or during regular high-level meetings between top-level management. Nonetheless, Fund-Bank collaboration still lacks a coherent codified institutional framework.⁸ The 1989 'IMF-World Bank Concordat' comes closest, being a written, legally non-binding inter-organisational agreement that

⁸ Author's personal interview with Michele Ruta (World Bank staff member), 9 June 2015.

provides guidelines to the present generation of officials, few of whom actively witnessed its conclusion. Yet conventions and rituals shape how IO officials interact (Zimmermann, 2016). The proverbial coffee between two colleagues may thus be as important as an official meeting scheduled to coordinate policies. Instances of informal Fund-Bank collaboration, which is based on less explicit rules, are voluntary exchanges of operational information and policy-relevant research. It is important to recognise that it is not my analysis that separates, or decouples, the informal from the formal. The organisations themselves do so when enacting symbolic reforms as expressions of distinctiveness (the formal side) that then have a limited impact on inter-organisational activities (the informal side). Even reforms that seem to disrupt collaboration often leave enough space for it.

4) *Collaboration is resilient*: Inertial and incrementalist dynamics have been recently diagnosed for post-crisis change in global financial governance (Moschella and Tsingou, 2013). Slow change is a phenomenon also familiar to those studying the Bretton Woods institutions, in which staff resistance can divert reform plans or halt their implementation (Ascher, 1983; Momani, 2007). Much Fund-Bank collaboration too is, in the famous words of Charles E. Lindblom (1959, 1979), best described as ‘muddling through’. Muddling through is very prominent on the informal side of collaboration, where interactions evolve continuously even when symbolic reforms aim to send unmistakable signals of comprehensive change. In this sense, reforms are mere manifestations of organisational routines, as Brunsson suggests (1989a). Reforms of Fund-Bank collaboration may lead to less institutional change than one might reasonably expect from public pronouncements of grand strategies. At a practical level, the preference for incrementalism is reflected in the widespread rejection by interviewed officials of the options of merger and no collaboration.

5) *Collaboration is subject to cost-benefit analyses*: Collaborators strive for efficiency although the effects of collaboration cannot be accurately determined. Officials like to talk about avoiding ‘duplication’ and ‘overlaps’, or about attaining ‘complementarity’ and ‘synergies’. Again, collaboration has instrumental value as a means to certain ends. As regards benefits, collaboration can increase the quality of decision-making, when the organisations exchange critical information; the efficiency of resource deployment, when expertise can be sourced from the other organisation; the consistency of policymaking, when programmes and instruments

are aligned; and the effectiveness of implementation, when the organisations support each other's policies vis-à-vis country authorities. As regards costs, collaboration can cause resources, such as staff time or money, to be spent on collaborating rather than other, more meaningful activities (called 'opportunity costs' by economists); it can also make one organisation dependent on another, or intensify existing dependencies. My analytical framework for studying Fund-Bank collaboration indicates that perceptions of what are costs and benefits harken back to cultural understandings. Officials may invoke indicators of the 'utility' of collaboration in a seemingly neutral fashion, but their judgements originate from a cultural context in which economic markers of worth are highly valued.

6) *Collaboration is driven primarily by internal priorities*: It is well established in the specialist literature that IO staff can define their organisations' agendas and craft their policy instruments (Babb, 2007; Barnett and Finnemore, 2004; Nelson, 2014; Weaver and Leiteritz, 2005; Woods, 2006). Many of the interviewed officials made it clear that collaboration constituted an inter-organisational means to (predominantly) intra-organisational ends; collaboration was not an end in itself. The weakness of incentives, from a human resource perspective, to engage in sustained collaboration corroborates their assessment. Careers may thrive or stall for all sorts of reasons in either organisation, but the strength of principled commitment to collaboration is not typically one of them. For example, when the World Bank underwent a restructuring in 2014, the negative effects on collaboration with the IMF were regretted on both sides but ultimately tolerated. In general terms, we would struggle to identify a stable pattern of interactions between a 'source' and a 'target institution' (but see Gehring and Oberthür, 2009), especially since the two organisations at hand are functionally interdependent and similarly resourceful. It is thus more empirically illuminating to draw inferences about the principal dynamics of Fund-Bank collaboration than to try to measure its potential impact.

7) *Collaboration is done by macroeconomist staff*: However, not all Fund and Bank staff members engage in collaboration between their organisations. The central interlocutors are staff with macroeconomic expertise, whose first-hand knowledge of how collaboration is done in practice translates into an exceptional degree of informal autonomy from their principals at the resident Executive Board. Of the over 2,200 staff (excluding over 400 support staff) currently working for the IMF (2016c: 90), basically all are trained macroeconomists; each of them could potentially fill a

position that involved collaborative activities with the Bank. A much larger organisation, the World Bank (2016a: 53) employs more than 11,600 full-time staff (excluding nearly 4,800 consultants) from a variety of professional backgrounds; only some of them collaborate with Fund staff, typically those who have similar macroeconomic assignments and were trained in similar fields as their counterparts, sometimes at the same universities. Given that collaborators share a professional language, or a ‘common policy language’ (Broome and Seabrooke, 2015), it is not surprising that economic assessments prevailed in interviews. These observations suggest that this form of collaboration is not suited to overcoming the lack of intellectual diversity within the Fund, where ‘groupthink’ is common (Momani, 2007: 49–51). At the Bank, it may not only further tilt the internal balance of power against non-economists (Mosse, 2004), but also allow macroeconomists to wrest influence from other brands of economists.⁹

Scholarly Contributions

In addition to elaborating on the seven characteristic features of Fund-Bank collaboration, this thesis makes several empirical, theoretical and conceptual contributions to the study of IOs. By investigating the influence of cultural understandings on the activities of the IMF and the World Bank, I hope to avoid three pitfalls common to the study of inter-organisational relationships in IR, IPE and other fields of enquiry: neglect, equalisation and functionalism.

On neglect, most IR and IPE scholarship still treats inter-organisational relationships as epiphenomenal. Pioneering works have not left a strong imprint (Jönsson, 1986; Mingst, 1987). Within the literature on the IMF and the World Bank, the preferred approach is still to examine the organisation’s relationship with (certain parts of) its membership. With some exceptions (see, for example, Moulton, 1978), the focus rests on powerful states when the IO is the target of influence, as in most rationalist accounts (Breen, 2014; Copelovitch, 2010; Kilby, 2009; Nielson and Tierney, 2003; Stone, 2008); and on weaker states when the IO is the source of influence, as in most constructivist accounts (Nelson, 2014; Ruckert, 2010;

⁹ It is indicative of the narrow character of collaboration that the (few) interviewees from the Bank who claimed to have little or no professional interaction with Fund staff did not identify as macroeconomists.

Sengupta, 2009; Sigurgeirsdóttir and Wade, 2015; Vetterlein, 2012b). Even studies of both organisations, while noting policy similarities and differences, do not focus on their institutionalised interactions (Best, 2007b; Blackmon, 2008; Clegg, 2013; Woods, 2006). As suggested earlier, a major obstacle is the lack of clarity about which organisation is the ‘source’ and which the ‘target’ in Fund-Bank collaboration.

Where inter-institutional relationships come under closer scrutiny, one of two views predominates. Either, the analysis maps institutional overlaps to probe the resulting political effects, as in the ‘regime complexity’ literature and its intellectual precursors (Raustiala and Victor, 2004; Young, 1996). A common problem with this perspective is a lack of differentiation between different kinds of institutions because it treats the regime as the standard international institution (for exceptions, see Gehring and Faude, 2014; Gómez-Mera, 2016); it thus tends to render institutional types more similar than they in fact are. Overall, the scope for IO agency is narrow in studies of regime complexes and cognate research. Despite delineating some of the cultural limits to IO authority, on this point I share more with constructivist and rationalist works that assume that IOs have, under certain conditions, considerable capacity to act autonomously (esp. Barnett and Finnemore, 2004: 27–28; Hawkins *et al.*, 2006: 8). Otherwise their staff and management could not devise and execute niche strategies in response to structural pressures. The membership, as my analysis of Fund-Bank collaboration demonstrates, is more of a receptive audience: it can be persuaded of the benefits of a niche game, but it seldom initiates that strategy.

Alternatively, analysts set out to ascertain how overlaps can be exploited if they are mutually beneficial, or reduced if they are not. Works of this type are motivated by functionalist concerns over ‘the efficiency and effectiveness of individual member organizations, as well as the collaboration as a whole’ (Lotia and Hardy, 2010: 371). Such an understanding reproduces the spirit that pervades a sizeable share of the public policy and management studies literatures on inter-organisational relations, including the idea of improved service delivery under the banner of ‘collaborative governance’ (Rummery, 2006). A similar attitude dominates the small segment of research on Fund-Bank collaboration. Apart from more practical institutional design questions about whether the Fund and the Bank should be merged (Burnham, 1999), delinked (Rieffel, 2008) or dissolved (Bond, 2004), analysts have been mostly concerned with how the organisations can ensure the consistency of their policies (Fabricius, 2007; Marchesi and Sabani, 2012); how their

interactions have evolved since their creation (Feinberg, 1988); or how organisational cultures affect collaborative efforts (Momani and Hibben, 2015). Such approaches downplay the politics of collaborative global governance.

In the pages that follow, I develop an ambitious argument about why Fund-Bank collaboration has been complicated and piecemeal, using extensive empirical evidence from three policy areas as a basis of my broader claims. This thesis does not aim to identify areas for improvement in Fund-Bank collaboration or propose concrete measures to this effect, although the interested practitioner-reader may be able to derive practical lessons from the analysis. I rather concentrate on showing how these two prominent IOs need to accommodate conflicting imperatives rooted in cultural understandings about their ‘proper’ practices.

The empirical material from the three case studies demonstrates that IOs are not hapless in the face of structural constraints. Comparative scholarship in political economy suggests that economic ‘globalisation’ has not imposed uniform policies on states, which have instead accommodated external pressures within distinct national regimes and, to some extent, themselves deepened economic integration (Katzenstein, 1984, 1985; Vogel, 1996). This thesis investigates how IOs process such pressures in an environment where they are induced to compete and work with each other. While the structural constraints facing the Fund and the Bank can be as much cultural as material – failure to live up to the two imperatives may ultimately lead to a shrinking resource base – there is room for accommodation. The coping strategies employed by both organisations in the first policy area, by the IMF in the second and by the World Bank in the third indicate the scope of organisational agency to deal with the imperatives.

The analysis also resonates with research into the impact of crises on institutional change. The second and third cases lend some credence to the established idea that crises can stir the political status quo and tilt the scales towards more audacious reform (Boin *et al.*, 2009; Gourevitch, 1986; Kingdon, 2011: ch. 8). However, the empirical findings caution against taking for granted that reforms cause change when all too often they serve important symbolic purposes and leave institutionalised practices largely intact. I show why an IO may aspire to institute reforms for reasons that go beyond merely enhancing its services to the membership (which may be one among several goals).

An important caveat about the reach of my argument is in order. The claims that I advance shall not be taken to imply that the same cultural script applies to all contemporary IOs, many of which differ significantly along numerous dimensions. Interesting though Fund-Bank collaboration is in and of itself, it lacks representativeness: not only do both the IMF and the World Bank as large IOs wield exceptional powers (Sharman, 2011); their collaborative relationship itself is also exceptional because it extends to various areas and has been institutionalised, both formally and informally, over decades. We cannot generalise from a unique constellation to many other unique ones – collaboration between two of the world’s most influential and most contested IOs is likely to differ significantly from collaboration between IOs with different powers, mandates and cultures. Labelling generalisation as ‘considerably overrated as the main source of scientific progress’, Bent Flyvbjerg (2006: 226, 228) sees a prime contribution of case studies in the categorisation of empirical phenomena as ‘white’ or ‘black swans’ through falsification. In this spirit, my work puts forward empirically testable claims with which future research on inter-IO collaboration can engage.

Yet the arguments developed in this thesis contribute to theorising about IOs by drawing broader lessons from case-specific insights. At the most general level, my analysis calls for yet another shift of perspective in the study of governance relationships involving IOs. As disciplines, IR and IPE emerged from a firm interest in how states related to each other; IOs initially mattered merely to the extent that they served to facilitate or impede state interactions. Rationalist and constructivist works have made great strides in reversing the realist picture that IOs are either irrelevant actors or obedient servants of states. Whereas rationalists have clarified the conditions under which and the ways in which IO staff are delegated decision-making powers or can evade principal control (Copelovitch, 2010; Gutner, 2005; Hawkins *et al.*, 2006; Nielson and Tierney, 2003), constructivists have substantiated how IOs can institutionalise transnational political ideas (Barnett and Finnemore, 2004; Béland and Orenstein, 2013; Broome and Seabrooke, 2012; Clift and Tomlinson, 2012; Park and Vetterlein, 2012; Weaver, 2008). Approaches that connect insights from both traditions have also pushed for this shift, as well as advanced our understanding of the specific dynamics unfolding within the Fund and the Bank (Clegg, 2010a,b; Hibben, 2015; Nielson *et al.*, 2006; Park and Weaver, 2012).

The next shift, which I suggest is overdue, would be from inter-state and state-IO/IO-state relationships to the understudied inter-IO dynamics in world politics. Refocusing our analytical gaze in this way could benefit our grasp of the role of IOs in global governance along three critical dimensions. First, we would gain fresh insights into a particular set of practices (Adler and Pouliot, 2011). Many IOs co-produce knowledge, such as through joint analysis and reporting, research workshops or other routine forms of professional exchange. Second and relatedly, it would provide novel evidence for why a unitary conception of IOs is problematic to uphold, as already corroborated by constructivist and rationalist accounts. At least in Fund-Bank collaboration, interactions never occur between the whole organisations but always between certain parts – at most, a handful of units or departments to prepare and implement policies, and the Boards to make formal decisions. Third and finally, we would learn more about the conditions under which principals attempt to rein in their agents. Staff members are empowered in inter-organisational settings because of their expertise and practical experiences in collaboration so that it becomes even more challenging than usual for principals to exercise control.

Apart from advancing this research agenda with original empirical insights, this study of Fund-Bank collaboration makes more distinct conceptual contributions to the IO literature. Here, I heed Craig Parsons's (2015) recommendation to situate one's contribution relative to those with similar epistemological convictions, in this case other constructivists, understood as including sociological institutionalists. Three concepts are central to my line of reasoning. First, I apply the concept of script to IOs and specify the contents of the script for a concrete IO dyad: the Bretton Woods institutions. At the most general level, a script can be defined as an aggregate body of 'schema-based knowledge of behavior and behavior sequences appropriate to specific organizational situations and contexts' (Gioia and Poole, 1984: 449).

Beyond this broad definition, two uses of the concept predominate in the sociological literature. One tradition originates from the Stanford School's occupation with the cultural underpinnings of world society. It conceives of scripts as diffuse global instruction manuals for actors, ranging from individuals (Meyer, 1986; Frank and Meyer, 2002) to states (Meyer *et al.*, 1997a; Meyer *et al.*, 1997b; Sharman, 2015) as script-takers. In these accounts, knowledge of proper conduct is tacit; one cannot see or read the scripts on which world society is built. A more recent tradition sees scripts as tangible manifestations of global norms and IOs as

script-makers. As ‘a stylized formal document’ (Carruthers and Halliday, 2006: 535), a script offers ‘a diagnosis of problems followed by a set of prescriptions’ that translate a global norm into courses of acceptable action (Halliday *et al.*, 2010: 84). For example, the IMF specifies what counts as appropriate tax and capital account policies for their members through ‘the codification of norms in prescriptive behavioral templates’ (Kentikelenis and Seabrooke, 2017: 1). Knowledge of proper conduct here comes in written form.

These two variants are not incompatible. International organisations can be both script-takers and script-makers if that the scripts that they take are different from those that they make. While acknowledging IOs’ script-making capacities, I highlight how a particular *cultural script*, which I call the ‘Bretton Woods script’, governs the activities of the Fund and the Bank. A key contribution of this thesis is to present field-based evidence for the script’s existence. The Bretton Woods script is unwritten, and compliance with it to a large extent the result of habit. We cannot simply go to an archive to identify documents that contain this script. Instead, it must be assembled from a pool of practically infinite and frequently conflicting information. To get a sense of its contents, we can query Fund or Bank officials about what they think their organisation shall do. My account represents an empirically saturated attempt to peel away layer after layer down to the institutional drivers of and obstacles to Fund-Bank collaboration. The analytical process has been one of constant reduction, through which what seems to matter most for the script has been separated from what does not as much. Thus, when invoking the ‘scriptedness’ of organisational activities, I draw from the interview, documentary and observational evidence gathered in the context of researching various episodes of Fund-Bank collaboration.

Using the conceptual language of script over alternative concepts confers some benefits. One alternative concept is ‘paradigm’, which refers to dominant ways of thinking based on unquestioned ideological predilections (Hall, 1993: 279). A critical question in IO research regards the extent to which the Fund and the Bank have entrenched the ‘Washington Consensus’ (Babb, 2013; Güven, 2012) and neoliberalism more generally (Broad, 2006; Wade, 1996). However, the concept is less helpful in addressing the research question posed at the beginning. Paradigms manifest themselves in policies, but normative expectations of organisational differentiation and inter-organisational collaboration are agnostic regarding concrete

policy choices: IOs can meet these expectations whether they promote neoliberal or heterodox policies; neither imperative is associated with any one ideology. Put differently, paradigms operate at a lower level of abstraction than scripts. From paradigms derive ‘templates’ produced by the IMF and the World Bank as policy models for countries to emulate (Broome and Seabrooke, 2007; Xu, 2005), which resembles the second understanding, sketched above, of scripts as codified norms. Conceptualising scripts instead as macro-cultural material clarifies what attributes legitimate these two organisations and aids me in arguing that they are subject to competing environmental demands.

Second, to account for the gap between differentiation strategies and collaborative efforts, I suggest that the script’s inconsistencies nudge the two organisations towards symbolic action. By *symbolic action* I mean the use of expressive communicative devices that both ‘represent the focal objects of political attitudes and opinions and serve to define ... procedural and substantive concerns’ (Elder and Cobb, 1983: 9). Symbols mediate relationships between political groups, especially those governing and those being governed within a polity, but also between states (Edelman, 1985 [1964]; Elder and Cobb, 1983). The study of symbolic action in world politics is still largely uncharted territory. In a rare examination of symbolic politics in IOs, Ian Hurd (2002: 47) explains that everyday practices at the UN Security Council serve as legitimating devices for members: ‘Since legitimacy is subject to loss if mishandled, it needs to be carefully cultivated.’ Harnessing insights from sociological institutionalism, my analysis shows that the use of symbols is important for IOs’ own legitimation process. When the IMF and the World Bank engage in institutionalised collaboration, legitimacy could be easily ‘mishandled’ if they failed to devote sufficient time and energy to appearing distinctive as well. They use symbols to sell organisational reform and non-reform to key audiences as the best way to proceed. When symbolic reforms are implemented, we usually observe a greater degree of decoupling of collaborative practices from official declarations.

Third, I propose that we can understand IOs’ attempts to accomplish differentiation on the formal front as vying for a *policy niche*, by which I mean a realm of expertise for which an organisation claims exclusive governance responsibility. The term has been used before but not been properly conceptualised. Niche strategies are expression of IO agency to enact their script by symbolic means.

That is, although the Bretton Woods institutions cannot evade environmental demands, they can choose how to process them. Their members care a great deal more about whether collaboration takes place than about how it does. This freedom of choice regarding the mix between differentiation and collaboration is what makes niche strategies political acts: The organisations symbolically construct their niche position for the purpose of differentiation even while they continue to collaborate. Put bluntly, it must look as though each occupied a bounded position in global economic governance and as though collaboration fully respected those boundaries (which it cannot do). Based on original empirical material, I distinguish between three niche strategies: (1) niche maintenance, (2) niche distancing and (3) niche rebranding. The selected cases of Fund-Bank collaboration permit a detailed analysis of how the organisations exercise agency by turning to and performing these strategies.

Overall, the thesis adds a neglected element to existing constructivist IO scholarship. Contemporary constructivism splits into a larger camp of more agential perspectives and a smaller camp of more structuralist perspectives (Kim and Sharman, 2014). The former makes strong assumptions about the agential capacities of IOs –whether as teachers, consumers or diffusers – where it disregards structural features enabling and constraining what IOs do. In contrast to agential constructivism (Blyth, 2003; Parsons, 2002; Widmaier *et al.*, 2007), I start from the structural influence of cultural understandings embodied in the Bretton Woods script, which can explicate how IOs come to be empowered as actors in world politics. They do not naturally have these powers. As their environment supplies cultural norms, IOs are less powerful and ‘self-directed’ (Oestreich, 2012) than implied by agential approaches. Overall, my analysis builds on the constructivist IO literature, but extends it by foregrounding how the tensions between two normative expectations constrain the agency of the Bretton Woods institutions and push them towards symbolic action.

A Note on Terminology

After introducing ‘scripts’, ‘symbols’ and ‘niches’, I should also clarify my use of other key concepts. At this point, it will have become apparent that I use the concept of an institution in more than just one sense. The most relevant institutions in this

study are IOs, culture and norms. *International organisations* are formalised ‘purposive entities’ (Keohane, 1989: 3), and I reserve the term for inter-governmental organisations. Culture and norms, by contrast, are ‘informal institutions’ (Helmke and Levitsky, 2004: 727), which are weakly codified or uncodified principles of social life. *Culture* constitutes ‘a “tool kit” of symbols, stories, rituals, and world-views’ that express intersubjective meanings (Swidler, 1986: 273). I focus on the ‘tool kit’ at the macro level, rather than IO cultures, to show how cultural understandings that transcend a single organisation drive its actions and interactions. In line with the world society approach, I understand norms as fairly coherent but abstract instantiations of a culture. A *norm* is an abstract ‘standard of appropriate behavior’ (Finnemore and Sikkink, 1998: 891). Actors, such as IOs, perceive norms as collective expectations for behaving in a particular way. Differentiation and collaboration constitute institutional imperatives for the Fund and the Bank.

My argument revolves around another key concept, namely *legitimacy*, or ‘a perception of the “rightness” of a course of action by a particular audience’ (Halliday *et al.*, 2010: 80). Legitimacy is the lifeblood of an IO: legitimacy bestows upon it the authority to govern (Hurd, 2002); a lack thereof can discredit the organisation’s policy projects and even threaten its very existence, as the IMF knows from recent experience (Best, 2007a; Moschella, 2009; Seabrooke, 2007). Key audiences, in particular their own members, can confer or withhold legitimacy for various reasons. Following a classic conceptual distinction, we can broadly distinguish between ‘input’ and ‘output legitimacy’ (Scharpf, 1997: 19; cf. Mügge, 2011). Throughout, my claims relate to the input dimension of legitimacy and, specifically, the appropriateness of intra- and inter-organisational procedures. Norms on *procedural legitimacy* constrain the collaborative practices of the Bretton Woods institutions. Member representatives see collaboration as normatively desirable, which clashes with the overarching norm of IO distinctiveness. Staff members, in turn, are cognisant of and socialised into these normative expectations: insufficient procedural legitimacy on either count may prompt member states to impose material or social sanctions.

Plan of the Thesis

To understand how the IMF and the World Bank govern collaboratively (see research question posed earlier), I proceed as follows. Chapter 2 introduces the Bretton Woods script. It lays the theoretical foundation for the argument that the organisations' balancing acts between organisational differentiation and inter-organisational collaboration reflect conflicting cultural norms. I review potential explanations for half-hearted collaboration before expounding the tenets of a sociological institutionalist perspective on culturally scripted organisational behaviour. In short, Fund-Bank collaboration ends up being half-hearted so often because the institutional imperatives that they face are to a large extent incompatible. The organisations resort to symbolism as an antidote to this culturally constructed dilemma. They construct clearly demarcated niches without aborting the messy business of collaboration. I further outline the methodological tools used to investigate the dynamics of interaction between the two organisations, which I argue are 'most likely collaborators' because of their many commonalities and complementarities.

Chapter 3 offers a focused history of Fund-Bank collaboration. I show that the tensions between differentiation and collaboration are anything but new. Formally at least, the historical trend has been in favour of collaboration, rather than differentiation, since the 1990s, when some of the most important joint initiatives were spurred by events that were considered as crises. Both the Heavily Indebted Poor Countries (HIPC) Initiative and the Financial Sector Assessment Program (FSAP) originated in that decade, in 1996 and 1999, respectively. However, differentiation concerns remain strong and seem to have become more pronounced after the global financial crisis. The historical overview is a foretaste of the dynamics highlighted in the empirical analysis.

Chapters 4 to 6 drill down into the details of Fund-Bank collaboration in different policy areas, with a focus on the niche strategies pursued by the organisations after the global financial crisis. Chapter 4 claims that both the IMF and the World Bank acted symbolically to keep things as they were in the area of crisis lending. Their efforts at niche maintenance were undergirded in the midst of the global financial crisis by a high-level commitment of the G20 states to expand the IMF's lending resources. In this sense, the crisis was a permissive condition for the

success of the niche strategy. Importantly, the Bank did not in the slightest question the existing institutional arrangement with the IMF at the centre of action to coordinate multilateral crisis management efforts.

Chapter 5 examines the dynamics in financial sector surveillance, an area in which Fund and Bank officials clashed in rather dramatic fashion over the contents of the 2009 FSAP review. Eager to demonstrate its specialised expertise, the IMF engaged in niche distancing vis-à-vis the World Bank and sought to make collaboration more selective. But while interactions were conflictive and the Fund's reform plan was ultimately adopted, symbolic action again characterised the prevalent niche strategy. In 2010, the IMF further reformed its approach to the FSAP, introducing mandatory assessments for certain members. By tracing how previous reviews had problematised certain aspects of the FSAP, some of which related directly to collaboration with the Bank, I show that the two reforms were by no means 'rational' responses to new problems. Quite the opposite, some of the key problems were well-known, but reforms had not been initiated before the crisis, which again served as a permissive condition, though for a different kind of niche strategy. The hard feelings over what some Bank officials experienced as a 'divorce' persist but are tempered by more clement institutional realities. Despite niche distancing, collaboration has been more resilient than many at the Bank had feared because it has been somewhat decoupled from the demarcations introduced through the 2009 reform.

Chapter 6, finally, presents yet another twist on niche construction and symbolic action. In 2014, the World Bank unilaterally abolished the Poverty Reduction Strategy Paper (PRSP), the central vehicle of collaboration on concessional lending and debt relief, as part of a reform that replaced the Country Assistance Strategy (CAS) approach; this change led the IMF to adapt its own toolbox a year later. Again, the trajectories of the Bank's problematisations indicate that the shortcomings that the reform purportedly fixed had existed for years. But in contrast to the previous case, the Bank did not intend to put distance between itself and the Fund. The PRSP was more like a pawn sacrificed to make niche rebranding credible and defend the Bank's position in development policy, where various actors compete for governance authority. Collaboration with the IMF continued almost unchanged: first through the old PRSP for as long as the Fund kept it, and then

through a differently named but similar instrument once the Fund had replaced the PRSP.

Chapter 7 synthesises the empirical findings and discusses their implications for research on global governance in general and IOs in particular. To this end, I distil broader lessons from the analysis and indicate what challenges they pose for established views in the fields of IR and IPE. In addition to critically reflecting on my own role as a researcher, I chart promising avenues for new scholarship to engage with the arguments developed in this thesis.

2 The Bretton Woods Script: Differentiation and Collaboration

If we want others to believe that we are describing an organization, we have to claim that our organization has a clear identity; organizations have clear boundaries and special characteristics. An organization should have a clear and unique purpose or task.

... external forces rather than the organization itself determine what the organization shall do. If the demands are similar for many organizations, the organizations become more similar than distinct.

—Nils Brunsson (2009: 2 and 4), *Reform as Routine: Organizational Change and Stability in the Modern World*

The IMF and the World Bank live with a quandary: their stakeholders expect them to be distinct from each other because no IO can resemble another too much, and at the same time to collaborate with each other because they were designed as organisations with complementary missions. During my field research, it was common for the same organisational official to call for a clear division of labour and to refute the scenario of non-collaboration as nonsensical. The state representatives and staff members whom I interviewed were obviously not schizophrenic; they merely enacted the contradictions of what I refer to as the ‘Bretton Woods script’. The further one moves away from the organisations, the less strong these normative expectations become. The interviewed civil society actors had much less firm ideas about what collaboration meant, with views ranging from open competition to secret dealings.¹⁰ But their immediate authorising environment leaves the Bretton Woods institutions little choice but to honour their script.

This theoretical chapter aims to elaborate on the cultural constraints under which the IMF and the World Bank operate. The above dilemma is compounded for them as near-universal organisations: members can easily withhold political support if they deem the organisations as either wasting resources through excessive overlap or as being uncooperative. As I explain, their members convey procedural legitimacy

¹⁰ Author’s personal interviews, respectively, with NGO representative, 15 May 2015; long-term observer of the Bretton Woods institutions, 5 June 2015.

to the organisations for meeting both demands partly, rather than one at the expense of the other. The Bretton Woods institutions must find ways of squaring the circle: full differentiation would preclude meaningful interactions, without which collaboration cannot occur, whereas collaboration can foster too much similarity. To remain legitimate on both fronts, the organisations can launch reforms that signal greater distinctiveness while continuing to collaborate closely with one another in practice. While other IOs may aspire distinctiveness in substantive and symbolic terms, the trade-off that underlies the Bretton Woods script is a unique one because of the enormous expectations for regularised collaboration.

The arguments that I develop are inspired by sociological institutionalist scholarship in political science and organisational sociology. To make plausible my claims about the contradictory legitimacy demands, I employ the concept of ‘script’, albeit with some adaptations. Few sociological institutionalists would deny that a culture consists of competing values; norms and rules are expansive but not overly precise (Brunsson, 1986; Finnemore, 1996b: 341; March and Olsen, 1989: 22–24; Meyer *et al.*, 1997a: 172; Meyer, 2010: 4). But because the Stanford School, of which John W. Meyer is the leading figure, has developed a fine-grained understanding of processes of global convergence, its proponents commonly think of a script as a source of reasonably unambiguous guidance to actors. Inconsistencies are ascribed to the conflicting ends of different cultural scripts, rather than the contradictions that may be contained in a single script (Buhari-Gulmez, 2010: 258). Leveraging original insights, I suggest that we would benefit from relaxing this view, as I do especially via the work of Nils Brunsson, and that it is worth exploring how normative contradictions play out within the Bretton Woods script.

An analysis of how the IMF and the World Bank handle a partly inconsistent cultural script advances our understanding of the unwritten rules of their collaboration and the symbolic resources that they can muster to comply with the script. In short, they retain wiggle room. In this regard, my approach represents what Hun J. Kim and Jason C. Sharman (2014: 427) call ‘a middle-of-the-road version of sociological institutionalism premised on the importance of the world society, but leaving some role for agency’. The two organisations do not passively recite the script but, having internalised its basic lines, creatively play their roles within the constraints imposed onto them. In this range of acceptable action, they invest considerable resources into ‘niche construction’ (Odling-Smee *et al.*, 2003), a

concept that I borrow from evolutionary biology but free of its functionalist leanings. A niche denotes an idealtypical position characterised by the absence of competitive pressures, which here would mean exclusive governance responsibility and jurisdiction. To this end, an organisation seeks to configure a ‘policy niche’ by signalling its expertise to govern to key audiences in its authorising environment. In light of the social and contested character of epistemic boundaries (Abbott, 1995), perfectly exclusive jurisdiction cannot be obtained, but the Bretton Woods institutions use symbolic action to position themselves in the global governance architecture.

This chapter proceeds as follows. I begin with a review of different bodies of literature on global governance in general and IOs in particular, noting that while inter-IO collaboration is a common phenomenon, it receives scant analytical attention. More importantly, these literatures cannot fully explain the phenomenon of half-hearted Fund-Bank collaboration. Bringing into conversation traditions in political science, organisation studies, Science and Technology Studies (STS), and the sociology of professions, I suggest from a constructivist perspective that the organisations decouple collaborative practices from (inter-)organisational reforms. The inconsistencies of the Bretton Woods script foster the symbolic construction of policy niches. Next, I introduce my methodological approach to studying the cultural underpinnings of Fund-Bank collaboration and justify my case selection. Finally, I argue that, for various reasons, the IMF and the World Bank are ‘most likely collaborators’.

States, Bureaucracies, Professions: How to Explain Half-Hearted Collaboration

The general IR literature is sparse on interactions between IOs and, as in the case of Fund-Bank collaboration, dominated by assessments of their effectiveness, rather than analyses of their genesis (see, for example, Fabricius, 2007; Marchesi and Sabani, 2012; Marchesi and Sirtori, 2011; Momani and Hibben, 2015). I contend that this functionalist bias obstructs our view of the political dynamics of collaboration between IOs, specifically the importance of organisational positioning through symbolic action. To understand why Fund-Bank collaboration is half-hearted, we first need to better account for the cultural environment in which the organisations co-exist and interact. There are several cognate literatures for analysts of inter-IO

collaboration to engage with. I consider three strands here, which focus, respectively, on the roles of state representatives, bureaucrats and economists.

Portrayals of states as central actors have long dominated scholarship on world politics. This view is most explicit among those realists and neoliberal institutionalists, who see other actors' scope for autonomous action as a function of the capacities afforded to them by states (Drezner, 2007; Keohane, 1982). Early-generation constructivists similarly conceived of states as shaping interactions, especially between themselves, in the international system (Wendt, 1992). Much of the theoretically varied literature on decision-making in the IMF and the World Bank describes the organisations as sites in which states seek to gain an advantage over others. Typical motifs of powerful members include: shaping the institutions of global governance ideationally and materially (Babb, 2009; Lavelle, 2011); deflecting economic or political costs from domestic constituencies (Breen, 2014; Oatley and Yackee, 2004); supporting a loyal ally (Momani, 2004; Thacker, 1999); and replacing top officials with opposing policy views (Wade, 2002)¹¹.

If we took our cue from such works, we should expect states to drive change in Fund-Bank collaboration by promoting or preventing reform. Half-hearted collaboration would then result from the self-interested manoeuvres of the organisations' major shareholders. However, such a perspective captures only formal decision-making, effectively reducing these complex organisations to the body that is most visible to the public: the Executive Board, which is entrusted with discussing and deciding policy proposals. As stated earlier, organisational activities are shot through with less visible logics for getting things done (Brunsson, 1982, 1985). Fund-Bank collaboration involves the non-mandated interactions between two formally equivalent and autonomous organisations. State-centric approaches can hardly illuminate how interactions are organised through shared meanings, learned practices and imparted customs, rather than formal contracts. Although states may wield power over those activities 'outside of normal channels' (Stone R. W., 2013: 125), in collaborative settings these channels are more difficult for them to access.

My interviews with Fund and Bank officials indicate that, despite formally having the final say, member state representatives are even further away from the

¹¹ Wade analyses the – ultimately successful – interventions of the U.S. Treasury in Bank affairs, which led to the involuntary departures of Joseph Stiglitz as chief economist and Ravi Kanbur as director of the *World Development Report 2000*, from a neo-Gramscian perspective.

action in matters of collaboration than in those that concern only one organisation. This difference, which grants additional autonomy to staff, can be attributed to two main factors. First, state delegates struggle to keep track of the various policy initiatives under preparation and process proposals submitted to the resident Board for consideration. Per Kurowski, a World Bank Executive Director (ED) for a Latin American constituency from 2002 to 2004, complained that staff members deliberately oversupplied written materials: ‘They inundate you.’¹² For those working in ED offices, the challenges of processing information are doubled in collaborative work because there are now two groups of staff to engage with and two paper trails to sift through. Staff members hold a marked informational and experiential advantage over state representatives on collaborative issues. Second, monitoring collaborative practices may not be the highest priority up the chain of delegation. Country programmes and quota reforms matter more to principals in member capitals than the intricate details of who leads a joint mission team, or who shares data with whom and when. From their vantage point, collaboration is at most tangentially relevant to the design and implementation of operations.

Other perspectives foreground the agency of IO bureaucrats vis-à-vis member states. Arguably most notable in this respect have been principal-agent and social constructivist approaches. Principal-agent theory starts from the assumption that many actors choose to not carry out certain tasks themselves but instead contract them out to others; in this process, which is known as ‘delegation’, the former are ‘principals’ and the latter their ‘agents’. States routinely delegate governance tasks to IOs whose staff can bring to bear considerable expertise and experience on cross-boundary problems, thus helping states to overcome some of the most acute collective action problems (Hawkins *et al.*, 2006: 13–23). But when principals entertain diffuse preferences and delegate in a manner that can be exploited for self-interested action, agents can possess enough ‘autonomy to influence future decisions by principals’ (Hawkins *et al.*, 2006: 31). Applications of principal-agent theory have produced important insights into the power balance between the Boards and the staff in both the IMF and the World Bank (Copelovitch, 2010; Gutner, 2005; Nielson and Tierney, 2003; Stone, 2008). This kind of scholarship shows that agent discretion varies with institutional design and context. For example, country directors in the

¹² Author’s personal interview with Per Kurowski (former World Bank Executive Director), 26 June 2015.

World Bank derive considerable latitude from their unique position at the intersection between the organisation and its members (Weller and Xu, 2010).

While principal-agent perspectives tend to chart a middle way between state power and IO autonomy, social constructivist analyses often even more strongly question the centrality of states. Drawing on organisational sociology, most contemporary constructivists assume a considerable degree of contingency in how IOs deal with their environments, which are composed of ‘social rules, cultural content, or even other actors beyond those constructing the organization’ (Barnett and Finnemore, 1999: 703). Rather than a straightforward pattern of command and obedience, the environment supplies much-needed resources that condition organisational change (see Pfeffer and Salancik, 2003 [1978]). Accordingly, state identities and interests are conceptualised not as constant but as malleable, which allows constructivists to argue that IO staff can define the objectives of states and the means with which they try to achieve them (Barnett and Finnemore, 2004: 28–29; Broome and Seabrooke, 2012; Finnemore, 1993, 1996a; Xu and Weller, 2008). In this reading, IMF and World Bank staff operate in sync with more or less coherent organisational cultures, which provide important cues for what constitute appropriate courses of action (Barnett and Finnemore, 2004: ch. 3; Chwieroth, 2008a,b; Finnemore, 1996a: ch. 6; Momani, 2005, 2007; Mosse, 2004; Nelson, 2014; Weaver, 2008; Weaver and Leiteritz, 2005; Woods, 2006).

Staff do play an elevated role in the preparation and execution of Fund-Bank collaboration. Communication across 19th Street tends to follow positional lines, as interviews revealed: IMF EDs talk to World Bank EDs; the Bank President and the IMF MD regularly meet to exchange views and discuss issues, as do IMF Directors and Bank Vice Presidents, and so on down the chain of command. This pattern reinforces the difficulty that state delegates encounter in exercising control over their agents. Collaboration cuts across organisational hierarchies, thus handing the agent yet more of an opportunity to act against the principal’s putative preferences. One attempt to lessen this problem is the practice at both the Fund and the Bank to have staff members in charge of operations that concern the other organisation attend the relevant Executive Board meetings across the street. Their respective organisational cultures hobble collaborative activities because they nurture standards of acceptable action that do not travel easily (Momani and Hibben, 2015). In addition, the aforementioned absence of clear rewards for effective interactions discourages staff to

think of collaboration as more than a necessity to achieve the objectives of their own organisation. Neither approach, however, can give a fuller account of why the IMF and the World Bank collaborate across so many areas with an odd mix of routine and reluctance.

A partial answer comes from the growing sociological literature on professions, which has recently made inroads into the study of global governance and IOs. This literature acknowledges the importance of knowledge around which professions form by establishing ‘jurisdictions’ (Abbott, 1995, 2005), and in which professionals trade for material and social benefits (Seabrooke, 2014). Professionals establish their worth as ‘experts’ – as those who manage knowledge that is judged to be particularly valuable and thus confers a special social status – through conformity to what Ole J. Sending (2015) calls a field-specific ‘evaluative criterion’. The degree and type of influence that professionals wield vary across fields of work (Callon, 1999; Halliday, 1985). They can, for example, mould shared understandings of new problems (Seabrooke and Tsingou, 2015) and connect formerly disparate problems through ‘issue linkages’ (Seabrooke and Tsingou, 2016); oversee the regulation of risky technologies (Downer, 2011, 2014); or provide high-profile guidance on political reforms (Seabrooke and Tsingou, 2014; Tsingou, 2015). Within the IMF, for example, professional logics have contributed to the consolidation of a refined fiscal policy stance (Ban, 2015) and a larger share of external consultants on Financial Sector Assessment Program (FSAP) teams (Seabrooke and Nilsson, 2015). The World Bank has set up dedicated ‘knowledge networks’ that connect the worlds of policymaking and research (Stone D., 2013). Overall, professionals build, revise and maintain the institutional foundations of everyday life (Scott, 2008).

Despite not making for a perfect match, bodies of Fund and Bank knowledge are situated on adjacent terrains. Especially since the 1970s, the concerns of the organisations have come to overlap more, which is evident not only in policy operations but also in the accounts of collaboration that interviewees offered. According to many officials, macroeconomics and development economics cannot be separated in (collaborative) practice. It is important to remember that the vast majority of staff members who are involved in collaboration share some sort of professional upbringing in macroeconomics, which has coloured the design of collaborative mechanisms and instruments in the three policy areas. Obviously, differences persist, many of which can be attributed to the organisations’ respective

emphases on the financial sector and the real sectors. Nevertheless, macroeconomic affiliations may at best attenuate but do not override the cultural traits and incentive systems of established organisations. A professions perspective would in particular fail to explain why the conflict between the Fund and the Bank over the design of the FSAP erupted ten years into the collaborative endeavour. Repeated interactions, including joint assessment missions, during that period should have made professional idiosyncrasies less pronounced. And even if that kind of convergence did not materialise, why were professional differences not also decisive in the other two cases, where the framework for collaboration was either not reformed or the reform was more of a side effect?

We cannot properly understand how collaboration between two or more IOs works in practice if we disregard the intra- and inter-organisational factors that permit or inhibit action. My argument implies that all of the key actors in collaboration are embedded in something more encompassing than material interests, delegation dynamics, organisational cultures and professional ties. The discrete activities of state representatives – from EDs and their support staff in Washington to the relevant ministries in their home countries – and bureaucrats with macroeconomic credentials are subject to two competing logics that constitute the essence of international organisation. The next section develops the conceptual vocabulary that allows me to advance this type of argument.

Scripts, Symbols and Niches

Three concepts are central to the theoretical claims that underpin my constructivist analytical framework on Fund-Bank collaboration: (1) cultural script, (2) symbolic action and (3) policy niche. I borrow the first two from the older sociological institutionalist literature, especially the world society approach and compatible works, while introducing the third one as an extension of our conventional understanding of how IOs function. Specifically, I draw on insights from political science, sociology, public administration and management studies into the scripted foundations and symbolic dimensions of organisational behaviour; as well as the assumption, borrowed from the sociology of knowledge and professions, that epistemic claims are political battlegrounds.

A rationalist ontology might lead one to characterise collaboration between two IOs as an attempt to address cross-cutting policy problems through the best possible use of scarce resources. One might then proceed to predict that collaboration will ensue on a case-by-case basis, succeeding when it allows each organisation to maximise material gains (or minimise losses); otherwise the organisations will seek to avoid the complications and costs of collaboration. But the world of inter-IO relations is not that simple, as my research suggests. In interviews, practitioners of Fund-Bank collaboration sketched the contours of a shared cultural repertoire. This observation points to the first concept around which my account of Fund-Bank collaboration pivots: as defined in the introductory chapter, a *script* assembles the relevant social expectations that govern (often subconsciously) the behaviour of individuals when performing certain social roles, such as customer, student or patient (Gioia and Poole, 1984: 450). Role boundaries can blur, for example, when services for students and patients are increasingly monetised (DiMaggio and Powell, 1983: 156), but one still tends to not treat a lecturer like a doctor because the social context of the interaction differs (Meyer and Rowan, 1977: 341).

Some scripts operate at a higher level of abstraction, where they set cultural parameters for organisational form and action. In other words, a ‘proper’ organisation cannot look like what it wants to look like or do what it wants to do. Brunsson (1997: 312) asserts that institutionalised norms place constraints on the structures that organisations can legitimately adopt and the practices that they can legitimately nurture: ‘Organizations cannot then be presented just anyhow: the presentation must be adapted to ideas about what an organization can and should be.’ Ignoring these limits risks undermining the foundations on which an organisation is built and, at worst, puts its survival at risk: ‘Breaking the rule for representation has serious consequences; not only is it wrong, but it also means that the organization disappears’ (Brunsson, 2009: 3). Thus, organisation is an institution grounded in a tacit ‘rule of representation’, which is best known and continuously enacted by those working in, through and with organisations. This rule been spread around the globe with great efficacy – with the result that formal organisations embody the ethos and working principles of ‘modern’ society (Meyer *et al.*, 2006; Meyer and Bromley, 2013).

There is a surprisingly solid consensus on the general qualities that a collective entity shall exhibit to warrant the label ‘organisation’ although this script is nowhere

written down. Sociological institutionalists have been active in specifying the essence of formal organisation. Meyer (1984: 190–193; 1992: 265–267) highlights the following necessary properties: a focus on certain objectives; a rational use of resources to achieve those objectives; the ability to govern things and people in its realm of expertise, including through standardisation; as well as internal coherence and external distinctiveness (also Meyer and Bromley, 2013: 377–379). Similarly, Brunsson (2009: 3) formulates ‘a rule of identity, hierarchy, and rationality’: ‘If an entity seems to lack any of these aspects, it cannot be considered to be an organization.’ These interrelated features are normally perceived as enabling organisations to make informed decisions on the basis of ‘rational’ selection criteria when in fact they are more likely to spur action, justify decisions and garner support (Brunsson, 1982, 1985; Cohen *et al.*, 1972; Feldman and March, 1981). By the same token, organisations are well-advised to design and sell change efforts carefully: ‘So reforms must be presentable: they must agree with what is considered good organization’ (Brunsson and Olsen, 1993: 194; see also Brunsson and Sahlin-Andersson, 2000). Overall, organisations appreciate ‘choice’ less than they respect ‘duty’ (March and Olsen, 1984: 741).

Different cultural scripts apply to different types of organisations. A political organisation cannot be reformed the same way as a corporation because each must answer different imperatives emanating from their cultural environment (Brunsson and Olsen, 1993: 194; Brunsson, 1994). The ‘modern’ conception of the nation state is a case in point. Without accepted markers of statehood, a state is not a state: it needs a discernible territory, a government and ministries, UN membership, citizenship rules, and various domestic institutions to classify citizens and standardise social life (Meyer *et al.*, 1997a). Even today’s micro-states do not cease to exist as long as they duly perform the legitimating rituals of statehood (Sharman, 2015). At the current conjecture, Taiwan’s struggle and (so far) failure to acquire recognition through UN membership illustrates that a proper state cannot ordinarily forgo any of these elements.¹³ International organisations, such as the IMF or the World Bank, promote many of the global norms that model ‘ideal’ statehood

¹³ Similar requirements define the diverse occupational roles of individuals in society. Take again the medical profession as an example. To be a doctor, one has to have passed the relevant tests (the equivalent of UN membership); work in a dedicated confined space, such as a practice or hospital (the equivalent of a state’s territory); and treat patients with certain symptoms (the equivalent of social classification and standardisation).

(Carruthers and Halliday, 2006; Halliday and Carruthers, 2007; Park and Vetterlein, 2012).

Many contemporary IOs have similar essential attributes: a mandate that specifies its remit; a management and staff who conduct the daily business, as well as some form of oversight body; a budget that accounts for the planned use of resources; and some medium, such as a website, that communicates its activities and distributes relevant materials. Together, these attributes transmit impressions of rationality and expertise to the outside world, which is necessary for IOs to substantiate claims that they act upon scientific evidence, rather than ideological preconceptions or random choice (Barnett and Finnemore, 2004; Broome *et al.*, 2017; Harper, 1998: ch. 8; Littoz-Monnet, 2017a; Meyer *et al.*, 1997a: 166). Beyond these formal features, IOs face less visible demands, which stem from normative expectations about legitimate activities. These demands cannot be read off from organisational structures or any written text, but must be reconstructed from the practices and statements of those who represent a particular organisation. The Fund and the Bank follow a shared script – the Bretton Woods script, which consists of a general and a specific half. The general part, which applies to all IOs, mandates differentiation; the specific part, which applies to the Bretton Woods institutions (and, potentially, other pairs or groups of IOs), mandates collaboration.

On the one hand, a proper IO cannot be like any other IO. We know this phenomenon, among others, from national agencies (Busuioc, 2016), terrorist organisations (Conrad and Greene, 2015) and businesses (Sharp and Dawes, 2001). But while, for example, the aviation industry is marked by oligopolistic competition between Airbus and Boeing, which supply functionally similar products (airplanes), IOs are monopolistic service providers. This position is principally enviable because it means no direct or significantly weakened competition (Brosig, 2011: 160; Deephouse, 1999: 150–151), but at the same time it forces an IO to safeguard its policy monopoly. There is only one IO chiefly responsible for the regulation of international trade, the World Trade Organization (WTO); one for the coordination of the policies of advanced economies, the OECD; one for the governance of global food resources, the Food and Agricultural Organization (FAO) of the United Nations; and so forth. Some overlap is usually tolerated. For example, the services of the World Bank and regional development banks complement each other to a considerable extent (Mingst, 1987; Park and Strand, 2016a). Overlaps also

commonly occur in 'regime complexes' (Raustiala and Victor, 2004), of which IOs can be a part. But once an IO did basically the same as another, calls would soon abound that the two be merged or one disbanded. Such proposals sometimes emerge regardless, but they have little chance of success if the IOs can claim to have a unique governance role.

The underlying rationale is that no IO should duplicate the activities of one of its peers. Indeed, many interviewees sang the same tune, arguing that while some duplication was unavoidable, it signified a waste of scarce resources. Fund and Bank officials often hastened to describe the division of labour between their organisations in fairly precise terms. Their statements reflected and enacted not only their own professional experiences but also general cultural understandings. This part of the Bretton Woods script has the character of a 'prototype script', or 'a generic script appropriate to a class of situations' (Gioia and Poole, 1984: 450), which here refers to being an IO. The Fund and the Bank must each appear as a bounded organisational entity that pursues a distinct mission effectively and efficiently. This script dimension provides another reason for the surprising longevity of IOs, which, as Susan Strange presumes, may be due to their 'symbiotic relationship with well-entrenched national bureaucracies' (1998: 217). If each IO provides functionally different services, it is more difficult to substitute one for the other.

On the other hand, the Bretton Woods institutions cannot be so different as to foreclose collaboration. Their stakeholders would rush to impugn the organisations' purpose and rationality if they wittingly passed up the opportunity to exchange critical resources, such as expertise or funds. To cite an example discussed in depth in chapter 4, the World Bank factors in IMF macroeconomic assessments to decide on certain types of lending for which the Fund is the internationally respected authority; even within the Bank, EDs appreciate this input to avoid risky lending activities that staff may propose for their own career advancement. Conversely, the IMF's efforts to coordinate international crisis lending would often come to naught if the World Bank refused to contribute to the overall loan package. In such instances, the organisations depend on each other in fulfilling their respective mandate.

Regular interactions induce organisations to resemble each other structurally. 'Isomorphism', as sociological institutionalists call this phenomenon, can result from various institutional forces. In a classic formulation, Paul J. DiMaggio and Walter W. Powell (1983) distinguish between coercive, mimetic and normative variants: the

more the Fund and the Bank interact, the more likely they are to be exposed to similar forms of control because member states coordinate their policy preferences across the organisations; copy each other's practices because alignment provides orientation in an uncertain environment; and recruit similar types of professionals (and encourage job rotation) because compatibility fosters inter-organisational communication around a shared professional language and common analytical techniques.

Isomorphism is a double-edged sword for organisational legitimacy. On the positive side, similarity confers legitimacy, with organisations reaping rewards such as positive evaluations by regulators, favourable reports in the media and access to additional resources (Deephouse, 1996; 1999: 151–153; Pfeffer and Salancik, 2003 [1978]: 145). On the negative side, it complicates or thwarts differentiation attempts. An organisation's identity comes under threat, and in extreme cases, stakeholders raise nagging questions about its boundaries. Debates about the Fund's or the Bank's 'mission creep' provide an apt reminder (Einhorn, 2001; Feinberg, 1988). For IOs that, like the Fund and the Bank, have developed extensive links, legitimation is complicated. The Bretton Woods script demands that they be at once distinctive and collaborative. Distinctiveness complicates collaboration; collaboration reduces distinctiveness.

These observations usher in the second stage of my theoretical exposition. In their coping strategies, the Bretton Woods institutions cannot rely exclusively on substantive measures, or risk veering too much towards either differentiation or collaboration. At least in areas where collaboration is seen as imperative to govern common policy challenges, a pure differentiation strategy is likely to prove counterproductive for organisational legitimation.¹⁴ If, for instance, the Bank decided to no longer base its programmatic lending on a prior Fund assessment of the applicant country's macroeconomic prospects, it would do great in terms of differentiation but poorly in terms of collaboration; if, conversely, it decided to adopt the same goals and use the same instruments as the Fund, it would compromise

¹⁴ Stakeholders and organisational officials themselves have certain preconceptions about where collaboration makes sense and where it does not. The latter cases are more straightforward analytically, as well as for the IOs, which then do not need to deal with the tension between differentiation and collaboration. To my knowledge, there have been few demands, for instance, for the IMF and FAO to collaborate.

differentiation for easier collaboration and might as well let Fund economists run Bank operations.

The Bretton Woods institutions must be creative in reconciling the script's inherently contradictory imperatives. A feasible solution is to employ symbols as expressions of cultural conformity. Symbolism permeates organisations: symbols endow them with a degree of legitimacy that would be more difficult or costly to achieve with substantive change alone (Ashforth and Gibbs, 1990; Dowling and Pfeffer, 1975); their success also depends on the culturally competent utilisation of symbols to convey managerial competence and control (Meyer, 1984: 201–204; Pfeffer, 1981), which includes public displays of the utility of information and knowledge (Boswell, 2008; Feldman and March, 1981); and at times organisations themselves become the objects of symbolic action on the part of their principals (Lombardi and Moschella, 2017). Organisational impression management re-enacts, at the collective level, the routines of social interaction, described by Erving Goffman (1959: 15) as follows: '... when an individual appears before others he [*sic*] will have many motives for trying to control the impression they receive of the situation.'

One common means of impression management is 'decoupling', which denotes processes of (complete or partial) separation of an organisation's structure from its operations or between different structural components (Meyer and Rowan, 1977: 357). Decoupling is not tantamount to deliberate lying or deception through 'organisational facades' (Abrahamson and Baumard, 2008; Nystrom and Starbuck, 1984). As sociological institutionalists remind us, organisations are to a large extent constituted by their environment. Their representatives buy into the cultural meanings attached to the symbols that they themselves employ (Pfeffer, 1981: 47). At any rate, what an organisation officially believes and does is (at least somewhat) different from what it believes and does in practice. There is, in short, a gap between the formal and the informal organisation (Brunsson and Olsen, 1993: 9; Meyer and Rowan, 1977). In the area of poverty reduction, for example, the World Bank has more often impressed its audiences with ambitions than results (Weaver, 2008). Organisations are prone to 'hypocrisy' when facing conflicting environmental expectations (Brunsson, 1986, 1989b).

Many IOs, including the Fund and the Bank, symbolically reassert their status as transnational policy experts whose engagement with member states and the

general public is guided by the best available evidence. Because the work of many contemporary IOs is premised on more or less direct interference with entrenched domestic institutions, their legitimacy is often on the line (Zaum, 2013b: 7). As Christina Boswell (2008: 477–480) explains, the European Commission seeks to gain legitimacy and support its position by showcasing that its immigration policies are informed by state-of-the-art knowledge for the following reasons: Commissioners are appointed and thus lack democratic legitimation; the effects of the responsible Directorate-General’s activities cannot be precisely measured; the supranational migration policy community prizes scientifically founded expertise; and political conflicts are frequent. The first two aspects relate to the organisation itself, the other two to the policy area in which it acts. Along these lines, we can gauge the IMF’s and the World Bank’s likelihood to engage in symbolic action.

The organisational characteristics of the Fund and the Bank lend themselves to symbolic functions of knowledge. Like the European Commission, both organisations are removed from the election processes common in many of their member states. Executive Directors are government appointees; staff members belong to a transnational elite of professional bureaucrats and, while hailing from various nations, are usually educated at universities in rich countries;¹⁵ finally, top management is recruited from an even narrower pool: the IMF Managing Director has always been a European, the World Bank Director always a U.S. American national. All attempts to relax this informal rule, which people inside and outside the organisations have denounced as undemocratic, have so far come to naught.

Furthermore, both organisations resemble what James Q. Wilson (1989: 163–164) categorises as ‘procedural’ agencies, whose outputs can be registered while the ultimate outcomes cannot. This problem is aggravated by the pursuit of equivocal objectives that could mean many things and that could be achieved in many ways (Wilson, 1989: 32–33). Moreover, data are often inconsistent and ambiguous, sometimes even ‘really dicey’¹⁶. A significant part of IMF mission work has been found to consist in rituals designed to establish, together with the country authorities,

¹⁵ According to a recent IMF (2016b: 50–53) report, while close to one-fifth of all staff members (and about one-tenth among economists) hold U.S. nationality, significantly more completed their degrees in the country: 37.3 % of Bachelor, 46.7 % of Master and a staggering 62.6 % of PhD degrees were awarded by U.S. universities. The latter share was even higher during the mid-1990s (Clark, 1996: 170). A survey run in 1991 found a similar preponderance of graduate degrees from U.S. universities among World Bank staff (Stern, 1997: 587).

¹⁶ Author’s personal interview with former World Bank senior manager, 18 June 2015.

which numbers represent an economy (Harper, 1998: ch. 8). It means that, in practice, Fund and Bank staff write reports and negotiate loan agreements, relying on estimations about the (assumed positive) effects of their activities on countries' macroeconomic stability and economic development trajectories, respectively. Where the future impact of interventions is doubtful, not least because of uncontrollable intervening factors, organisations can reinforce their expert authority symbolically through reporting and decision-making rituals that reduce ambiguities. The special dynamics in a 'meta-organisation', where the members, organisations themselves, seek to curtail their organisation's autonomy (Ahrne and Brunsson, 2005), make expertise particularly precious as a source of autonomy. The Fund and the Bank are both meta-organisations.

Field properties reinforce these tendencies. Fund and Bank economists interact not only across the organisations by participating in dedicated events, but also within the wider research community. In each organisation, a high-profile academic is conventionally appointed to the top research post; many staff members publish papers in academic journals even after leaving university; and many retirees soon find a new professional home in the countless think tanks and research institutes in town. If scientific credentials matter at the European Commission, they surely do so at the IMF and the World Bank. Finally, few IOs have been subject to a comparable level of public scrutiny and criticism, even outright antipathy. Contestation accompanies the organisations, both of which have been attacked with equal fervour by the political left and right for being, respectively, too market-friendly and too statist (James, 1996: 327; Peet, 2003: 23; Woods, 2006: 1).

But it is not only pervasive uncertainty about the degree of forthcoming political support that can make IOs resort to symbolic action. Culturally inherited beliefs about the practical benefits of collaboration with another IO further complicate organisational action. The trade-off between differentiation and collaboration can be rendered manageable if an IO succeeds in meeting both imperatives to some extent. In this context, our third and final concept comes into play: IOs can construct *policy niches*, or realms of exclusive expertise. A policy niche is an instrument of organisational positioning. There are two disconnected bodies of research to which the concept speaks. First, scholars of global politics regularly invoke niche arguments without sustained or any conceptualisation of the term. For example, a common claim is that the fate of a new body or instrument

hinges on the ability of its creators to carve out a yet unoccupied place in the institutional environment (Clarke, 2014; Cohen, 1998; Hofmann, 2011; Seabrooke and Tsingou, 2009: 14) (Tsingou, 2015: 238)¹⁷. Second and by contrast, some sociologists have argued for understanding organisational evolution from an ecological viewpoint (Hannan and Freeman, 1977; Hannan *et al.*, 2003), which has been applied by IR scholars to explain diverging growth rates among transnational and international organisations (Abbott *et al.*, 2016). However, the functionalism of the latter strand forecloses an application to the niche strategies of IOs.

That niches are not given but transformable is an insight developed by evolutionary biologists. According to this line of reasoning, all living organisms slowly but cumulatively alter their environments through interaction and thus ‘... modify at least some of the natural selection pressures present in their own, and in each other’s, local environments’ (Odling-Smee *et al.*, 2003: 1). I suggest that if animal species as diverse as ants, birds, worms and spiders can, over the evolutionary long run, set off environmental change (Odling-Smee *et al.*, 2003: 3–12), so can IOs in and through which human agents interact; propelled by social dynamics, niche construction in global governance should take less time. The concept of ‘niche construction’ has been applied to the activities of businesses (Luksha, 2008) but, to my knowledge, not to those of IOs. Niche construction is normally not achieved by either substantive or symbolic means, but by a combination of both. What concerns me most here is the symbolic side of policy niche construction: the Fund and the Bank can signal conformance with the differentiation part of the Bretton Woods script by enacting reforms that serve to present their expertise for clearly defined policy areas. Shareholders then confer procedural legitimacy as a reward for distinctiveness.

This claim presumes that governance knowledge is a malleable and tradeable resource. Therefore, no IO has a ‘natural’ niche. The sociology of knowledge has established that gaining expertise is a social activity: it must be built and purified within an organisation – be it a laboratory, university or an IO. Representing this position, Bruno Latour and Steve Woolgar (1986: 236) assert what we think of as ‘reality’ is not given but results from the forging of agreements on controversial issues. Hegemonic claims to knowledge get sold as ‘objective’, thus concealing the

¹⁷ Tsingou explicitly uses the term ‘policy niche’.

efforts that were needed to produce knowledge and the effects that it has on social relations (Hilgartner, 2000; Jasanoff, 2004). Peru was the Bank's 'laboratory' for demonstrating that property rights had an overall positive impact on economic development, a working assumption at the heart of much contemporary development thinking (Mitchell, 2005). Dynamics of professional competition make expert knowledge mobile and combinable (Seabrooke, 2014; Seabrooke and Tsingou, 2016).

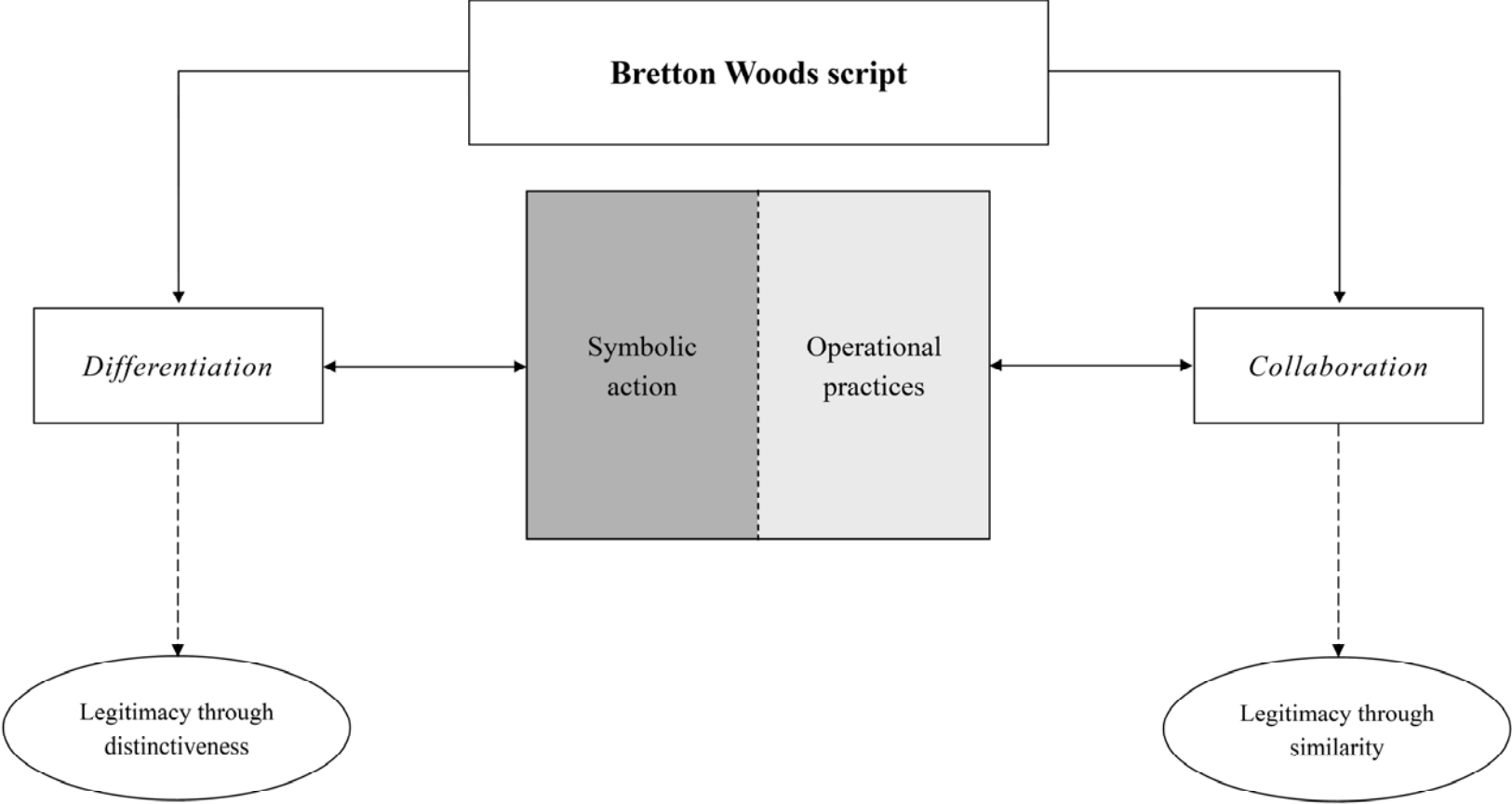
Similarly, the epistemic bases on which IOs undertake their operations evolve and shift. The examples of extensions of or revisions to organisational mandates that I have presented in the introduction illustrate this point but also remind us that differentiation remains critical. Even when the IMF embarked on concessional lending activities in the 1970s, its new operations were still framed around the need to address balance of payment problems, the Fund's traditional preserve; such problems merely came to be understood as being potentially more protracted in low-income members (Clegg, 2012: 70–72). This way, the Fund moved closer to the Bank's ambit without occupying the latter's niche. Claiming a policy niche helps an IO to stake off its target terrain against other IOs even as operational practices converge to a certain extent.

Practices of Fund-Bank collaboration do map onto the demarcations of the policy niches that the organisations construct. Where the Fund and the Bank collaborate, they do so precisely because policy challenges cannot be addressed along the lines of organisational mandates and by reliance on singular pools of expertise. In other words, collaboration requires less symbolic action than does niche construction. Even if, for instance, a reform geared towards underlining distinctiveness is under way, the organisations may collaborate with each other almost like before. The official rules may have been updated, old instruments winnowed and new ones piloted, but collaboration rarely dwindles, let alone dies, in practice (perhaps unless a collaborative programme or instrument is discarded outright without a replacement). Knowledge, being fluid enough to permeate organisational boundaries, often continues to travel across the collaborating IOs as staff meet on missions or at research events. While fluidity does not imply that governance knowledge flows unhindered, chapters 4 to 6 suggest that collaborative settings complicate the compartmentalisation of knowledge that symbolic action aims to achieve through niche construction.

The organisations cannot risk being perceived as refusing to collaborate primarily because their members consider collaboration as useful and meaningful. To preserve their procedural legitimacy, the Bretton Woods institutions interact regardless of how much differentiation the more visible formal framework for collaboration entails. Note that this part of the argument does not imply the prevalence of full decoupling. Rather, ‘loose coupling’ (Weick, 1976) is likely to prevail: collaborative practices correspond only partially with the institutional framework for Fund-Bank collaboration. If symbolic reform were aimed at perfect differentiation, meaning no interaction, the commitment to collaboration would look wholly non-credible. In what amounts to a form of ‘minimal squawk behavior’ (Leaver, 2009), the organisations try not so much to serve the interests of any one stakeholder as to avoid being found wanting in terms of either differentiation or collaboration. The Bretton Woods institutions demonstrate a commitment to both distinctiveness and collaboration because these two conflicting imperatives flow from resilient cultural norms. Note also that the overall argument does not invalidate accounts that argue that collaborative relationships are produced by discursive dynamics (Hardy *et al.*, 2005; Hardy *et al.*, 2006; Lawrence *et al.*, 1999; see also Schmidt, 2008). But it does suggest that discourses on or relating to collaboration are not unhampered by structural constraints, such as inconsistent cultural norms.

Figure 2.1 depicts the main theoretical argument. The Bretton Woods script combines two competing imperatives, differentiation and collaboration. The Fund and the Bank can reduce this trade-off to a manageable level by using symbols (which, as I explain later, can be used for reforms and status quo politics) to signal organisational distinctiveness and by practicing collaboration with each other. Symbolic action for differentiation often aims at organisational positioning through the construction of a salient policy niche while collaborative practices are somewhat less visible (signified, respectively, by the darker and lighter shades of grey in the centre of the figure). This balance between niche strategies and collaborative practices derives from the cultural scriptedness of organisational activities. Paradoxically, various stakeholders, their members first and foremost, confer procedural legitimacy on the two organisations for being distinct from and similar to each other.

FIGURE 2.1. The Bretton Woods Script



Source: Author.

Methods for Studying Fund-Bank Collaboration

I have already indicated that interviewees shared critical information on and offered first-hand interpretations of IMF-World Bank collaboration, and I have already cited interviews to illustrate some of my claims. My research also draws on another established social science method, namely document analysis. Method triangulation is a recommended strategy for cross-checking and contextualising qualitative findings (Tracy, 2010: 843). My principal policy is to use, where possible, at least two primary sources (interviews or official documents) for verifying specific claims. When claims could not be confirmed by this rule, I either refrain from using them altogether or note that the insight stems from only one source. This section outlines my general methodological strategies, and reflects on the concrete sample of interviewees and documents. In particular, I highlight how the two methods together helped me to identify the contents and salience of the Bretton Woods script, as discussed at length in the preceding section.

If one wants to learn more about an understudied phenomenon, it is an effective method to ask those who regularly experience it at close range. As we still know little about how IOs collaborate, interviews with practitioners – commonly called ‘expert’ or ‘elite interviews’ – constitute the most important primary source in my analysis. I conducted a total of ninety-five semi-structured interviews in 2015 and 2017. The pool of interviewees comprises three actor categories: (1) IMF and World Bank officials, (2) government officials and (3) civil society actors.

The vast majority of interviews were done with officials from the organisations, who split into two major subgroups: staff members (as well as managers and consultants in the Bank’s case); and representatives of member countries (see Table A.1 for a complete list). I deliberately interviewed not only current but also former officials because I expected the latter to be franker in their responses. I made conscious efforts to diversify my respondents by seniority and function. My interview requests thus targeted officials not only across the chain of command up to the level of Department Director in the Fund and Vice President in the Bank, but also across departments/units (see Tables A.2–3). Likewise, to ensure regional diversity among state delegates, I approached representatives from all ED offices during my 2015 visit, ultimately interviewing twelve Executive Directors,

two Alternate Directors and three advisors (see Table A.4).¹⁸ These seventeen interviewees represented countries from all major world regions, although some regions remained underrepresented because my requests were taken up unevenly. Some multi-country constituencies do not strictly follow geographical lines so that exact attributions would be difficult anyway.

By contrast, I sought to reduce variance among interviewees by targeting staff with current or past experiences with Fund-Bank collaboration. It is possible that a staff member works in an area of collaboration without being directly involved in it – for instance, an FSAP specialist in the IMF’s European Department. I therefore focused on specific departments in charge of policy areas where collaboration is frequent (see again Tables A.2–3). Through precisely worded email requests, as well as snowballing (see below), I was often able to identify staff members who had been or still were involved in Fund-Bank collaboration. A good proxy of the success of this selection strategy is that, of the sixty-five current and former staff members, managers and consultants interviewed, over one-fifth had worked in both organisations (see Table A.5 for an anonymous breakdown). Insights from individuals with cross-organisational work experiences lend additional credence to the claims developed in this thesis.

As the interviews with government officials and civil society actors only complemented my large pool of my primary ones with IMF and World Bank officials, these samples of interviewees were much less balanced. I interviewed three former U.S. government officials and one current German government official. Yet professional boundaries between government functions and roles as country delegates in the Bretton Woods institutions are more fluid than my categories imply. Many representatives on the Executive Boards, of whom I interviewed a fairly representative share, have previously served for the government of or a public agency in their home country, and return to such posts after leaving Washington. In addition, I interviewed civil society actors, who can be important change agents in world politics (Keck and Sikkink, 1998), to incorporate the perspectives of organisational outsiders. This sample is limited to four individuals representing

¹⁸ There are forty-eight ED offices combined. While the IMF has twenty-four and the World Bank twenty-five Executive Directors, France traditionally assigns only one person to both chairs (see ch. 1). The U.K. also did so until recently but has now instituted a system of two Directors overseeing two closely integrated offices (BWP, 2013). Belgium and the Netherlands abolished the single appointment principle long ago (Polak, 1994b: 3). Double chairs were thus a more common occurrence in the early years of the organisations (Mason and Asher, 1973: 544).

organisations from the global North: none of my (sometimes repeated) requests for interviews to several Southern organisations and networks were returned.¹⁹ Again, insights from these interviews helped me to contextualise Fund-Bank collaboration, but the conversations did not provide the empirical material that makes up the core of my analysis.

In line with the constructivist framework for analysis, I employed a style of interviewing that is best described as ‘romantic’, whereby I sought to learn about practitioners’ experiences of and beliefs about Fund-Bank collaboration (Alvesson, 2003: 16; Roulston, 2010: 206–207, 217–218). The interviews were semi-structured: instead of discharging a standardised battery of questions to achieve strict comparability of responses, I proceeded along a rough conversational sequence. A typical interview opened with broad questions about job characteristics and collaboration, zoomed in on salient experiences and closed with reflections on big-picture issues, such as long-term organisational change, the quality of collaboration or likely future trajectories. Deviations from this pattern were not uncommon and due to my efforts to give respondents sufficient room to tell their own stories of inter-organisational collaboration, which ensured that they could leverage their unique policymaking experiences (Beckmann and Hall, 2013: 198). In later interviews, I added new questions, notably about the hypothetical scenarios of merger and separation as a way of gauging perceptions about the impact of collaboration.

Field research followed a rigorous ethical protocol. My standard approach was to send every interviewee a one-page project overview by email ahead of the scheduled appointment, to run the main points by them again and to obtain oral consent before starting the conversation. I remained flexible to accommodate particular concerns. Interviewees could refuse to be taped altogether or have the recording paused for confidential statements, which were not meant for citation. As a matter of principle, I guaranteed all interviewees anonymity, which they could waive if they so desired. The suggested non-identifying label was negotiable: in specific cases a conversation ensued over how to best protect a participant’s identity. Especially when someone had worked for both the Fund and the Bank, the most accurate description, combined with information cited from the interview, might have made attribution possible.²⁰ Deliberate snowballing, whereby at the end of an

¹⁹ For reasons of affordability, these interviews would have been done by Skype or over the phone.

²⁰ In such cases, the interviewee could simply choose with which organisation to be associated.

interview I asked for personal recommendations and the right to use an interviewee's name to solicit new interviews, proved an effective strategy. Snowballing notwithstanding, I honoured my confidentiality agreements by not divulging any names of previous or future interviewees. Generally, I adhered to the instruction of more experienced researchers 'to neither confirm nor deny specific contacts' (Beckmann and Hall, 2013: 279, n. 5).²¹

Despite taping most interviews, I chose to not transcribe them. The focus of the analysis is on the cultural embeddedness of collaborative activities, rather than their discursive dynamics, which would necessitate closer attention to linguistic details. Accordingly, I do not report little imperfections of speech (such as repetitions, harrumphing or the use of 'ehm'), nor laughter, facial or bodily expressions where I quote from the interviews for illustrative purposes. Notes and memos were central devices for organising information obtained from the interviews. Here I adopted the following strategy: During all interviews, I took notes, which I edited with a fresh memory as soon as possible afterwards (no later than after the last interview on that day); the output was a computer file for each interview, containing general information about the interview (date, time etc.), conversational contents and sometimes certain observations. My approach to memo writing evolved over time. During the first (and more extensive) round of field research, I did not write any. But as soon as a clearer picture of the key issues, also through secondary readings, had emerged, I began to summarise the essence of each interview. Where a tape existed, I listened back to the entire tape and used my notes as 'props' when necessary; otherwise, I processed solely the notes, which inevitably led to slimmer memos. For all subsequent interviews, I immediately wrote up a clean version of both my notes and the corresponding memo.

The interview format also remained flexible, varying according to circumstances and depending on the availability of target respondents. Most interviews lasted between thirty and seventy-five minutes. I conducted most of them face-to-face (labelled as 'personal interview') – chiefly during two visits to Washington, DC, from April to July 2015 and from March to April 2017 – and a smaller number by telephone or Skype. The methodological literature emphasises that the professional relationship with a research subject ideally does not end upon

²¹ Of course, the grapevine is unstoppable. Especially in the more tightly organised IMF, an interviewee sometimes knew that I had already met or was to meet with a certain colleague.

the conclusion of an interview; strong rapport is instead built through repeated interactions (Roulston, 2010: 206). This ambition could obviously not be fulfilled for each of the over ninety individuals whom I interviewed for this project.²² In several cases, however, I sought and obtained clarifications, or made new enquiries related to interview themes through follow-up email correspondence. Moreover, I re-interviewed six current officials during the second fieldwork trip to probe the degree of change in practices or attitudes over the past two years by asking similar questions to those covered during the first encounter. Four of the six were IMF staff members, one was a World Bank manager and the remaining a World Bank staff member. One of the four IMF staffers had in the meantime assumed a new position within the same department.

On 10 March 2017, I presented preliminary research findings to six IMF economists, four of whom I had previously interviewed, at the IMF Headquarters in Washington. The event was co-sponsored by the IMF's Communications Department and the Strategy, Policy and Review (SPR) Department. Only current IMF staff members were invited to attend; the Communications Department had declined my request to open attendance beyond this group (to include World Bank staff, member country representatives from both organisations, former officials, as well as civil society actors). In line with the ethics described above, I exercised utmost caution to not disclose which attendees had participated in the research project. The talk served a double purpose: apart from giving back²³, it allowed me to test some of my intuitions and explanations in front of a small group of interested experts, who posed challenging questions and offered critical comments. Although my understanding of collaboration has evolved since, the conversations that ensued from the presentation helped to clarify empirical details and fill analytical gaps. Where appropriate, I refer to insights obtained from the discussions in the same manner as I cite interviews.²⁴

Two further activities in the field have enriched the theoretical and empirical claims advanced here. First, in addition to the interviews, I engaged in nine looser conversations. While these background conversations involved principally the same

²² Not all participants would have been able or keen to stay involved anyway. Some had moved to new positions within or exited the organisation, which meant that they were no longer making new collaborative experiences. Others simply did not respond to follow-up requests.

²³ In this spirit, I asked at the end of each interview whether the interviewee was interested in being informed about publications from this research project.

²⁴ My parallel efforts to have such an event held at the World Bank or a civil society organisation in town were in vain.

types of actors and, in one case, a previous interviewee, the style was much more informal than in standard interviews. I refrained from directing the flow of the conversation towards certain key questions. The purpose of those conversations, most of which took place during the early phase of my field research, was to familiarise myself with Fund-Bank collaboration – that is, to learn which operations were done collaboratively and which were not, as well as to identify key organisational units and individuals in collaboration. The insights gained from these conversations inform my arguments, but I do not directly rely on and therefore do not cite them. Second, I began my field research with attendance at the Spring Meetings of the World Bank Group and the IMF in mid-April 2015, for which I was formally accredited. I used the opportunity to learn about current issues and establish first contacts with practitioners. While clearly a far cry from an in-depth ethnographic study, these activities have helped me to develop a ‘feel’ for both organisations.

The interview material is complemented by documentary evidence. For the empirical analysis in the second and third cases, where the institutional framework for collaboration was reformed after the global financial crisis, I focus on a particular ‘genre’ of text whose production and use adheres to ‘particular conventions’ (Phillips *et al.*, 2004: 643). The most influential type of document in both organisations is the staff-written Board paper, which follows a highly standardised format: it reviews previous experiences in the relevant policy area, identifies weaknesses in the current regime and proposes new policies. It is invariably a crystallisation point for organisational decision-making because staff ‘go’ to the Board in order to have their proposals approved (Barnett and Finnemore, 2004: 50).²⁵ Initiating organisational and policy change, this genre has enormous discursive traction (Phillips *et al.*, 2004: 644). While in the second case I focus exclusively on FSAP reviews, in the third case I draw on different documents, including one authored by Bank management, because successive documents of the same type are not available.

The focused analysis of these official documents first identifies and then traces backwards (and forwards, where possible) ‘problematizations’ (Maguire and Hardy, 2009; see also Foucault, 1990) of organisational practices that concern or relate to collaborative practices. This technique reveals that discourses of institutional change evolved rather continuously, reflecting the scriptedness of organisational activities.

²⁵ Author’s personal interview with IMF staff member, 15 March 2017.

Formal changes were often proposed, debated and implemented long after specific problems had been diagnosed. The reforms were not ‘rational’ responses to problems that had just emerged. IMF staff involved in FSAP operations accomplished institutional change in a ‘garbage can’ logic (Cohen *et al.*, 1972; also Kingdon, 2011: ch. 8), tabling proposals after the financial crisis that had been nascent but lacked political momentum before. While the proposals became more focused and precise, IMF staff promoted a particular type of solutions: ‘solutions looking for issues to which they might be the answer’ (Cohen *et al.*, 1972: 2). World Bank management and staff were not so much ‘garbage can’-style policy entrepreneurs in the third case, but their policy solutions still grappled with long-standing organisational problems. An analysis of the trajectory of problematisations in cases of institutional reform specifies the conditions under which organisational actors exercise agency to achieve change.

I have posited above that script enactments build on the command of tacit knowledge. Unlike a script for a theatre performance, scripts of social and political life have no textual form. As Meyer (2010: 5) puts it: ‘The modern drama requires that the scriptwriting forces that construct actors and actions disappear from view.’ The intangibility of scripts aids ‘the formation, standardization, enactment, and celebration of agentic actorhood’ (Meyer and Jepperson, 2000: 117); that is, today most of us confidently uphold the everyday premise that the individuals’ actions are expressions of volition and rational calculation (Frank and Meyer, 2002). Fund and Bank officials cannot discern the Bretton Woods script as something external to them. When highlighting the importance of individual collaborators (the ‘personalities matter’ view, see ch. 7), they push scriptwriting and the cultural embeddedness of their organisations to the background. Instead, colleague A was a nuisance and colleague B a pleasure to work with. In a highly representative move, an IMF staff member reasoned that the presence of ‘prima donnas’ could easily derail attempts to pursue shared objectives.²⁶

While I have no reason to doubt the veracity of such statements, focusing on the differences that personalities make ‘on the ground’ blinds us to the overarching cultural framework in which inter-IO collaboration takes place. To counteract this tendency, I have chosen to follow the Stanford School’s lead in analytically ‘de-

²⁶ Author’s personal interview with IMF staff member, 10 June 2015.

centring²⁷ the contributions of individual staff members or even teams of staff to Fund-Bank collaboration. The interview and documentary materials were essential to this de-centring exercise, which does not mean subscribing to a monolithic conception of IOs. Actors have discretion and can respond differently to structural constraints; in our three cases, only some of the officials actively pursued coping strategies, though within the narrow range of the Bretton Woods script. Tellingly, when in later interviews I encouraged interviewees to reflect on what either merger or separation would mean, a common reply was that the former would obliterate each organisation's unique strengths and the latter encourage policy incoherence. Neither full collaboration nor full differentiation was considered acceptable. Such inferences remain indirect because practitioners may not be aware of the script that they are playing, but a broad range of primary sources can alert the researcher to its existence.

Three Cases of Fund-Bank Collaboration

This study examines Fund-Bank collaboration in three policy areas: (1) crisis lending, (2) financial sector surveillance and (3) concessional lending and debt relief. Indicating when results may be owed to unique circumstances, a multi-case analysis of collaboration involving the same two IOs allows for the identification of shared patterns. Comparatively resource-rich IOs, such as the Bretton Woods institutions, are more likely to sustain inter-organisational relationships across several areas. IMF-World Bank collaboration exhibits, on the one hand, enough cross-case variance for testing an argument under different conditions and, on the other, enough within-case stability for uncovering patterns of historical development. Table 2.1 presents the main axes of divergence and convergence of the three areas under study. Since the Bretton Woods institutions were created, collaboration has been expected and going on in some form in the area of crisis lending. In the other two areas, Fund-Bank collaboration dates back to the mid- to late 1990s. Yet even two decades later, our knowledge of what drives and obstructs the interactions between these two prominent IOs remains rudimentary.

²⁷ While the School generally stresses the structural force of culture, Meyer and Jepperson (2000: 117) use the term 'decentered' in a slightly different context, addressing what they regard as a false dichotomy between structure and agency.

The historical evolution of the main tasks varies across all three areas. After initial mission cross-support, collaboration on crisis lending became yet more intense when the Bank began to offer programme loans on a broad base in the 1980s (Sharma, 2013). In concessional lending and debt relief, the pattern was reversed: the creation in 1960 of IDA as the Bank's second lending arm, if initially exclusively involved in project lending, preceded the Fund's introduction of concessional facilities from the 1970s onwards (Clegg, 2012). Here collaboration was strongly formalised with the launch of the Heavily Indebted Poor Countries (HIPC) Initiative in 1996. In financial sector surveillance, finally, the entry of the organisations to the policy area coincided: the FSAP, which was piloted in 1999 and 'mainstreamed' in 2000, was designed as a joint programme from the outset. The cases vary along various other dimensions. The organisations deploy different instruments in each area: where they do not lend to members, conditionality does not play a role. The origins and speed of crises differ, as do the relevant external stakeholders. Public attention, finally, ranges from a low level (in financial sector surveillance) to a medium level (in concessional lending and debt relief) to a high level (in crisis lending).

TABLE 2.1. Characteristics of Three Areas of IMF-World Bank Collaboration

	<i>Crisis lending</i>	<i>Financial sector surveillance</i>	<i>Concessional lending and debt relief</i>
Beginning of collaboration	Late 1940s/Early 1950s	1999	1996
Task evolution	First IMF, then World Bank	IMF and World Bank simultaneously	First World Bank, then IMF
Main IMF and WB activities	Emergency financing	Policy advice	Poverty-related lending and debt relief
Conditionality	Yes	No	Yes
Sources of economic crises (typical crisis pace)	Payment imbalances (fast)	Financial sector weaknesses (fast)	Structural factors, indebtedness (slow)
Additional actors involved	Other multilateral organisations and states	Central banks and supervisory agencies	Donor countries (Paris Club)
Public attention	High	Low	Medium

Source: Author.

Fundamentally, the cases differ in the symbolic dynamics of niche construction undertaken by either or both organisations. While Brunsson's work, as discussed above, suggests that organisations will not hesitate to opt for reform, my empirical findings nuance this claim. Two factors influence what kind of niche strategy prevailed, and whether or not it revolved around organisational reform: one – 'differentiation' – is located at the inter-organisational level, the other – 'competition' – at the field level. Under certain conditions, non-reform may serve symbolic purposes with great effectiveness. Crisis lending represents a 'negative case' (Emigh, 1997; Mahoney and Goertz, 2004), where symbolic action without reform was sufficient for both organisations to signal the advantages of the institutional status quo. I call this phenomenon, which was produced by the confluence of a high degree of inter-organisational differentiation and a low degree of field competition, *niche maintenance*.

The other two cases, by contrast, fall into the classic camp of symbolic action with reform. When the degree of differentiation is low and the degree of competition moderate, an IO, usually one recognised as the greater authority in this policy area, may start pulling away from the other. In the case of financial sector surveillance, we see the IMF using symbolic reform to achieve what I coin *niche distancing*. When a moderate degree of differentiation combines with a high degree of competition, the more authoritative IO may seek to engineer more favourable impressions of its core activities. Concessional lending and debt relief was such a case, in which the Bank invented new instruments and procedures in an attempt at *niche rebranding*. Taken together, the empirical analysis of collaboration in these three policy areas suggests that it is useful to think of symbolic action as encompassing the politics of reform and the (less visible) politics of non-reform. Table 2.2 provides an overview of the conditions under which niche strategies were pursued in the three areas.

TABLE 2.2. Niche Strategies in IMF-World Bank Collaboration

	<i>Differentiation between IMF and World Bank</i>	<i>Competition in the field</i>	<i>Niche strategy</i>
Crisis lending (ch. 4)	High	Low	Maintenance (IMF and World Bank)
Financial sector Surveillance (ch. 5)	Low	Moderate	Distancing (IMF)
Concessional lending and debt relief (ch. 6)	Moderate	High	Rebranding (World Bank)

Source: Author.

The relationship between scripted behaviour and niche strategies is especially illuminating given the general ‘fit’ of the two collaborating IOs. The next and final section of this chapter clarifies the notion of the Fund and the Bank as ‘most likely collaborators’.

The IMF and the World Bank as ‘Most Likely Collaborators’

There are good reasons to expect the IMF and the World Bank to collaborate closely. The 1944 Bretton Woods conference concluded in this spirit. The continued spatial proximity of the organisations, moreover, gives rise to frequent opportunities for informal interactions between their officials. If collaboration is half-hearted even between two IOs that have, among other things, shared historical roots and similar ideologies, then inter-IO collaboration may seldom be whole-hearted. Only by analysing a ‘most likely’ constellation, where both IOs seem to be predisposed towards working together amiably and effectively, can we learn something about the cultural difficulties involved in making collaboration happen.

From a theoretical perspective, the ‘most likely’ intuition is corroborated by the isomorphic effects deriving from the organisations’ long co-existence and near-parallel evolution. As predicted by DiMaggio and Powell (1983), coercion, mimicry

and professionalisation have together effected numerous similarities between the Fund and the Bank. I briefly address each aspect in turn. First, the membership in both organisations is tightly linked and, as a result, almost identical. The IBRD (2012: Art. II(1)) Articles of Agreement make membership in the IMF a precondition for accession; likewise, countries that are not members of the IBRD (and thus the IMF) are not eligible for membership in IDA (2012: Art. II, 1). The IMF and the IBRD have the same 189 countries as members, only sixteen of which have not joined IDA (as of 25 July 2017).²⁸ Thus, their principals use the same forms of control, endorse the same procedural rules and promote the same policies on either side of 19th Street. The mutual attendance of responsible staff at important Executive Board meetings exemplifies the logic of coercive isomorphism. Unless influential member countries say one thing in the Fund and another in the Bank, the two organisations will come to resemble each other in important ways.

Second, Fund and Bank officials routinely interact below the formal level of operations. The tunnel between the organisations, which, clearance provided, allows underground passage, is the ultimate symbol of their connectedness. Networking opportunities abound during lunches in the spacious World Bank cafeteria (which IMF staff are said to like), at joint research events (which can spawn co-authored publications) or at the many public events in Washington's vibrant policy community. Regular interaction fosters similarity among IOs (Biermann, 2008: 171), which is intensified by 'dual' career choices. Individuals who have spent time in both organisations (as have several of my interviewees) can become 'boundary spanners' (Tushman, 1977), whose knowledge is transferable and who have a wider network of contacts.²⁹ Stanley Fischer and Anne O. Krueger are prominent examples; transitions among the lower ranks are even more common and traditionally most pronounced when one organisation cuts down its staff numbers while the other hires new employees.³⁰ Even though human resource incentives for cross-organisational mobility are weak or absent, domestic visa regulations make transition from one IO to another easier than to a different type of employer. There is a dedicated visa for

²⁸ Information available at <<https://www.imf.org/external/np/sec/memdir/memdate.htm>> and <<http://www.worldbank.org/en/about/leadership/members#1>>.

²⁹ Author's personal interview with World Bank manager, 8 July 2015; telephone interview with World Bank manager, 13 August 2015; personal interview with IMF staff member, 3 March 2017.

³⁰ Author's personal interview with World Bank manager, 8 July 2015.

foreign employees of IOs headquartered in the U.S., called ‘G-4’.³¹ Eligible workplaces for G-4 visa holders are the IMF, the World Bank and the Inter-American Development Bank (IDB) in Washington, as well as the UN in New York.

Third, the profession that dominates Fund-Bank collaboration is macroeconomics, a specialised field within economics. To the extent that economics has become a ‘global profession’ (Fourcade, 2006), it has standardised ways of thinking about politically charged issues. This trend is exacerbated by the IMF’s inclination to recruit graduates from a small number of highly reputable universities in just a few countries (see fn. 15 above); and the marginalisation of Bank staff without a background in macroeconomics as interlocutors with Fund counterparts. Ultimately, macroeconomists are endowed with skillsets that can be put to use in either organisation, as the frequent (and non-mandated) transfers between the Fund and the Bank confirm. Collaboration should be greatly facilitated by the relative intellectual coherence of Fund and Bank officials. In the words of an experienced World Banker: ‘We’re all using the same data, we all went to the same graduate schools, and it’s basically the same model [that we use].’³²

These three mutually reinforcing dynamics have often pushed the two organisations in the similar directions, as summarised in Table 2.3. For one, the organisations’ original mandates were set up in a way that made collaboration look like more than just a reasonable idea; it was seen early on as a necessity, if a somewhat inconvenient one. While still distinct, their job descriptions are now more similar than they used to be. Internal decision-making processes also bear close resemblance, structured as they are around the interplay of a resident Executive Board and a relatively autonomous staff with operational experience. Past governance reforms have largely run on parallel tracks (Woods, 2006: 206). Finally, the broad ideology that informs the policies and operations of both organisations is a variant of neoliberalism, which extols private entrepreneurship and limited state regulation. The last point is not to say that organisational ideologies are fixed in the long run (Béland and Orenstein, 2013), nor that the organisations are always in agreement about concrete political choices (Broome and Seabrooke, 2012: 8), only

³¹ Author’s personal interview with former IMF staff member, 1 June 2015. See also <<https://www.imf.org/external/np/adm/rec/policy/oth/g4.htm>>.

³² Author’s personal interview with World Bank staff member, 8 March 2017.

that their worldviews are in broad alignment. In light of procedural, structural and ideological convergence, the IMF and the World Bank seem destined to collaborate.

TABLE 2.3. The IMF and the World Bank as ‘Most Likely Collaborators’

<i>Category</i>	<i>Manifestations</i>
Mandates	Complementarities between finance and economic development
Governance	Predominance of ‘G5’/‘G6’ states in decision-making process
Policymaking	Staff as agenda-setters, Boards as ‘rubberstamps’
Ideology	Neoliberal (market-friendly) policies

Source: Author, based on secondary literature and interviews.

However, a decisive mediating variable in Fund-Bank collaboration is organisational culture. The most notable difference is that the IMF is the more hierarchical organisation, which restricts the autonomy that its staff enjoy from both their superiors (staff with management functions) and their principals (Bauer and Ege, 2016: 1032; Vetterlein, 2007a: 130, 138). Officials customarily liken the IMF to an ‘army’ or the ‘marines’, as opposed to the ‘boy scouts’ from the World Bank.³³ Another analogy is the comparison between the IMF as a ‘department store’, where each section offers certain types of products, and the World Bank as a ‘shopping mall’, where the different shops offer competing products.³⁴ The Fund is therefore credited with the ability to develop an ‘institutional view’ on important matters whereas the Bank is not.³⁵ An example of the Bank’s intellectual diversity is the parallel pursuit of different core objectives under the general rubric of ‘social

³³ For example, author’s personal interviews with former IMF and World Bank official, 8 May 2015; Mark Allen, Washington, DC, 29 May 2015; IMF staff member, 10 June 2015. Many other interviewees made comments to this effect.

³⁴ Author’s personal interview with IMF staff member, 10 July 2015.

³⁵ Author’s personal interview with IMF staff member, 7 July 2015; Skype video interview with World Bank staff member, 29–30 July 2015; telephone interview with World Bank manager, 13 August 2015.

policies' (Hall, 2007).³⁶ The diverging communicative conventions, which surface in joint Fund-Bank meetings, are an all-time classic among staff: while Fund teams observe a clear hierarchy of seniority, with the mission chief entitled to speak and give others the floor, Bank teams allow everyone present to engage at will. A World Banker formulated the following memorable principle:

I always like to say that at the Fund everything is prohibited unless it's explicitly permitted, and at the Bank everything is permitted unless it's explicitly prohibited, which makes the Bank a much more creative and innovative place but, quite frankly, a lot less efficient and disciplined.³⁷

Organisational cultures derive in part from mandates and are reflected in the practices of mission teams. The Bank's comparatively 'looser' culture is in part due to its operational diversity, reflected in a sizeable 38 % share of staff placed in country offices in 2014 (World Bank, 2014: 11). With the exception of Resident Representatives assigned to particular countries or regions, Fund staff do not stay in the field beyond the completion of a country mission, which takes at most a few weeks. The need for the Fund to obtain the latest aggregate data on a member's economy makes its mission teams consider the central bank and the ministry of finance their primary interlocutors;³⁸ the need for the Bank to assemble micro-level data that cuts across various sectors makes its mission teams liaise with various ministries.³⁹ Recruitment patterns, including the more professionally narrow composition of the IMF Executive Board, mirror and deepen these tendencies.⁴⁰ A former World Bank official expressed the difference in the following manner:

... when the Fund goes on mission, ... their transport expenses are the taxi from the hotel to the central bank, whereas when the Bank goes on mission, it

³⁶ As the varying internal understandings of 'social capital' suggest, an additional division seems to exist between research staff who firmly believe in the virtues of quantification to aid formal modelling and statistical tests, and operational staff who are more sceptical (Bebbington *et al.*, 2004: 44). In the Fund, such dividing lines are either less pronounced or more effectively downplayed.

³⁷ Author's personal interview with World Bank manager, 8 July 2015.

³⁸ Ethnographic research by Richard H. R. Harper (1998: ch. 8), who accompanied an actual IMF mission (to a country code-named 'Arcadia') as a participant observer, suggests that knowledgeable officials from other ministries can also act as key interlocutors.

³⁹ Author's personal interviews with World Bank member country representative, 14 May 2015; World Bank staff member, 18 May 2015; Edwin M. Truman (former U.S. government official), Washington, DC, 20 May 2015; David Dollar (former World Bank staff member), Washington, DC, 28 May 2015; IMF staff member, 10 June 2015; IMF member country representative, 12 June 2015.

⁴⁰ This point was noted by some interviewees, but also emerged from the research that I carried out in preparation for interviews.

probably involves hiring a car and going up country and stopping to get a bottle of water before you leave 'cause you are not sure you'll be able to drink the water ...⁴¹

These cultural traits find their more mundane expressions. During my field research in Washington, I experienced some of them first-hand. The Fund's communications officers responded swiftly to enquiries. Security checks at headquarters were intensive, including prompts to unpack my rucksack and display items for scanning on the conveyor belt. Upon entry, I was greeted with a sign on the reception desk that read as follows: 'Visitors to HQ buildings must be accompanied at all times by a Fund employee.' Most IMF officials followed the security protocol meticulously. Unfailingly, I was picked up from the visitors' room by the interviewee or a support staffer. Once the interview was finished, the overwhelming majority also escorted me or had me escorted to the exit; instances in which I was seen off at the lift were the exceptions that proved the rule.

Just across the street, the Bank felt like a different place. While I interviewed one official from External and Corporate Relations (ECR) based on a personal recommendation, no one from the team ever responded to a formal request by email. My failure to organise an event for presenting my research at the Bank attests to this judgement. Security scanning was invariably swift and did not require the separate display of items on the conveyor belt. In a similar vein, I could walk around freely within its buildings, even on the upper floors, which house the most senior officials.⁴² Table 2.4 juxtaposes these everyday features of the organisations, which broadly reflect their respective culture.

⁴¹ Author's personal interview with former World Bank official, 26 May 2015.

⁴² I do not wish to suggest that the Bank's security standards are lax or insufficient, only that they differ from the Fund's. Depending on technological devices and perceived threat levels, one set of practices can be as effective or ineffective as the other.

TABLE 2.4. IMF and World Bank Cultures from an External Researcher's Perspective

	<i>IMF</i>	<i>World Bank</i>
Response to requests via 'official' channels	Quick responses from communications officers	No response from ECR
Organisation of a research event	Possible but 'closed shop': access restricted to current IMF staff members	Difficult to initiate from the outside: no event
Onsite security protocols	Elaborate security screening Little freedom of movement inside the buildings	Quick security screening Full freedom of movement inside the buildings

Source: Author, based on field observations.

At the time of my first round of fieldwork in 2015, collaboration also suffered from confusion resulting from a comprehensive reorganisation fashioned by the Bank's management, which was a recurrent theme in interviews. As its own officials admitted, the Bank was still in disarray almost a year into the reform, through which Networks were replaced and Global Practices (GPs) instituted. Among others, the highly influential Poverty Reduction and Economic Management (PREM) Network was dissolved. Together with the Vice Presidency Operations Policy and Country Service (OPCS), PREM had been the central interlocutor vis-à-vis the IMF, specifically its SPR Department, which coordinates policies internally. For a year the Bank thus lacked an institutional interface for collaboration on low-income country (LIC) issues with the Fund. During this interregnum in the fiscal year 2014–15, the Bank's ECR unit was reportedly responsible for liaising with the Fund.⁴³ Although collaboration did not stall, several IMF staff complained that they were often at a loss about 'whom to call' when they wanted to touch base on specific issues. Curiously, several Bank officials sympathised with the exasperation of their Fund colleagues, acknowledging that the restructuring had disrupted collaborative efforts.⁴⁴

⁴³ Author's personal interview with World Bank staff member, 8 July 2015. However, I found no supporting evidence for this claim.

⁴⁴ One lamented the 'largely ad hoc' format of Fund-Bank collaboration in general, arguing that the restructuring had aggravated the situation (author's personal interview with World Bank staff member, 21 May 2015).

The following financial year (FY)⁴⁵ brought relief at the Fund and another round of reorganisation at the Bank, which struck a compromise between the old structure organised around Networks, and the new one organised around Global Practices. Since 2015, the new Vice Presidency Equitable Growth, Finance and Institutions, which includes the Global Practice for Macroeconomics and Fiscal Management (MFM) has acted as a policy coordinator, both internally and vis-à-vis SPR. By the time of my second round of fieldwork, the disruptions seemed to have abated and the ‘whom to call’ problem disappeared.⁴⁶ Organisational restructurings can temporarily do what cultural differences do permanently: both have complicated Fund-Bank collaboration, but neither has prevented it.

Conclusion

This chapter has theorised the cultural underpinnings of Fund-Bank collaboration. Starting from the sociological institutionalist assumption that tacit cultural scripts govern organisational activities, I have specified the two key elements of the Bretton Woods script: differentiation on the one hand and collaboration on the other. Given this trade-off, the organisations do two things. First, they engage in symbolic action to construct policy niches to signal to their members (and other stakeholders) that they can provide certain types of indispensable governance expertise. Second, they work together to address policy challenges that transcend the mandate of one organisation. Through niche strategies, underpinned by symbols, the Fund and the Bank can still exercise some agency in the face of structural constraints emanating from cultural norms. They can choose between alternative ways of conforming to the script. Different niche strategies predominated in the three areas since the recent global financial crisis, as chapters 4 to 6 demonstrate using evidence from interviews with practitioners and official documents.

But before we attend to the political dynamics of these strategies, the following chapter qualifies the intuition about the IMF and the World Bank as ‘most likely collaborators’ from a historical perspective. It serves to provide important background on the co-existence of differentiation and collaboration imperatives for

⁴⁵ The financial year in the World Bank runs from 1 July to 30 June, but in the Fund from 1 May to 30 April.

⁴⁶ Author’s personal interviews with World Bank manager, 3 March 2017; IMF staff member, 3 March 2017.

the Bretton Woods institutions. The ‘most likely collaborators’, connected by complementary mandates and a shared ideology, have often collaborated half-heartedly. As attempts at organisational differentiation proliferate, inter-organisational collaboration remains half-hearted even under these seemingly ideal conditions.

3 Ever Closer? The History of Fund-Bank Collaboration until the Global Financial Crisis

Collaboration is much more than co-existing and not standing on each other's toes.

—*Report of the External Review Committee on Bank-Fund Collaboration* (IMF and World Bank, 2007b: 7)

There has been no lack of opportunities for the Bretton Woods institutions to find out whether they can do 'more than co-existing and not standing on each other's toes'. Times of crises have been particularly testing occasions for governing common policy problems. Indeed, many past crises have had triggered responses that involved not only creating new institutions but also expanding and deepening existing ones. Over the course of over seven decades of co-existence, the Fund and the Bank have institutionalised their collaboration across a number of areas.⁴⁷ Each new crisis presented yet another opportunity to revisit previous collaborative efforts, and to step up institutional arrangements design for collaboration if deemed practical and necessary. The Bretton Woods script still applies in times of crisis as well, but then collaboration is – at least temporarily – prioritised over differentiation as new instruments are fashioned and new procedures put in place. On such occasions, differentiation efforts, which otherwise contain the scope and intensity of collaborative endeavours, do not take centre stage.

By no means a new phenomenon, Fund-Bank collaboration dates back to the early days of the two organisations in the post-Second World War era. Apart from collaboration on basic administrative matters, the principal occasion for operational interaction during of most of that period was a request by a member for financial support. For about the first four decades, Fund-Bank collaboration was restricted to coordinating policies, as well as mission teams, for parallel lending to member countries on an as-needed basis. The signing in 1989 of the 'IMF-World Bank Concordat', which resulted from open disagreements over lending to Argentina, prompted the organisations to formalise the rules governing their increasingly overlapping activities. With hindsight, the Concordat might be seen as a harbinger of

⁴⁷ I owe this insight to an observation from Richard E. Feinberg (email correspondence, April 2015), whose own review of Fund-Bank interactions appeared at a time when most of the institutionalisation push was yet to come (Feinberg, 1988).

collaboration soon to materialise on a much larger scale. However, the Concordat also affirmed the continued validity of an established broad division of labour along what had become known as ‘primary responsibilities’ (Horsefield, 1969b: 340–343; Mason and Asher, 1973: 544–554; Polak, 1994b; Shihata, 2000: ch. 31).

After the 1989 Concordat, the organisations successively institutionalised collaboration at a far deeper level than the mere alignment of interactions in crisis lending. The creation of formal programmes for Fund-Bank collaboration gathered remarkable pace during the 1990s, mirroring concurrent policy coordination efforts among key organisations in the UN system after the end of the Cold War (Boughton, 2001: 699). The launch of the joint Heavily Indebted Poor Countries (HIPC) Initiative for sovereign debt relief in 1996 marked the beginning of a series of moves to establish a denser institutional framework for collaboration. Within just a few years, new programmes for collaboration were devised and old ones extended. Examples include the introduction of the Financial Sector Assessment Program (FSAP) in 1999 and the explicit linking of Poverty Reduction Strategy Papers (PRSPs) to HIPC debt relief in the same year. During those eventful years, the organisations emphasised collaboration over differentiation. The pendulum swung back again, especially after the recent global financial crisis.

There is little use in recounting the many historical details about Fund-Bank collaboration because a range of works has already done so in some depth. The latest two official IMF histories by James M. Boughton (2001: 995–1005; 2012: 82–87) provide a focused overview while information on Fund-Bank collaboration is a bit more scattered in the earlier IMF histories. Another IMF inside view comes from former high-ranking IMF staffer Jacques J. Polak (1994b). Joseph Gold (1982) and Ibrahim F.I. Shihata (2000: ch. 31), former General Counsels of the IMF and the World Bank, respectively, offer legal analyses. In addition, there are several scholarly accounts of the history of Fund-Bank collaboration, which commonly draw on these primary sources (Feinberg, 1988; Gould, 2006: 189–195; Mason and Asher, 1973: ch. 16; Momani and Hibben, 2015: 29–32).

This chapter reviews the long-term institutional trajectory of Fund-Bank collaboration with a focus on important junctures. The point of departure is that the Fund and the Bank are in many ways ‘meant’ to interact in some coordinated and purposive manner by virtue of being what I have called ‘most likely collaborators’ in the previous chapter. Fund-Bank collaboration, however, has been less far linear than

this label would suggest. Its half-heartedness is reflected in the long-term trajectory of the overarching institutional framework, which responded to various external and internal challenges: the Latin American debt crisis of the 1980s and the conflict between the agencies over lending to Argentina in the late 1980s; the Asian financial crisis of the late 1990s; and the global financial crisis of the late 2000s. Showing how the organisations sought to reconcile differentiation with collaboration in different periods, the chapter sets the stage for the empirical analysis in the subsequent chapters.

Limited Institutionalisation: Fund-Bank Collaboration until the late 1980s

From the way the IMF and the World Bank were designed at the 1944 Bretton Woods conference, it was evident that their paths would regularly cross (see discussion in ch. 1). In the lead-up to the conference, the U.S. Treasury Department (IMF Records Office (10 June 1944, processed), quoted in Mason and Asher, 1973: 544, fn. 10) outlined an area in which the two new organisations would occupy common ground:

Currency stabilization cannot be completely separated from the provision of long-term international credits. The two institutions designed to deal with these problems will find that cooperation between them is essential.

How exactly the IMF and the World Bank should undertake collaboration in these and other areas was left to the discretion of their officials. As a result of ‘the ambiguity of the original Bretton Woods agreements’ (James, 1996: 528), different interpretations exist today as to the extent to which, for example, the Fund was originally designed to engage in matters of economic development (Helleiner, 2009) – a notion that most of its current officials would be quick to deny or downplay in a manner consistent with the differentiation norm. An overarching institutional framework that would apply to and govern collaboration was not in the making at the time of the conception of the Fund and the Bank. The organisations spent much time and energy over the next four-and-a-half decades on clarifying and institutionalising their relationship. During this long period, the tensions between differentiation and collaboration surfaced multiple times at both the policy level and the operational level.

During what John G. Ruggie (1982) has famously coined the era of ‘embedded liberalism’, Fund-Bank collaboration remained mostly ad hoc, episodic and informal (Polak, 1994b: 4; 1994a: C-149). Already in the late 1940s, Bank mission teams included one or two Fund staff members, as in the cases of France, Denmark and Colombia (Horsefield, 1969b: 186; Mason and Asher, 1973: 545–546). On a few similar occasions in the early 1950s, the Fund again provided support to Bank missions, reflecting the Bank’s interest in tapping external macroeconomic expertise and the Fund’s in not ceding its prerogative in this area (Horsefield, 1969b: 342). In most cases, collaboration evolved into something of a necessary routine, although at times the weaknesses of the informal approach became apparent. When the Guatemalan government requested lending from both organisations, the Bank management did not respond to a draft memorandum from the IMF’s Deputy Managing Director (DMD) on measures for policy alignment (Mason and Asher, 1973: 546). In 1957, the Bank management, keen to secure general ‘advance notice of the Fund’s activities’ (Horsefield, 1969b: 342), unsuccessfully proposed the conversion of these informal practices into more formal, quasi-contractual duties. Ultimately, both managements decided to continue to use informal channels for information exchange and mutual operational support (Horsefield, 1969b: 342–343).

Other potential areas of collaboration figured in occasional plans of the IMF to improve organisational efficiency. In this context, the heads of the two organisations commissioned a review from a joint staff committee in December 1952. The final Board report in July 1953 identified some saving potential in the development of further joint administrative services (in addition to the already existing Fund-run libraries) in areas such as procurement, transportation or communication. These recommendations led to the joint preparation of the customary Annual Meetings in the autumn but failed to garner enough support for extending collaboration to other administrative matters. The committee itself reasoned that collaboration on data management or research projects did not promise any significant efficiency gains, while nonetheless encouraging a routine of informal meetings between high-level Fund and Bank counterparts. At the 1953 Annual Meeting, when the Governors discussed a summary of the report, the U.K. representative aired a more radical idea that, if implemented, would have altered the dynamics of collaboration. Yet the proposal to merge the two Executive Boards by halving the number of Directors met

with considerable resistance from members, especially those organised in multi-country constituencies (Horsefield, 1969b: 340–342).⁴⁸

After a good two decades of profoundly informal collaboration, the Fund and the Bank injected a modicum of formality into their interactions. An agreement reached in 1966 provided the principal template for Fund-Bank collaboration (Boughton, 2001: 997). Most notably, it foresaw a division of labour in areas of operational interdependence along the concept of ‘primary responsibilities’:

As between the two institutions, the Bank is recognized as having primary responsibility for the composition and appropriateness of development programs and project evaluation, including development priorities. ... [T]he Fund is recognized as having primary responsibility for exchange rates and restrictive systems, for adjustment of temporary balance of payments disequilibria and for evaluating and assisting members to work out stabilization programs as a sound basis for economic advance (‘Fund-Bank Collaboration’, memorandum to Members of the Executive Board from the Secretary and to Department Heads from the Managing Director, 13 December 1966, quoted in Boughton, 2001: 997).⁴⁹

In lack of a comprehensive and more detailed protocol, the agreement became the initial reference point for how the Fund and the Bank ought to collaborate in practice. By endorsing it, they clarified the scope of collaboration, designated areas of each organisation’s core expertise and also identified those where neither should claim to have the last say (see the remainder of the passage quoted in Boughton, 2001: 997). The agreement extended the protocol, established earlier that year, for procedures of cooperation between mission teams that specified the conditions under which the organisations would either conduct parallel missions or provide cross-support (de Vries, 1976: 611–612; Shihata, 2000: 781). Despite increasing formalisation, the Guidelines had differentiation written all over them, as the notion of distinct responsibilities illustrates.

At the operational level, Fund-Bank collaboration was quite varied but also typically ad hoc and weakly formalised. Three instances that still fall into the period before the end of the Bretton Woods regime of fixed exchange rates may illustrate the variable scope and form of their collaborative engagement. The first instance was

⁴⁸ Today, France is the only country to appoint one Director to serve on both Boards (see ch. 2).

⁴⁹ IMF/CF (B 600 ‘Bank/Fund Collaboration on Missions and Meetings, 1966’). During my visits to the IMF Archives, Washington, DC, in June–July 2015, I could not access the B 600 subseries. Communication from IMF Archives staff confirms that it is ‘closed’ to external researchers (email correspondence with IMF archivist, 11 January 2016).

the more regular sharing of information on technical assistance (TA) operations in fiscal policy; the IMF also maintained similar relations with other organisations active in this area (de Vries, 1976: 584; Mason and Asher, 1973: 551). The second instance involved efforts to address what were perceived as persistent obstacles to economic development from about 1965 onwards. To this end, the Bank organised various general and country-specific meetings, which also included Fund staff, to help better align the development assistance of bilateral and multilateral donors. Both organisations also sought to facilitate negotiations between creditor and debtor countries over questions of external debt service (de Vries, 1976: 593–601, 612–614; 1985b: 956). The third instance was analytical collaboration from 1967 to 1969 through research on the need for ‘buffer stock’ financing, which primary producers had advocated in response to dwindling world market prices for their exports. In this context, Fund and Bank staff directly worked together in the drafting of an initial study in 1967–68, and a dedicated Bank-run seminar continued to inform Fund staff in the writing of two follow-up papers in 1969 (de Vries, 1976: 269, 272–273, 278–279).

Meanwhile, the organisations incrementally advanced the institutionalisation of their collaboration by establishing both new rules and bodies for sustained interactions. A 1970 agreement, propelled by criticism from the Pearson Commission, expanded the sharing of information and documentation, deepened support for the missions of each organisation, as well as encouraged both to apply the same measurement standards. Bank staff also became accepted regular observers at IMF Executive Board meetings concerning particular areas of mutual interest. Joint missions, however, were still not deemed a viable option (de Vries, 1976: 613–614; 1985b: 955–956; Mason and Asher, 1973: 552–553). The institutionalisation of collaboration progressed further against the background of a sluggish world economy after the 1973 oil crisis (Polak, 1994a: C-149–150). In 1974, the Fund and the Bank created their first joint body, the Development Committee (shorthand for Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries). Together with the simultaneously established IMF-only Interim Committee, it replaced the Committee of the Twenty within the Fund. Though designed to enable cross-organisational engagement on pressing issues of economic development, the Development Committee remained a marginal policymaking force in both organisations. A review

in the late 1970s even broached the idea of excluding IMF officials from the Development Committee, which was ultimately jettisoned in favour of less far-reaching reforms (de Vries, 1985a: 303–304; 1985b: 972–975).

The issue of joint missions resurfaced in the lead-up to the creation of the IMF's Structural Adjustment Facility (SAF) in 1986. That joint missions again became topical despite limited internal enthusiasm for them on both sides had primarily to do with reforms that each organisation undertook in the firm – and subsequently heavily criticised – belief that structural adjustment guaranteed sustained economic development. On the one hand, the Fund had launched the Extended Fund Facility (EFF) in 1974 and, two years later, a 'Trust Fund' as concessional lending windows. These loans were disbursed over a somewhat longer time period, carried less onerous conditions and required (much) lower interest payments than was common under the IMF's traditional non-concessional loan facility, the Stand-By Arrangement (SBA). On the other, the Bank had been expanding its operations in a similar direction, though from a different point of departure. Identifying a need to increase the likelihood of success of its traditional long-term project loans through some form of macroeconomic financial support, the Bank began to assemble its own portfolio of medium-term programme loans. Within the Bank, this type of financing is commonly referred to as 'programme loans' or 'budget support'. Its early instruments of choice in programmatic lending were the Structural Adjustment Loans (SALs) and their sectoral equivalents, the Sector Adjustment Loans (SECALs) (Polak, 1994b: 8–12).

As a result of these parallel expansions of their individual lending operations, the previously neat division of labour along organisational lines between macroeconomic (Fund) and microeconomic (Bank) tasks had become dubious, if not obsolete. The Fund was no longer exclusively involved in short-term balance-of-payment financing, nor was the Bank solely interested in long-term development project financing (Polak, 1994b: 17). Both organisations, each from its vantage point, had arrived at a greater appreciation of the interactions between macroeconomic aggregates and real sector indicators, which created common ground and also more potential for disagreement about policies. As the former IMF historian Boughton (2012: 82) states: 'Over time, ... each inevitably began encroaching on the other's

traditional territory. Cooperation and collaboration became essential'⁵⁰ In light of the structural transformation of the world economy, which proved to be particularly challenging for poorer countries, former high-ranking IMF staffer Jacques J. Polak (1994b: 7) adds: '... both institutions interpreted the situation of their members as requiring them to tend the garden across the street as well as their own.'

The IMF's plan to establish the SAF was a prime example of tending both gardens. When the details of the SAF were fleshed out, U.S. IMF Executive Director (ED) Charles H. Dallara tabled the idea of dispatching joint missions to negotiate the terms under which a country would draw from the facility. U.S. Treasury officials made a strong case for this approach, but their determined efforts were only partially successful. The final agreement foresaw a reduced scope of collaboration, which was to consist of the joint staff formulation and additional consideration by the Bank's Board of a borrowing country's Policy Framework Paper (PFP). A tripartite document co-authored by the IMF, the World Bank and the country authorities, the PFP was a formal requirement for eligibility under the SAF and, subsequently, the Enhanced Structural Adjustment Facility (ESAF). A proposal to extend joint documentation procedures to programmes with SAF-ineligible countries fell through (Boughton, 2001: 647–651, 1001). In contrast to the IMF, the World Bank did not transfer the PFP principles to its concessional IDA lending (Polak, 1994b: 29). But even these limited advances laid the basis for two crisis-induced waves of formal institutionalisation of Fund-Bank collaboration, during which the principle of differentiation receded somewhat to the background.

A Push for Lagged Institutionalisation: The Latin American Debt Crisis

After more than four decades of rather loosely organised interactions, disagreements over how to best respond to the economic crisis of a single country provided an impetus for clarifying the formal institutional framework for collaboration. From the mid-1980s onwards, the Fund and the Bank were mired in controversies over lending to Côte d'Ivoire, Turkey and Argentina. In the latter case, the differences in

⁵⁰ Note again that Gulati, Wohlgezogen and Zhelyazkov (2012) classify 'cooperation' as one of two dimensions of collaboration (the other being 'coordination'; see ch. 1). Boughton's statement, by contrast, seems to equate them. Stein (1982) adopts yet another view, according to which coordination and collaboration embody different degrees of cooperation.

economic opinion and organisational strategy led to sustained conflict in 1988–89. When the indebted country continued to violate the Fund’s fiscal deficit objectives, Bank senior officials backed the authorities’ position, not least to ensure the viability of the domestic structural reforms financed by their own organisation. IMF officials were not amused by this move (Boughton, 2001: 522–524; Polak, 1994b: 30–37).

Over the following months, both organisations sought to repair the unfavourable impression that if countries were dissatisfied with the policy advice or programme details provided by one, they could simply turn to the other. The outcome of an intense to and fro between the two organisations was the Concordat on Fund-Bank collaboration. Divisions emerged in particular over two issues, each of which was attached to a seemingly harmless formulation. First, the initial draft prepared by IMF staff granted intellectual and operational primacy to the organisation with primary responsibility in a particular realm. The Bank, represented by its president Barber Conable, took exception with the following draft formulation:

In the event differences of view persisted even after a thorough common examination of them, the institution which does not have the primary responsibility would need to yield to the judgment of the other institution (quoted in Boughton, 2001: 1003).

Together with Camdessus, Conable worked out a compromise that reduced the strong sense of obligation to an expectation of good conduct. The final passage in paragraph 12 of the Concordat reads:

In the event differences of view persist at the staff level even after a thorough common examination of them, and should the differences not be resolved by the management, the institution which does not have the primary responsibility would, except in exceptional circumstances, yield to the judgment of the other institution (IMF, 2016e: 701, para. 12).

Second, the Bank sought a clearer delineation of responsibilities in the area of macroeconomic policy, which was motivated by its increased activities as a provider of programme loans (in addition to project loans). Another compromise was forged, inserting language about ‘the aggregate aspects of macroeconomic policies and their related instruments’ (IMF, 2016e: 700, para. 9) into the agreement. This settlement consolidated the core of Fund activities while not precluding the Bank from linking microeconomic questions to macroeconomic ones, where necessary (Boughton, 2001: 1004; Polak, 1994b: 41–42). Besides pragmatic and bureaucratic

considerations, these tensions and compromises also derive from ambiguous expectations for the organisations about their ideal level of distinctiveness and appropriate level of collaboration.

The Concordat was formally adopted in March 1989 and expanded on the principles enshrined in the 1966 agreement (Boughton, 2001: 1003–1005; Polak, 1994b: 38–43). The continuity is most apparent in the third paragraph of the Concordat, which refers to ‘existing guidelines’ and ‘principles which remain sound and provide a firm basis on which to build’ (IMF, 2016e: 698, para. 3). Thus, the new accord retains the language of ‘primary responsibility’ even beyond the passages in which the 1966 agreement is cited (IMF, 2016e: 700–701, paras. 9–12). The document also formally endorses the emergent practice of conducting joint missions in countries that drafted PFPs to draw ESAF funds (IMF, 2016e: 703, para. 18; Polak, 1994b: 26).

At the same time, the Concordat acknowledges the gradual operational convergence of the two organisations. Noting ‘the growing contiguity of the activities of the Bank and the Fund’, it emphasises the need for greater consistency in policy advice to country authorities (IMF, 2016e: 700, para. 8). By the late 1980s, however, collaborating officials were still overwhelmingly concerned with reducing tensions between the operations of each organisation, especially when it came to lending arrangements with members. As a consequence, the problem of ‘cross-conditionality’, which describes the interdependence between conditions in Fund and Bank programmes, received particular attention by observers (Feinberg, 1988: 552–556) and the organisations themselves (IMF, 2016e: 706, para. 24). Central to this understanding of collaboration was the now formally acknowledged ‘general principle that eligibility for adjustment lending [from the Bank] required a concurrent stabilization program supported by the Fund’ (Polak, 1994b: 14)⁵¹.

The Concordat nonetheless signalled the dawn of decades of predominantly ad hoc collaboration between the Fund and the Bank on lending and, occasionally, external indebtedness. The organisations formulated the agreement in recognition of the challenge that ‘... the overlap of activities of the two institutions has grown rapidly in the 1970s and 1980s ...’ (IMF, 2016e: 699, para. 5). As we have seen, these overlaps emerged from parallel adaptations to the point that both organisations

⁵¹ This rule is explicitly laid down in the Concordat (see IMF, 2016e: 703–704, para. 19). I quote the relevant passage at the beginning of the next chapter.

offered their members increasingly similar types of medium-term loans. Crucially, their collaboration after the end of the Cold War diffused into other operational areas and evolved to take on a more systematic character in those areas as well. The roots of this development predated the eruption of public disagreement over how to handle Argentina's lack of compliance and the subsequent formulation of the Concordat to make a repeat of such conflict less likely.

Beyond the Concordat, more formalised collaboration took shape in response to the Latin American debt crisis of the 1980s, which left several countries in the region smothered with massive burdens of sovereign debt. Both organisations had been integrally involved, albeit with shifting contributions, in the Baker and Brady Plans for solving the debt crisis (Polak, 1994b: 12–13). In the context of the Baker Plan, the term 'heavily indebted' came to signify a group of countries with debt levels similar to those originally affected in Latin America.⁵² As the problem of external indebtedness did not remain confined to one region, the Fund and the Bank converged on an understanding that the traditional model of sporadic collaboration would hardly suffice to tackle this type of problem. In search of a protocol for regularised interactions on debt issues, the Fund and the Bank launched the joint HIPC Initiative in 1996.

The HIPC Initiative introduced two important novelties to Fund-Bank collaboration. First, the first formal programme jointly administered by the Fund and the Bank, the HIPC Initiative went beyond their traditional ad hoc approach to collaboration on sovereign debt issues. Unlike previous sets of minimally codified rules that facilitated interactions as needed, such as most notably through the Paris Club for multilateral debt renegotiations, the new framework required the organisations to collaborate on a clearly defined policy issue. The HIPC Initiative formalised Fund-Bank collaboration in this area, giving it a more regular character. Informal rules still governed collaboration on debt relief and related questions alongside formal ones, but the introduction of a protocol points to a notable shift in the underlying understanding of collaboration. Interestingly, the organisations identified the need for joint action on the rising public debt levels of certain countries already in the Concordat, though in marginal statements (IMF, 2016e: 705, para. 22).

⁵² Sources from the IMF Archives indicate that this term emerged within both organisations in the late 1980s, long before it came to figure in the title of the HIPC Initiative. See IMF Archives, Box 2, File 2, Western Hemisphere Department Fonds, WHD Division Sous-fonds, WHD Division Subject Files.

In retrospect, the proposal of ‘a task force to promote cooperation, analysis, and the exchange of information’ (IMF, 2016e: 705, para. 22) appears diffident compared to the scope of collaboration that would be mandated under the HIPC Initiative.

Second, not only did the launch of the HIPC Initiative introduce a new mode of collaboration, it also broadened its thematic scope. Not only did it mark yet another turn in the World Bank’s long history of intellectual and operational grappling with global poverty (see Konkel, 2014; Vetterlein, 2012b), but it also signalled the official arrival of the IMF on the scene. Collaboration on debt relief for poor countries through the new HIPC Initiative built on earlier operations of each organisation. The World Bank had institutionalised poverty-related multilateral development work already in 1960 by creating IDA as a concessional window for lending to complement the traditional non-concessional loans on offer from the IBRD. As discussed, the Fund opened a concessional lending facility in the latter half of the 1980s, through which it recognised the macroeconomic implications of poverty (Blackmon, 2008: 187). A decade later, there was no longer any denying that Fund staff, too, took an interest in the poverty-debt nexus, though their conceptual apparatus still differed from that of their Bank counterparts (Blackmon, 2008).

Collaboration proceeded at a variable pace in areas other than debt relief. In 1990, IMF created the Rights Accumulation Programme, under which members – through additional funding from bilateral donors – could gradually pay off their outstanding debts to the Fund and, even before they were fully cleared, again become eligible for borrowing (which until then countries in arrears had not been). The establishment of this new facility raised the issue of consistency in the handling of arrears to the Fund and those to the Bank. The rationale behind a 1991 Fund-Bank agreement on this question was thus to ensure that members would service their outstanding debts with both organisations in due course and even-handedly (Boughton, 2012: 85). Another initiative for more institutionalised collaboration developed in the context of joint work in countries that had been part of the former Soviet Union. An April 1992 memorandum formulated the idea of ‘comprehensive tripartite documents’, modelled on the PFP process for SFA borrowers. However, the organisations ultimately carried out at times extensive operational collaboration to promote post-communist transition in these countries through tried and tested less formal means (Boughton, 2012: 83–84; Polak, 1994b: 44; Shihata, 2000: 787–788).

A Push for Immediate Institutionalisation: The 1997–98 Asian Financial Crisis

If the Latin American debt crisis served to initiate the formulation of explicit institutional rules of collaboration, the Asian financial crisis of the late 1990s contributed to their progressive expansion and deepening. Over the next decade, joint programmes became institutionalised as the predominant model of collaboration across two major areas. Fund-Bank collaboration relied heavily on their use, as is evident from the expansion into collaborative financial sector surveillance and the deepening of coordinated multilateral debt relief. The result was the co-existence of various forms of collaboration in the late 1990s, from ad hoc crisis lending to regularised debt relief through the (Enhanced) HIPC Initiative to the joint delivery of financial sector surveillance through the FSAP. In contrast to the lagged impact of the Latin American debt crisis, which dragged on for years before ushering in systematic collaborative engagement on sovereign debt issues, the Asian financial crisis spawned formal institutionalisation more quickly.

Given the scale of the crisis, financial regulation emerged as a key concern among policymakers, and both organisations proved open to entering another area of collaborative work. After a pilot phase, which started in 1999 and featured a group of twelve countries over the course of a year, the FSAP was officially launched in 2000 as a collaborative undertaking (IMF Archives, 2000). At the time, FSAPs were voluntary for the entire Fund and Bank membership. All but high-income countries (HICs), in which the Bank never engaged operationally as a matter of principle and for which the Fund thus had the sole responsibility, would undergo a joint assessment if they requested one.⁵³ As a result, the introduction of the FSAP required the running of joint missions in member countries – something that both organisations had effectively resisted when they formulated the 1970 agreement, and only grudgingly accepted when they devised the rules of engagement for the PFPs under the Fund’s ESAF in the mid-1980s.

The FSAP framework was the key innovation in Fund-Bank collaboration, as well as in financial surveillance more generally, that sprang from the experience of the Asian crisis. This observation is true in at least two senses. First, the new programme occasioned the creation of a dedicated cross-organisational senior staff body. In September 1998, the Boards decided to establish the Financial Sector

⁵³ In this understanding, the Bank has no role to play in HICs because their financial markets were already ‘developed’.

Liaison Committee (FSLC), which was tasked to help schedule, organise and implement FSAP-related work, including FSAP field missions and both organisations' individual financial sector TA. The FSLC was composed of a total of six staff members (with alternates), three from each organisation, representing the relevant departments and units (IMF and World Bank, 1999: n. 1). Even though the Committee cannot exercise any formal decision-making powers, its creation for coordinating both organisations' financial sector work marked a clear upward trend in institutionalisation of collaboration. Officials familiar with FSAP work commonly mentioned the FSLC at some point in the interview, pointing to its important coordinative function. It was not only the first such permanent staff-level body specially built for Fund-Bank collaboration but has, to this day, remained unprecedented in both function and design.

Second, the conduct of FSAPs raised the global regulatory profile of both organisations, especially the Fund's. In this sense, the FSAP was a more successful initiative than the IMF's involvement in the setting of global financial standards, which received a lukewarm reception by private market actors (Mosley, 2003). A vital part of the analytical work done by FSAP mission teams is to assess a country's compliance with now twelve international standards, such as on banking supervision, anti-money laundering or fiscal transparency; and to communicate findings in the Reports on the Observance of Standards and Codes (ROSCs). Assuming this particular task gave rise to increased interactions with other regulatory bodies. In many cases, the coverage of the ROSCs is delegated to specialist officials on secondment from national regulators, who support the mission team's undertaking for a set period of time.⁵⁴ The membership of both organisations in the Financial Stability Board (FSB), the successor to the FSF,⁵⁵ is an expression of their closer engagement in global financial regulation.

While the launch of the FSAP stands out from their post-Asian crisis reforms of collaboration, the Fund and the Bank also further institutionalised their interactions on sovereign debt. They did so in three major steps, all of which either deepened or expanded the existing institutional framework for collaboration in this

⁵⁴ As confirmed by a number of interviews with both IMF and World Bank officials involved in FSAP work.

⁵⁵ The body was known as FSF from 1999 to 2009. The change in name was an outgrowth of the recent global financial crisis, during which the institution moved more into the spotlight (Helleiner, 2010b).

area. First, they converted the HIPC Initiative into the Enhanced HIPC Initiative in 1999. While the initial design of the HIPC already contained a focus on sovereign indebtedness among poor countries, poverty reduction efforts now became integral to any undertaking in multilateral debt relief. The Fund and the Bank institutionally linked the availability of HIPC debt relief to members' poverty reduction policies: solely countries that demonstrated their commitment under the PRS Initiative with a PRSP endorsed by both organisations were eligible for (continued) debt relief. In conjunction with the PRS process, Fund and Bank staff produced Joint Staff Assessments (JSAs)⁵⁶. Second, in an extension of debt relief coordinated under the Enhanced HIPC Initiative, the IMF and the World Bank together with the African Development Bank launched the Multilateral Debt Relief Initiative (MDRI) in 2005. Countries in compliance with their HIPC obligations were then entitled to wholesale cancellation of their debts with these three multilateral organisations. Third, in the same year, the Fund and the Bank adopted the Debt Sustainability Framework (DSF), which introduced a new type of collaborative document, the country-specific Debt Sustainability Analysis (DSA). This joint analytical work assessed (developing) members' composition of public debt with a view to the foreseeable extent of 'debt distress'.

In sum, by the mid-2000s, the Fund and the Bank had adopted institutional frameworks for collaboration on a number of issues. For observers already concerned about 'mission creep' after the Asian financial crisis (Einhorn, 2001; Feldstein, 1998), the unfolding trend in Fund-Bank collaboration pointed to even more organisational overstretch. It is, again, important to underline that this gradual and non-linear formalisation of Fund-Bank collaboration over the course of about six decades followed neither compelling institutional 'necessities' nor metaphysical 'laws of nature'. The interplay of internal and external developments spurred the two organisations towards greater institutionalisation of their existing collaborative endeavours or the design of new ones. In the process, many a crisis rendered the institutionalisation of collaboration more promising to undertake or less credible to avoid than before. The cumulative effect was, as I have outlined, a multiplicity of collaborative arrangements between the Fund and the Bank, ranging from less to more formally institutionalised ones. Yet if formalised collaboration has ever been

⁵⁶ Their name was later changed to Joint Staff Advisory Notes.

fashionable among Fund and Bank officials, it was during the decade following the Asian financial crisis. These peak years of formally institutionalised interactions drew to a close with the 2007–08 global financial crisis, since which both organisations have again done more to differentiate themselves from each other.

The Return of Differentiation?

One would go amiss to presume that the lack of further extension of institutionalised collaboration must mean that the relationship between the two organisations had turned sour. The mutual mistrust and open disdain that clouded interactions between them in the wake of the Asian financial crisis has remained unparalleled. At the time, a high-profile public blame game ensued from competing views about crisis diagnosis and treatment, with each side claiming to be right and accusing the other of being wrong. The first blow was dealt by Joseph Stiglitz (2000), who as Bank chief economist publicly dissected the IMF's policy failures. With U.S. pressure mounting on Bank president James Wolfensohn, Stiglitz eventually quit the post grudgingly (Wade, 2002: 221–223). This scathing criticism triggered an equally trenchant response from then IMF chief economist Kenneth Rogoff (2002, 2003). Strangely enough, in hindsight, the fraught post-Asian crisis period turned out to be the heyday of formally institutionalised Fund-Bank collaboration. Collaboration in the aftermath of most recent crisis, by comparison, has displayed less a lower level of intensity in both public rivalry and formal institutionalisation.

Just before the crisis unfolded, Fund-Bank collaboration looked set to continue on the same trajectory as during the previous decade. Both organisations were openly committed to a model of collaboration that emphasised the delivery of jointly conducted analyses, jointly written reports and jointly negotiated services. This mood still prevailed when the commissioned *Report of the External Review Committee on Bank-Fund Collaboration* – better known as the ‘Malan report’ after the chairperson and former Brazilian finance minister Pedro Malan – was released in February 2007. While lamenting first and foremost the lacking ‘culture of collaboration’, the Malan report recommends closer, not looser, collaboration:

... some of the best examples of cooperation occur when both institutions have essentially been mandated, often by their shareholders, to pursue joint products, such as Poverty Reduction Strategy Papers, FSAPs, Anti-Money Laundering

and Combating the Financing of Terrorism initiatives, and Reports on Standards and Codes. In the absence of specific joint products, and where cooperation is left to the initiative and judgment of staff, problems can occur (IMF and World Bank, 2007b: 25).⁵⁷

Reading this statement and the main messages of the report against recent developments unearths some of the tensions between the demands for differentiation and collaboration faced by contemporary IOs. It is noteworthy in this context that the External Review Committee based its assessment on broad input from the following three main groups of stakeholders: (1) IMF and World Bank governors (comments sought via an official letter circulated to all Governors); (2) IMF and World Bank staff and management (comments obtained in personal meetings); and (3) civil society actors (comments sought via the websites) (see IMF and World Bank, 2007b: 53–58). Although the Committee interpreted the evidence at hand, the report reflects to a large extent the experiences and sentiments of those practicing and overseeing collaboration in the organisations. Where the reports talks about the virtues of what it calls ‘joint products’, staff at the very least did not portray them as obstacles to meaningful collaboration on the ground. Nor does the extensive list in the subsequent subsection, which specifies the need for improvement from the perspectives of member country representatives and staff, suggest anywhere that collaboration understood as ‘jointness’ may be ineffective or inefficient (IMF and World Bank, 2007b: 26–28). While acknowledging that some overlaps should be reduced, the report maintains that a more fundamental problem with Fund-Bank collaboration is its frequently discretionary format.⁵⁸

The Fund and the Bank sought to act on the recommendations of the Malan report with the adoption of a Joint Management Action Plan (JMAP), which set out intra- and inter-organisational changes to further the cause of collaboration. In September 2007, about half a year after the release of the Malan report, the JMAP was presented and followed up by a progress assessment in March 2010. In an interesting twist, the important notion of ‘joint products’ still figures in the initial JMAP but is dropped altogether in the final one. The 2007 JMAP clings to the belief that collaboration is more likely to occur when subject to frameworks that require the

⁵⁷ The External Review Committee uses ‘cooperation’ and ‘collaboration’ interchangeably. The report does not offer a terminological clarification on this point.

⁵⁸ Many of the interviewed officials agreed that collaboration that relied exclusively on personal initiative and networks was prone to be volatile. At the same time, without the right people in place, even the best framework would remain a lifeless set of rules.

co-production of particular outputs. It cites the FSAP as a case in point and TA as a counter-example: ‘... unlike the FSAP, TA is not a joint product, which means there is less obligation to coordinate’ (IMF and World Bank, 2007a: 43). Two-and-a-half years and a global financial crisis later, the two organisations had moved away from the emphasis in the Malan report on the benefits of organising collaboration around co-production. While this shift did not mean that ‘joint products’ had been or would be abandoned across the board, the change from the 2007 to the 2010 JMAP nevertheless indicated a broader reconfiguration of the institutional landscape of Fund-Bank collaboration.

Developments in two of the cases, which I foreshadow here and discuss at length in chapters 5–6, illustrate this trend. An instrument of joint surveillance for a decade, the FSAP was modularised in 2009 – that is, the responsibilities for ‘stability’ (IMF) and ‘development’ (World Bank) were formally separated. Members can now select one or both modules, with their availability of the organisations, especially the IMF, to undertake assessment promptly more in question. Another reform by the IMF alone a year later, which prescribes mandatory assessments for all ‘systemically important’ countries every five years, makes such a commitment at least more difficult. Thus, the FSAP has remained a ‘joint product’ only in a wider sense of the term: collaboration around it has become more selective (see ch. 5). Another joint Fund-Bank product is currently being phased out. The PRSP only continues to be required for the remainder of countries under the HIPC Initiative, which will expire once these countries have reached ‘completion point’. But members no longer need to produce a PRSP, jointly assessed by Fund and Bank staff in Joint Staff Advisory Notes (JSANs), for access to concessional lending. The Fund now has installed its own new PRSP-like mechanism while the Bank no longer uses this type of documentation requirement (see ch. 6).

Conclusion

A superficial interpretation of the history of Fund-Bank collaboration might suggest that the organisations have moved together ever closer since they signed the Concordat and launched all those new joint policy initiatives launched from the mid-1990s. The organisations indeed seem to have done what ‘most likely collaborators’ can be reasonably expected to do: codify rules of interaction and find new areas of

engagement. Yet such an assessment would at best be partly accurate. The IMF and the World Bank have been torn between the differentiation and collaboration imperatives, which constitute the Bretton Woods script. For example, the Concordat, through its reaffirmation of the principle of ‘primary responsibilities’, was an instrument of differentiation in collaboration. For IOs expected by their members to be distinct from and, at the same time, to collaborate with each other, the value of a formal agreement that institutionalises both imperatives cannot be overestimated, as the next chapter shows. In practice, much collaboration, though more formalised than ever before, remained cautious and half-hearted. The deep-seated reluctance in both organisations to discharge joint missions illustrates that differentiation concerns existed early on. To the present day, these concerns have not been overcome. In fact, the recent introduction of FSAP ‘modules’ has again (partly) weakened the practice of dispatching joint mission teams (see ch. 5).

Crises have often been moments at which differentiation concerns receded for a while as efforts to pool resources and resolve urgent problems became the order of the day. But unlike previous crises, the global financial crisis shifted the balance between differentiation and collaboration in the Bretton Woods script toward the former. One plausible reason for this pattern is that when the Fund and the Bank instituted new joint instruments, notably the HIPC Initiative and the FSAP, strong differentiation did not yet seem expedient. Even under the new joint programmes, responsibilities were clear: the Fund did macroeconomics and the Bank development economics that combined microeconomic with macroeconomic insights. The following three chapters make sense of the post-crisis institutional trajectories in Fund-Bank collaboration. The empirical analysis begins with collaboration on crisis lending, the area in which the institutions for collaboration were the most stable and did not experience a reform.

4 Niche Maintenance: Collaboration on Crisis Lending

... [Bank] adjustment lending operations are not normally undertaken unless an appropriate Fund arrangement is in place. In the absence of a Fund arrangement, the Bank staff should ascertain whether the Fund has any major outstanding concerns about the adequacy of macroeconomic policies prior to formulating its own assessment in connection with the approval of the draft loan documents.

—1989 IMF-World Bank Concordat, para. 19 (IMF, 2016e: 703–704)⁵⁹

The global governance equivalent to the old sports wisdom ‘never change a winning team’ is ‘never leave a successfully occupied niche’. Niche maintenance is an attractive positioning choice for an IO in areas of sufficient differentiation from and limited competition with other actors. Such a constellation has prevailed in crisis lending since 1989, when the two organisations struck a high-level working agreement widely known as the ‘Concordat’ (see ch. 3) as the formal institutional basis for policy coordination. The collaborative ‘rules of the game’ for providing emergency financing to countries experiencing BoP problems are rather clear, codified as they are in paragraph 19 of the Concordat. The paragraph stipulates that World Bank staff heed the latest IMF programme review or otherwise ‘ascertain whether the Fund has any major outstanding concerns about the adequacy of macroeconomic policies’. In no other area of Fund-Bank collaboration are the roles as sharply defined and as faithfully performed by the organisations despite their formal independence. Tellingly, there was little doubt among even Bank officials about who was in charge. Their activities around programmatic lending operations are customarily predicated upon ‘an effort to respect their [= IMF staff’s] leadership in that area’.⁶⁰ One quite simply called the IMF ‘a natural leader’.⁶¹

Fund-Bank collaboration on crisis lending has been marked by institutional stability. The rules of interaction, which had not undergone any major formal or

⁵⁹ The Bank no longer speaks of ‘adjustment lending’. Since 2005, all budget support has been disbursed through a singular loan category, the Development Policy Loan (DPL). The paragraph from which this passage is quoted still governs all forms of Bank programmatic lending (see also ch. 6).

⁶⁰ Author’s telephone interview with World Bank manager, 13 August 2015.

⁶¹ Author’s Skype video interview with World Bank staff member, 29–30 July 2015.

informal changes since the Concordat had been adopted, also prove durable after the global financial crisis. Many of the interviewed officials cited the Concordat as a landmark agreement that, almost three decades later, still served as the collaboration manual. Crucially, positive ascriptions were made not only by IMF but also by World Bank staff, albeit from different organisational perspectives on the utility of this specific procedure. At the heart of the collaborative arrangement sits the IMF's assessment of the macroeconomic framework of the country applying for access to World Bank programmatic resources.⁶² While this arrangement honours the Concordat's official declaration of the Fund's macroeconomic superiority, the Bank embraces it too as a reassurance that a proposed loan is likely to be repaid by the borrower. One Bank official accordingly characterised the Fund as being 'always in the background'.⁶³ Both sides used symbolic reassurances that helped to normalise the existing format of collaboration in this area. In contrast with the two other cases, a reform of the framework for collaboration was not undertaken.

Neither organisation sought to reposition itself in this area because both sides, as well as relevant stakeholders, viewed the established rules as facilitating sharp enough differentiation and effective collaboration. The two halves of the Bretton Woods script aligned fairly well in this policy area, where each organisation occupied a unique niche. Not only was it clear to officials and country authorities which organisation was responsible for doing what, but the activities of one complemented those of the other. The Fund depends on the Bank's financial contribution to set up loan packages that can withstand erratic responses from financial markets while the Bank depends on the Fund's widely accepted seal of approval to safeguard its lending. This 'negative case' yields critical insights into the factors that foster stability in inter-organisational relations, which if missing spur institutional change. In the words of Kathleen Thelen (1999: 399): '... understanding moments in which fundamental political change is possible requires an analysis of the particular mechanisms through which the previous patterns were sustained and reproduced.' The case material presented in this chapter invites us to think about the

⁶² It is important to bear in mind that what the Fund assesses is the viability of the applicant country's macroeconomic framework, not the viability of the Bank's planned loan arrangement with that country. An IMF staff member insisted on this distinction during an interview, clarifying that the Fund could not at all interfere with Bank decision-making (author's personal interview with IMF staff member, 8 March 2017). Though technically correct, this clarification also exemplifies the logic of differentiation and understates the actual political relevance of these official IMF assessments for World Bank lending operations.

⁶³ Author's personal interview with World Bank staff member, 2 July 2015.

interplay of institutional stability and change in settings of collaborative global governance, where niche construction is a common strategy.

This case illuminates a hotly contested aspect of multilateral lending from a different angle. Generations of critics have denounced as counterproductive the Fund's and Bank's practice of attaching strings to their loans. Across various crisis episodes, the organisations have earned a bad reputation for using conditionality to administer cuts to public expenditure and the privatisation of erstwhile national enterprises (Gabor, 2010; Hanieh, 2015; Stein, 2010). Not surprisingly, inasmuch as scholars have been interested in Fund-Bank collaboration, they have focused their attention on instances of coordinated crisis lending (Fabricius, 2007; Marchesi and Sirtori, 2011). Since the global financial crisis, scholars have taken renewed interest in the organisation, asking in particular how much the IMF had deviated from the Washington Consensus orthodoxy characteristic of its policy prescriptions during the 1990s. Some observers have argued that IMF lending exhibits new features, such as more variegated lending facilities, or more policy flexibility (Ban, 2015; Broome, 2010a; Grabel, 2011; Lütz and Kranke, 2014; Sigurgeirsdóttir and Wade, 2015). Others have found that the rhetoric about lending practices has changed more than their substance (Gabor, 2010; Güven, 2012; Van Waeyenberge *et al.*, 2013; Vernengo and Ford, 2014; Weisbrot *et al.*, 2009). Despite these different positions, most agree that the IMF is back in business. The following analysis shows that its renaissance was founded on symbolically reinforced institutional underpinnings of collaboration with the Bank.

This chapter discusses the context and dynamics of niche maintenance in the first area of Fund-Bank collaboration, crisis lending. Progressively zooming out to the bigger picture, I show how the Bretton Woods institutions have worked together to address the common policy challenge of providing external funding to countries with temporary payment imbalances. First, I show that the organisations have complementary objectives in this area and describe how their collaboration works in practice. Next, I present evidence for the IMF's growing irrelevance during the early and mid-2000s to argue that the global financial crisis was a permissive condition for halting this inconvenient trend. Finally, I detail the symbolic politics underlying the niche maintenance game, which revolved around upholding the basic institutional configuration of Fund-Bank collaboration in calm and tumultuous times alike. Symbols were used by both organisations to support the impression of a good

working arrangement. This negative case holds an important lesson for the study of Fund-Bank collaboration in global governance. It is precisely the absence of change that helps to establish the scope conditions for reform of the rules of collaboration: under conditions of sharp differentiation and limited competition in the field, the organisations are unlikely to attempt to reform these rules for the purpose of improved signalling. A ‘business-as-usual’ approach will do as long as nothing or no one else in the environment reconfigures the policy niche.

Complementary Objectives in Collaboration on Crisis Lending

Crisis lending to rectify BoP imbalances constitutes the IMF’s bread-and-butter activity besides macroeconomic surveillance, which is more regular and, hence, much more inconspicuous. Its mandate for such action is formally established in its Articles of Agreement, which establishes ‘making the general resources of the Fund temporarily available to them [= the members] under adequate safeguards’ as a primary objective (IMF, 2016a: Art. I(v) and, similarly, Art. V, 3(a)). The term ‘adequate safeguards’ has long been construed as denoting the imposition of conditions that had to be met lest financing be withheld (Barnett and Finnemore, 2004: 57). Most IMF lending arrangements are complemented by additional financing from various public and private sources. The Fund’s financing capacity alone would in many cases not suffice to satisfy the required scale of external funding. The institutionalised involvement of ‘supplementary financiers’ ensures that the overall package reaches a size judged appropriate to stem a large-scale crisis in a timely manner (Gould, 2006). One of the Fund’s paramount tasks is to act as a ‘reputational intermediary’ by signalling a borrowing country’s commitment to policy change and brokering lasting agreements with these supplementary financiers (Broome, 2008).

Reputational intermediation in crisis lending requires careful policy coordination also across 19th Street because the Bank often contributes to large-scale loan packages coordinated by the Fund. Its involvement in this realm can be justified on the grounds of provisions formulated in the Articles of Agreement of the IBRD (2012: Arts. I and III) and IDA (2012: Arts. I and V), respectively. In fact, the mandates of both World Bank organisation encompass assistance to members in overcoming the adverse effects of economic shocks, expressly framing such

operations in terms of balance of payment problems. The IBRD (2012: Art. I(iii)) charter lists ‘the maintenance of equilibrium in balances of payments’ as an official goal. A concern for BoP problems also shapes the lending operations of IDA (2012: Art. I), which is tasked with ‘providing finance ... on terms which are more flexible and bear less heavily on the balance of payments than those of conventional loans’. These formulations are notable for their overlap with the Fund’s responsibility in helping members ‘to correct maladjustments in their balance of payments’ (IMF, 2016a: Art. I(v)). The Bank interprets them in a way that has allowed it to supply loans with similar characteristics to traditional IMF loans for fixing short-term current account disequilibria.

The World Bank complements the IMF’s BoP assistance in two ways. First, the Bank supplies additional financing, which is already essential if a mid-sized or a large economy struggles to meet its international payment obligations, and even more so if an entire region tumbles because of contagion effects. The Bank is the most important among the multilateral supplementary financiers. For example, as Erica Gould (2006: 178) reports, the Bank constantly accounted for more than half of all external multilateral contributions to IMF-coordinated programmes during the period from 1970 to 1995. To estimate the (positive) effects of a programme, Fund staff often incorporate expected Bank lending as a critical variable. A Bank staff member vividly remembered an IMF mission chief who was playing a risky game around a loan from the Bank that needed to be forthcoming ‘because he had staked his credibility on this thing going through’:

The guy was stomping his fist on the table, saying: “No, you have to go through with this because my macro framework would otherwise be out a whack”. And our Vice President turned to him and said: “Look, your macro framework is your problem. ... I have gotta make the best decision possible for this money [the Bank’s proposed loan], not because it is going to upset your macro framework.”⁶⁴

Second, the Bank provides specialised expertise on the real economy. The Fund, for its part, houses a great number of macroeconomists who are trained and operationally experienced in the appraisal of aggregate variables, such as capital flows, economic output or exchange rates. But how different sectors of the economy operate and

⁶⁴ Author’s personal interview with World Bank staff member, 8 March 2017.

interact does not figure prominently in IMF analyses.⁶⁵ Put drastically, the fiscal ‘bottom line’ matters, however much recent crisis experiences may have led Fund staff to take a more nuanced position of what constitutes ‘sound’ economic policy (Grabel, 2011).⁶⁶ Few, if any, IMF staff would deny the superiority of knowledge that World Bank development economists have about sectoral and micro-level aspects of an economy. For example, while the organisations collaborate intensely on social protection issues, expertise on how to incorporate these components in country programmes flows overwhelmingly from Bank to Fund staff (IEO, 2017: 28–29).

Collaboration between the two organisations in the area of crisis lending has expanded markedly over time. As noted in the previous chapter, both sides were responsible for the overlaps that ensued from a new focus on medium-term lending operations in the 1970s and 1980s (see again Polak, 1994b: 8–12). As for the Bank, it could become seriously involved in crisis lending, alongside the Fund, only when it began to extend loans also through country programmes as a matter of routine. After it had disbursed close to three-fourths of its funds through programmes during the first full five years of its existence, this share plummeted to under 10 per cent for the years 1951–57; thereafter the Bank officially evolved into a pure project lender for an extended period (Chwieroth, 2008b: 499–500). However, the case of a 1966 Bank financing to India suggests that loans designed to address payment imbalances could be ‘dressed up as project lending’ (James, 1996: 143). The introduction of structural adjustment lending in 1980 marked another turning point, orienting far more attention to economic issues that reached beyond the confines of individual projects and sectors of an economy (Sharma, 2013). This venturing into structural adjustment, in turn, paved the way for budget support operations, as well as for the mainstreaming of operations around poverty reduction objectives (Vetterlein, 2007b: 523; 2012b: 41).⁶⁷

It would simply be difficult to channel project lending – be they supplied for the construction of physical infrastructure (such as power plants or roads) or the

⁶⁵ This theme ran through a large number of interviews. Few, if any, IMF economists would contest that their knowledge is primarily ‘macro’; they may indeed view this concentration as a strength, rather than weakness, for boiling down bewilderingly complex economic situations to accessible policy recommendations.

⁶⁶ Some Bank officials confirmed that the Fund had begun to take a somewhat less rigid stance on fiscal deficits (author’s personal interviews with World Bank staff member, 22 May 2015 and 8 March 2017; World Bank manager, 2 July 2015).

⁶⁷ Fund-Bank collaboration on poverty reduction (and debt relief) is covered in chapter 6 of this study.

expansion of agricultural production – such that it could cushion the impact of a macroeconomic shock. While project loans may help to mitigate a crisis in certain parts of the economy, they are not suitable to fight it on a comprehensive scale. By contrast, programmatic lending in the form of budget support can offer a country that struggles to attain a viable fiscal balance some ‘breathing space’ in a similar way as does most IMF lending. However, project lending potentially affords the Bank with greater opportunities to enforce compliance with certain governance standards, even though it has been shown to not consistently do so (Winters, 2010). In sum, Bank programmatic lending, but not project lending, is similar in format and complementary in purpose to the sort of lending typically associated with the Fund, though some rather technical specificities persist. One commonly noted difference is that whereas the Bank programme loans are allocated to the respective member’s government budget, the Fund’s BoP assistance is channelled through the member’s central bank. However, monetary unions, in which a supranational central bank is entrusted with oversight of the money supply, are a notable exception. Generally, money is fungible, which renders the contrast even less stark in the political arena: IMF BoP assistance, even if formally given to the central bank, can end up being *de facto* budget support (Chelsky, 2010: 13–14).

Various organisational units within both the Fund and the Bank partake in the preparation and implementation of crisis lending activities. If a country requests emergency lending from both organisations, each negotiates and concludes a separate loan arrangement with that country. Depending on where the applicant country is located, the responsible area department in the Fund and the regional unit in the Bank do much of the preparatory, mission and follow-up work. Experts from other departments and units get involved as necessary to cover what are seen as the most salient or contentious aspects in any given case. Special importance is assigned to a sort of internal quality control that shall ensure the consistent treatment of members. In the IMF, the SPR Department assumes this demanding but equally powerful role; in the World Bank, the OPCS Vice Presidency has a similar function.

Crisis lending activities attract a formidable level of public attention. Even the most casual observer of the organisations can feel an urge to comment on the merits, or otherwise, of a loan programme. The verdict depends to a large extent on whether the country in question is judged positively (as something like a ‘posterchild’ reformer) or negatively (as something like a ‘spendthrift’). Consider the heated

debates in recent times over the economic and social fate of Greece, which has received multiple rounds of financing from a diversity of sources, both multilateral and bilateral. Similar discussions ensued about the programmes for countries engulfed by the economic downturn in East Asia in the late 1990s. At the time, the organisations themselves caused the public to pay particularly close attention when Bank chief economist Stiglitz accused the IMF of exacerbating the socioeconomic situation in the region (see ch. 3). Leading efforts in multilateral crisis management, the Fund serves as the scapegoat of choice; its exposure to criticism in this area is clearly higher than the Bank's.⁶⁸ Academic attention has kept pace with public attention. There is a vast literature that examines conditionality as the pivotal programme design element, exploring the influence of the largest shareholders in general and the U.S. in particular (on the Fund, for example Andersen *et al.*, 2006b; Breen, 2014; Copelovitch, 2010; Momani, 2004; Oatley and Yackee, 2004; Stone, 2008; Thacker, 1999; on the Bank, Andersen *et al.*, 2006a; Kilby, 2009); of common professional experiences and ideological leanings (Chwieroth, 2013; Nelson, 2014); and of wider concerns for global economic stability (Pop-Eleches, 2009). Of the three areas of collaboration under investigation, crisis lending is by far the most visible and the most controversial from the standpoint of public opinion.

The Implications of the Global Financial Crisis for IMF Crisis Lending

Crises are curious creatures. An organisation's fortunes in the wake of a crisis depend on how key events are interpreted by key audiences. The diverging trajectories of the IMF after the Asian financial crisis of the late 1990s and after the global financial crisis of the late 2000s illustrate this point. While the Fund went through years of agony in the early and mid-2000s, faced with the daunting prospect of its own irrelevance (Best, 2007a; Seabrooke, 2007), the global financial crisis allowed it to stage a remarkable comeback. In actual fact, it was more than a mere comeback, for the IMF, with a strategically minded Managing Director at its helm, rose to unprecedented global policy relevance. Even after an unglamorous forced departure, Dominique Strauss-Kahn continues to be seen within the organisation as

⁶⁸ That is not to say that the Bank does not know the meaning of the term 'critic'. Quite the opposite, it has been attacked over issues ranging from environmental degradation to social disruption. But as far as crisis lending is concerned, the Fund receives most of the public beating.

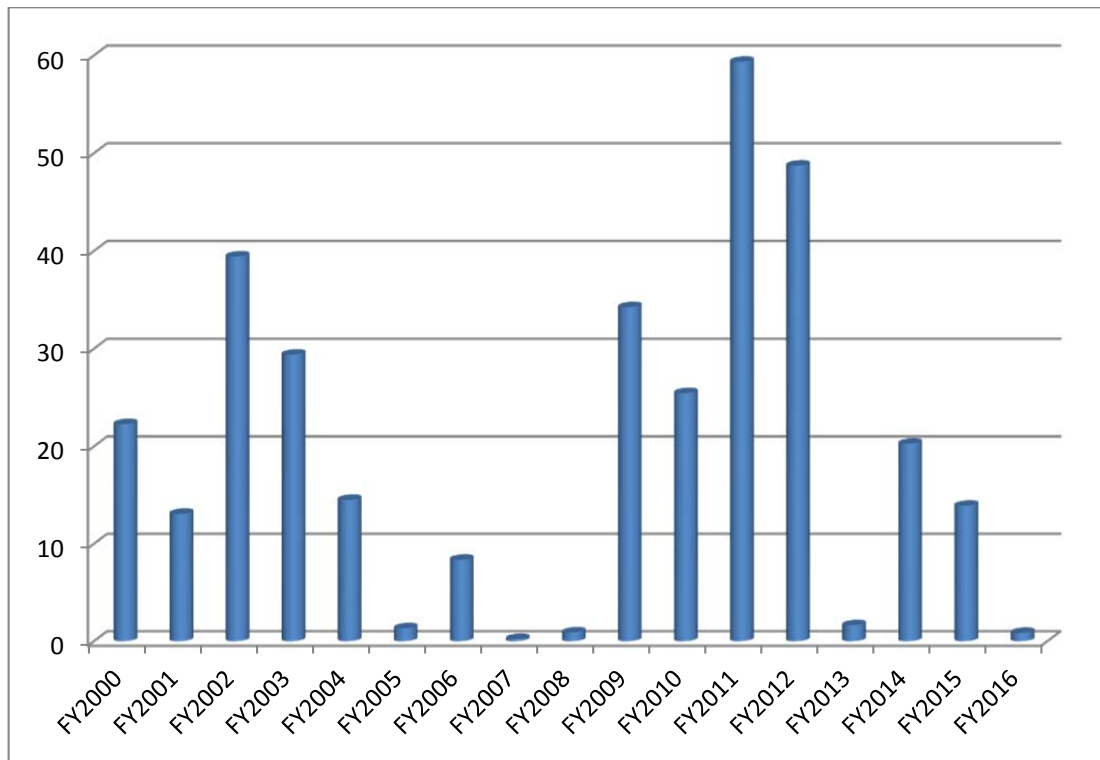
having masterminded the Fund's prominent position in the post-crisis architecture of global governance, specifically in the G20.⁶⁹ With the benefit of hindsight, it is little wonder that Strauss-Kahn is credited with forging lasting institutional links with what has been labelled the world's 'premier forum for global economic governance' (Cooper, 2010: 741). As will become clearer throughout the chapter, a decision adopted by this high-level body was essential to the Fund's positioning moves in the area of crisis lending.

Bolstered by a hospitable world economy, numerous countries weaned themselves from IMF support over the course of the 2000s. As they repaid old loans and did not request new ones, the IMF suffered a serious dip in demand for its resources. Figure 4.1 demonstrates that the Fund was palpably struggling in its core business of providing non-concessional loans through its two standard facilities, the Stand-By Arrangement (SBA) and the Extended Fund Facility (EFF).⁷⁰ For example, it authorised a larger volume of SBAs and EFFs in FY2004 alone than in FY2005–08 combined. FY2004, however, was at most a moderately successful period in terms of approvals of these two loan categories. In contrast with the post-Asian crisis period, standard IMF lending has remained at fairly high levels to date; except in FY2013 and FY2016, new commitments for SBAs and EFFs never fell below SDR 13 billion. Since the global financial crisis, there has not been a period of sustained disinterest in Fund arrangements, especially if we also take into account precautionary arrangements that have been popular with some of its middle-income members.

⁶⁹ Author's personal interviews with IMF member country representative, 4 June 2015; IMF staff member, 10 March 2017. Ban (2015: 180, fn. 10) quotes former IMF staff member Jack Boorman as sharing this view.

⁷⁰ The basic difference between the two facilities is that the EFF offers longer programmes than the SBA (IMF, 2017a).

FIGURE 4.1. New SBAs and EFFs approved, FY2000–16 (in billions of SDR)



Note: Augmentations of and reductions to running programmes are accounted for. Contingent financing is excluded here because it is not designed to be actually drawn by the member. Under its several precautionary instruments, the IMF approved the following sums (rounded to one decimal place): SDR 31.5 billion in FY2009; SDR 52.2 billion in FY2010; SDR 82.9 billion in FY2011; SDR 3.9 billion in FY2012; SDR 73.5 billion in FY2013; SDR 3.9 billion in FY2014; SDR 66.0 billion in FY2015; and again SDR 3.9 billion in FY2016. An earlier precautionary facility, the Contingent Credit Line (CCL), was launched in 1999 but discontinued in 2003 without having had a single subscriber (IMF, 2007b: 37, fn. 38).

Source: Based on breakdowns and, in one case (FY2007), a lump sum offered in the *IMF Annual Reports* (2000–16).

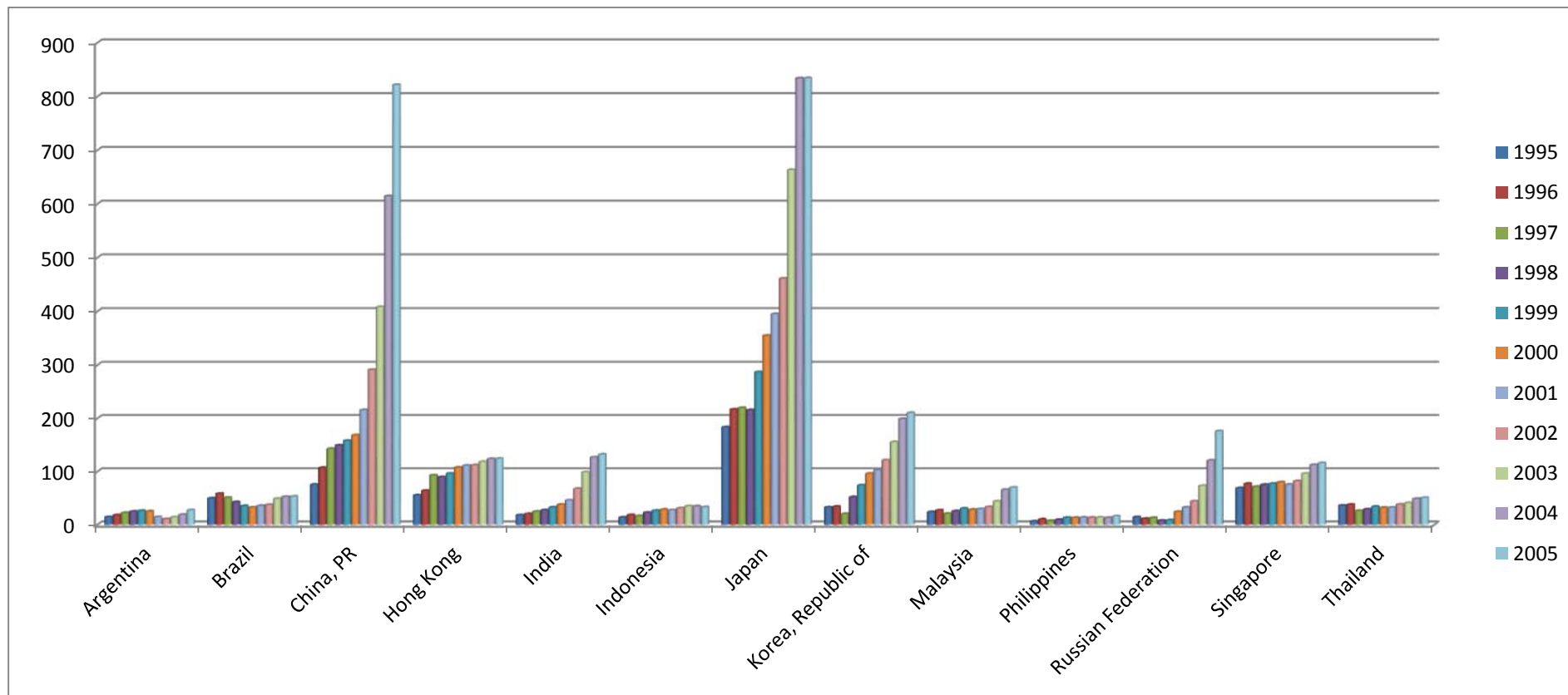
Concessional lending through the Poverty Reduction and Growth Facility (PRGF) showed a less marked decline, but such arrangements usually account for only a tiny fraction of the total volume of new commitments. It is therefore telling that concessional lending, which otherwise amounted to between half and one-thirtieth of standard lending (IMF, various years), was higher only once during the 2000s – in FY2007, shortly before the global financial crisis (IMF, 2007b: 36, 38).

Connected to the shrinking demand for IMF resources during the mid-2000s was the spectacular growth in foreign exchange reserves of a number of countries that had been traditional Fund clients. As a direct lesson of the Asian crisis, countries in the region were the most eager to increase their foreign currency holdings as insurance against economic shocks. The rationale was that in such an event the reserves, rather than external lending from the IMF, could be used to meet payment

obligations falling due. The data, presented in Figure 4.2, on the foreign exchange reserves held by leading Asian economies, as well as Argentina, Brazil and Russia⁷¹, illustrates the extent to which the IMF slid into an identity crisis. While China recorded a more than tenfold increase from 1995 to 2005, amounting to the largest portfolio by the end of that decade, Russia most aggressively expanded its forex reserves to over twelve times their initial level. Strikingly, Hong Kong, Japan, South Korea and Singapore, all of which are categorised by the IMF as ‘advanced economies’, followed this broader trend. Potential borrowers, especially those that would have required substantial loan volumes in the event of short-term payment difficulties, increasingly gave the IMF the cold shoulder.

⁷¹ Argentina has been included because of its troubled relationship with the Fund while Brazil and Russia are the two ‘BRIC’ countries outside the remit of the IMF’s Asia and Pacific Department.

FIGURE 4.2. Foreign Exchange Reserves of Selected Countries, 1995–2005 (in billions of US\$)



Note: The bars show total reserves without gold holdings.

Source: IMF, International Financial Statistics (IFS).

Although a rising stock of reserves may simply reflect economic success, as for oil-exporting countries such as Norway or Saudi Arabia, the evidence suggests that negative experiences with the IMF shape countries' policy strategies. The data cannot account for the subtleties of domestic choices or all cross-country variances, but the general pattern is fairly robust. The reserves of Malaysia, Korea and Thailand dwindled as result of the Asian crisis, visible in a sharp downturn from 1996 to 1997, but all three countries more than compensated for that loss over the following years. And why did the reserves of a country like Japan, which had rather modest growth rates, multiply while those of a country like Bangladesh, which boasted much higher growth rates, only marginally increased during the same period?⁷² Answers to these questions are not straightforward and must account for many interacting factors, but the IMF's reputation in East Asia is one of the most decisive ones.

Beyond numerical evidence, historical background is in order to understand what the global financial crisis implied for the IMF. Many Fund economists enjoy work that takes them to a diversity of countries, albeit for short stints, to assess a country's state or complete whatever operation is under way. For the 'grunts' among them, crisis lending combines the professional joy of analysing an economy with the thrill of crafting rescue packages in an instant (Blustein, 2015: 2).⁷³ Having to get the job done under such constraints may not be to everybody's liking, but for many among the IMF staff, crisis management is a rewarding exercise. Mohsin S. Kahn, who served as the Director of the IMF's Middle East and Central Asia Department from 2004 to 2008, summarised the expectation in an interview for the *Washington Post* as 'Firefighters don't like to sit in the firehouse'. By this measure, the mid-2000s were a period of gloomy monotony:

If you're in this organization and you've been caught up in the excitement of rushing around to countries helping them fight crises -- well, if there are no crises, you're sitting around wondering what to do (Kahn quoted in Blustein, 2006).

⁷² Japan's highest rate during the decade was a little over 3 per cent (in 1996) and it even sustained two consecutive years of negative growth (in 1998 and 1999). The Bangladeshi economy, by contrast, each year expanded by at least 3.8 per cent; in five of the ten years, growth rates even exceeded the 5 per cent mark (World Bank, World Development Indicators). Yet Bangladesh's reserves grew to merely \$2.77 bn in 2005 from \$2.34 bn in 1995 (IMF, IFS). On a related note, Japan most vigorously pushed the idea of establishing a regional monetary fund in the wake of the crisis (see also below).

⁷³ For countries confronting a severe BoP crisis, time is of the essence. Therefore, such situations may force staff to compromise between scope and depth of analysis on the one hand and speed of analysis on the other. According to Blustein (2015: 2), other IMF staffers are 'eggheads', who enjoy and excel at surveillance tasks.

Abounding in media coverage and public statements by IMF officials at the time, the analogy of idle firefighters waiting for the next alarm became emblematic of the Fund's troubles. For example, *The Economist* (2006) published an article arguing that the Fund had lost its core mission because it did not find 'any fires' to extinguish: '... the sirens have been silent for some time.' The main claim is captured in a cartoon that pictures a run-down fire engine bearing the name 'IMF' on its front. Parked inside the fire station, the vehicle must have been out of use for a while: blemished by cobwebs and weeds, it has (at least) two flat tyres, while a third one is missing completely. The firefighters on duty have adjusted to the dullness of their professional routines, with three asleep in the car and a fourth one playing cards alone. A critical factor in the low demand for IMF firefighting was the increasing self-insurance by members who had been regular costumers of crisis lending. As the figure on FOREX reserves above has illustrated, many countries, particularly in Asia, had built up 'big, shiny fire-engines of their own' (*The Economist*, 2006) to avoid having to call the IMF ever again. Their experience had taught them not only that these firefighters may be good at extinguishing the flames, but also that they may simultaneously insist on lowering the fire safety regulations.

Contrary to widespread misgivings about the 'typical' bureaucrat, IMF staff did not relish their relative idleness during the non-crisis times. The lack of immediate crises created an atmosphere of gloom within the organisation, whose staff were used to being in high demand as macroeconomic experts.⁷⁴ Joy was in even shorter supply when the organisation announced to rein in expenditure through job cuts as interest payments on loans were shrinking. Shortly after the beginning of Strauss-Kahn's tenure, it emerged that the Fund planned to downsize its personnel by about four hundred, or 15 per cent, in what would be a step of unparalleled scope in its history (Rozenberg, 2007). Dismissals, however, were avoided whenever possible. Instead, staff could opt for generous severance packages, which soon were oversubscribed as more staff were ready to leave than had been intended under the management's plan (IEO, 2014: 31). A peculiar constellation thus materialised whereby a fair number of staff who had signed up for a severance deal had to wait until a suitable replacement was hired. Especially staff members deemed capable as judged by their annual performance review results often had no choice but to stay on

⁷⁴ Author's personal interview with IMF staff member, 10 March 2017.

for a little longer while those with worse evaluations benefited from the severance offers. Given the shortage of fascinating crisis operations and the oversupply of felt injustices, staff morale reached a low point.⁷⁵

Quite a few IMF staffers settled for a new job just across the road at the Bank, which was conducive to collaborative activities. But when the practical limits of a reduced workforce became obvious in light of the financial crisis, the Fund desperately sought additional staff and also hired some from the Bank, which again extended and deepened personal networks across the organisations.⁷⁶ Sometimes, as in Mark Allen's case, former staffers returned. Allen had spent an entire professional career at the IMF, spanning more than three decades and topped off by the directorship of the Policy Development and Review (PDR) Department, the precursor of SPR. First, staff had been incentivised to leave in exchange for lucrative severance packages. Then, they were lured back when the crisis led to a surge in operations (IEO, 2014: 31). Allen, for example, accepted early retirement from the Fund and left in 2008 only to come back the next year. The lure in this context was the post of Senior Resident Representative for Central and Eastern Europe, a region severely hit by the crisis (see Lütz and Kranke, 2014).⁷⁷

Already under Strauss-Kahn's predecessor, an understanding had crystallised within the IMF that, barring another large financial crisis, lost relevance could be regained only through more lasting structural changes. In September 2005, Rodrigo de Rato commented on the IMF's 'Medium-Term Strategy' with 'a sense that the challenges of the past decade have pulled the Fund in too many new directions' (IMF, 2005: 2). The report identified targeted multi-layered surveillance as one of the principal remedies to the allegedly lacking traction of IMF policy advice (IMF, 2005: 4–6). In an interview with Chinese newspaper *People's Daily*, then Deputy Managing Director Takatoshi Kato (2006) echoed this sentiment, predicting that the IMF would become more like a 'doctor' offering 'preventive care' through surveillance. Likewise, the 2007 Crockett report, which had been commissioned to assess the IMF's financing model, found an excessive dependence on income earned as interest from loans. Moreover, this model meant that the Fund thrived during crisis periods but otherwise languished: 'It has the curious feature that the Fund's financial

⁷⁵ Author's personal interview with IMF staff member, 10 March 2017.

⁷⁶ Author's personal interview with World Bank manager, 8 July 2015.

⁷⁷ Author's personal interview with Mark Allen (former IMF staff member), 29 May 2015. Allen's CV is available online at <<https://markallen.cc/?cv.html>>.

well-being depends on it being unsuccessful in its primary mission, which is to prevent financial crises' (IMF, 2007a: 5).

With the global financial crisis, the organisation could finally leave its languishing behind and again embrace its thriving. The change occurred so swiftly that claims from late 2008 about the Fund's marginality in global economic governance were soon taken over by events as the global economic situation further deteriorated over the coming months (Beeson and Broome, 2008).⁷⁸ The rejuvenating effect of the crisis on the IMF was also felt across 19th Street. A former World Bank official noted 'the newly acquired exuberance of the IMF', which inspired attempts to claim back ground conceded to the Bank before the crisis.⁷⁹ Its assertiveness derived chiefly from a decision adopted at the G20 summit in London in April 2009. In the final declaration, the heads of states provided strong backing for the IMF's role as they committed to significantly expanding resources to the international financial institutions, mostly for the purpose of lending against crises:

The agreements we have reached today, to treble resources available to the IMF to \$750 billion, to support a new SDR allocation of \$250 billion, to support at least \$100 billion of additional lending by the MDBs, to ensure \$250 billion of support for trade finance, and to use the additional resources from agreed IMF gold sales for concessional finance for the poorest countries, constitute an additional \$1.1 trillion programme of support to restore credit, growth and jobs in the world economy (G20, 2009: para. 5).

Under the fresh impression of financial turmoil, the leaders singled out the IMF as the most potent organisation for international crisis management while also endorsing recent steps towards making available precautionary financing (G20, 2009: paras. 17–18). General assessments and concrete pledges by the G20 carry particular force in global economic governance, especially since leaders' summits have been held under its umbrella in addition to the long-established meetings between finance ministers and central bank governors. In terms of international high-level summitry, the G20 effectively supplanted the old G7/8 (Cooper, 2010: 742–743). Unsurprisingly then, after the summit scores of commentators talked about the

⁷⁸ To be clear and fair, this diagnosis was tenable at the time it was made, although the U.S. credit crunch represents a special case concerning an exceptionally powerful member, which might be generally disinclined to heed IMF recommendations (Edwards and Senger, 2015). The reforms approved in the area of financial surveillance, for example, indicate that the Fund had managed to improve its standing, especially among its major members, after the crisis (see ch. 5).

⁷⁹ Author's personal interview with former World Bank official, 14 May 2015. The interviewee's statement referred to public sector work.

IMF's 'comeback'. The self-confidence that the interviewee attributed to the Fund after the crisis fed not only on the upsurge in demand for lending or its enhanced material endowment, but also on the political capital granted by the G20.

Niche Maintenance and the Symbolic Politics of Organisational Non-Reform

The absence of major reform in Fund-Bank collaboration on crisis lending over a period of close to three decades sits uneasily with the conception, espoused in particular by Brunsson (and colleagues), of organisations as reform machines. Crucially, the IMF did not seek to deflect the repeated criticisms of its role as a crisis manager by opting for a reform of the institutional framework for collaboration. Its officials were more interested in maintaining the status quo by symbolic means because critics could not have well invoked shortcomings in either differentiation or collaboration. Tensions between the two imperatives were minimal. The way in which the two organisations practiced regular interaction *and* observed a clear division of labour fitted the Bretton Woods script. They appeared as simultaneously 'bounded' and 'rational' organisations that could convincingly connect the activities of each to a shared goal (see Brunsson and Sahlin-Andersson, 2000; Meyer, 1984: 191–192; 1992: 265–267). While in the two other cases reform was used to present certain organisational qualities in a more favourable light, non-reform served to maintain an already positive impression in this case. The underlying logic of scripted organisational action does not vary much across the three areas under study, but the environmental circumstances in which the organisations perform this very script do.

Consider, therefore, the defining characteristics of the area of international crisis lending. Two factors are critical to the organisations' ability to resist the urge to reform the rules of collaboration. First, when a country request crisis financing from the IMF (and other multilateral and bilateral sources), it rarely chooses to do so voluntarily or enthusiastically. Such a request indicates that market-based alternatives for refinancing sovereign debt have become scarce and, hence, costly because the country in question suffers from reduced creditworthiness; in extreme cases, the country may simply be unable to refinance itself through capital markets. For this reason, the steep rise in the volumes of globally traded assets does not

question the role of the Fund, which steps in when a country cannot access private funds at reasonable rates.⁸⁰

Second, the IMF is widely acknowledged as the lead international crisis manager. In the contemporary international system, no other organisation, public or private, has the same capacity to both provide own crisis financing and coordinate the activities of other lenders. While market actors are reluctant to lend money to ‘spendthrift’ countries in the midst of a crisis, bilateral lenders usually tie their own lending to the borrower’s continued compliance with IMF programme conditions. The U.S. was a first mover in this regard, but by the late 1950s, this approach was increasingly popular with creditor states, private banks and the World Bank (Mason and Asher, 1973: 542–543). Compared with the IMF, other IOs lack the material base and practical experience needed for mobilising large sums promptly in the event of a crisis. The reach and financing power of existing regional monetary funds, such as the Arab Monetary Fund or the Latin American Reserve Fund, are evidently confined. Other monetary funds were planned in different world regions but never materialised. The Japanese-led initiative to install an Asian Monetary Fund after the Asian financial crisis ran up against strong reservations held in particular by the U.S. (Cheng, 1998: 27; Ciorciari, 2011: 928). Calls for the establishment of a European Monetary Fund after the global financial crisis were similarly short-lived.

Virtually all regional financing mechanisms, which make participating countries less dependent on Fund support in a crisis, are institutionally tied, in one form or another, to a positive prior assessment from the IMF. For example, countries in the Chiang Mai Initiative Multilateralisation (CMIM)⁸¹ are formally precluded from obtaining bilateral currency swaps beyond a certain threshold without a concurrent IMF programme. Although the IMF link has been successively relaxed as the ‘free’ portion was raised from 0 to 30 per cent of a country’s maximum drawing, current rules remain fairly restrictive regarding the official involvement of the IMF.⁸² As a matter of routine, the IDB bases its lending decisions on IMF assessments of the applicant’s macroeconomic framework. A negative appraisal acts as ‘a non-starter’,

⁸⁰ Author’s personal interview with Mark Allen (former IMF staff member), 29 May 2015.

⁸¹ The CMIM comprises the ten members of the Association of Southeast Asian Nations, China, Japan and South Korea (ASEAN+3).

⁸² The changes occurred in three steps (in 2000, 2005 and 2012), each of which adjusted the threshold upwards by 10 percentage points (Ciorciari, 2011: 932, 934; Pitakdumrongkit, 2015).

as a former World Banker explained.⁸³ Besides other multilateral development banks, the EU seeks such assessments from the IMF in similar instances.⁸⁴ Whether they require formal or informal assurances, bilateral and multilateral creditors alike hardly trust a country's policy pledges without the Fund's authoritative 'stamp of approval' (Broome, 2008).

These examples underline that competition for the IMF is extremely circumscribed in this area. One might hypothesise that such a constellation represents a rare gem for an IO in any field of contemporary global economic governance, where authority tends to be more dispersed. The WTO's role in fostering inter-state trade, for example, is complicated by the existence of regional trade agreements, which encourages strategies of 'forum shopping' (Busch, 2007); the surveillance exercised by the Fund and the Bank, discussed in the next chapter, is just one dimension of financial market scrutiny, complementing the activities of actors such as central banks, financial regulators or credit rating agencies; and as we will see in chapter 6, the World Bank's authority as a development organisation is endangered by a formidable array of other public and private actors. Domestic and transnational audiences may at times sharply disagree with what the Fund does in the context of crisis lending, but there is no serious institutionalised alternative. Non-members or members with a preference for selective engagement have very few good options: essentially, they can try either to take precautionary measures (such as accumulating foreign exchange reserves) or to strike bilateral deals in the heat of a crisis (such as borrowing from states willing to lend without IMF involvement). Put bluntly, if the IMF does not coordinate the activities of multilateral and bilateral creditors, no one does in the current international architecture.

The history of the field of crisis lending helps to account for its current configuration. As Ole J. Sending (2015) argues, who becomes a respected authority is often fought out in the initial stages of field formation. That is, actors have no innate authority to govern; they have to earn – and retain – it in a web of inter-personal and inter-organisational relations where others may lay claims to similar competencies. When the contours of a field are up for grabs and the responsibilities

⁸³ Author's personal interview with former World Bank official, 14 May 2015. Another interviewee reported that the IDB, at the behest of its non-borrowing members, modelled its own assessments on the IMF's Article IV consultation (author's personal interview with World Bank member country representative, 1 June 2015).

⁸⁴ Author's personal interview with IMF staff member, 15 March 2017.

for core tasks to be allocated, actors thus campaign intensely ‘to be recognized as authorities on what is to be governed, how, and why’ (Sending, 2015: 11 and also 12). While new transnational issues often arise in weakly institutionalised contexts (Seabrooke and Tsingou, 2015), specific governance tasks usually find a home in organisations built to last.

The formulation of international crisis lending as a task coincided with the creation of the IMF and the World Bank at the close of the Second World War. At the Bretton Woods conference in 1944, the Indian delegation voiced strong support for entrusting the IMF with a robust mandate for international development. But even though Henry Morgenthau, as Secretary of the Treasury, and Harry D. White, as Treasury official, had earlier been sympathetic to similar ideas, the U.S. administration ultimately toned down the developmental dimensions of the IMF Articles of Agreement (Helleiner, 2009: 198, 204). The U.S. administration also largely prevailed on another hotly contested matter surrounding the institutional design of the new organisation. When working arrangements were debated at the inaugural session of the Board of Governors, the U.S. managed to persuade most other delegations of the benefits of installing a resident Executive Board with full-time Directors. In the end, the British delegation under the leadership of John M. Keynes was isolated in its advocacy for conceiving the Fund as an ‘International Clearing Union’. This design choice would have greatly delimited the Fund’s scope for intrusion into its members’ policies, which would have required a smaller workforce and a more modest administrative apparatus (Steil, 2013: 301–303).

The upshot of these developments was that, from the outset, a solid basis was laid for the division of labour between the organisations in the provision of external financing. Through their design choices, the founders conferred explicit authority on the IMF for overseeing the global economic system and for guaranteeing its stability by means of short-term financing. The World Bank, on the other hand, was to concentrate on ensuring economic development by means of longer-term financing – something in which the Fund was not supposed to get involved so that the activities of the two organisations would be distinguishable (Helleiner, 2009: 204).

This basic inter-organisational division of labour has basically endured the test of time. That the Bank, for a period of over two decades, did not offer programme loans attests to the primacy of authority ascribed to the IMF. And while the organisations have gradually relaxed their original preoccupation with short- and

long-term lending, respectively, practitioners, including organisational officials, still expect the Fund to mainly do the former and the Bank to mainly do the latter. When they propose that the Fund ‘stick to its mandate’ (or similar), they mean short-term lending to fix temporary payment imbalances; conversely, when they propose that the Bank ‘stick to its mandate’ (or similar), they mean long-term lending to foster economic development.⁸⁵ The prominence of medium-term lending in both organisations has not upended the entrenched lines of authority. The IMF has confronted much adversity over its lending but has weathered all such opposition to remain the sole international lender of last resort worthy its title.

The historical review points to a vital question: How has the IMF managed to defend its role or – to use the term developed here – policy niche in global governance? Favourable field characteristics are not a gift of nature or pure chance. Given that recognition is precarious (Sending, 2015), niches are not naturally self-sustaining: without sufficient material and ideational investments, they shrink, deform or disappear. Yet the imperative for investment need not tip the scales in favour of reform. After all, reform is a more dramatic and more costly choice than non-reform. In contrast to Brunsson’s analytical emphasis on reform, I suggest that organisations – to the best of their capacities as rationally bounded actors – weigh the expected costs and benefits of formal change.

Designing blueprints and implementing decisions comes at a price, even when the relevant actors innovate incrementally. At the planning stage, funds must be mobilised as a sign of credible commitment that the envisaged reform can actually be followed through in practice once it has been agreed; reform plans that promise to cost nothing at all or unrealistically little are treated with as much suspicion as those that fail to muster enough support in advance for the anticipated level of resources. Relatedly, forging support coalitions requires political work, such as persuading, pressuring or horse-trading. At the implementation stage, material and relational resources go into making the proposed steps happen where they should within the organisation. If an organisation can shun any of these costs, it will. Nurturing commitment, Brunsson (1985: 174–176) reminds us, is essential for organisational action. But while reforms can be of immeasurable symbolic value when things do not

⁸⁵ I observed this general pattern among my interviewees as well.

work well for an organisation, symbolic action can be just as effective even without reform when they do.

Crisis lending has been an area of global economic governance in which things worked quite well for the Fund in terms of niche construction. I have argued so far that the Fund does not have to worry about rivals for its role as international lender of last resort because of how the field was structured early on and evolved subsequently. In addition, differentiation vis-à-vis the World Bank as the foremost supplementary financier was visible while interactions occurred when countries found themselves in economic distress. There was, however, one notable exception to this pattern of agreement over the division of labour in this area: the conflict that inspired the 1989 Fund-Bank Concordat. Strictly speaking, this inter-organisational agreement was not so much a reform as an official reaffirmation of the applicability of the 1966 Guidelines, to which it stayed close in spirit despite some revisions (Boughton, 2001: 1004; Polak, 1994b: 40). Some of the costs that are typical companions of organisational reform nonetheless had to be borne by both sides as lengthy negotiations preceded the eventual conclusion of the agreement (see ch. 3). Whenever possible, IOs avoid the fuss of a public spat, as well as the reputational costs associated with it and the inter-organisational efforts to mend their relationship.

My interviews at the Fund and the Bank revealed an unbroken commitment to collaboration on crisis lending according to the principles laid down in the Concordat. The widespread acceptance of those rules became especially apparent when interviewees talked about the practice of ‘comfort letters’. The term ‘comfort letter’ refers to a short evaluation by Fund staff of a country’s macroeconomic framework ahead of Bank decisions about programmatic lending. This type of document is specially prepared only if the IMF has not produced a formal assessment in the context of either a loan programme or an Article IV consultation within the past six months. In such a scenario, the comfort letter replaces the official Summing Up of the IMF Executive Board meeting, which roughly reflects the positions taken by the Directors on planned, ongoing or recently completed operations (see Chelsky, 2008).⁸⁶ In this hospitable inter-organisational environment, the IMF has been able to concentrate on validating its legitimacy as the world’s chief crisis lender through

⁸⁶ Author’s personal interview with IMF staff member, 15 March 2017. As the interviewee confirmed, other lenders also request comfort letters.

‘ongoing role performance and symbolic assurances that all is well’ (Ashforth and Gibbs, 1990: 183).

Displays of role performance and symbolic assurances enable organisational actors to imbue an inter-organisational relationship with rich meaning without having to enact burdensome and costly reforms. A prime target of symbolic action is, of course, the membership. Officials from both organisations convey to country authorities the spirit of the Concordat when there is a risk that the agreed division of labour may not be respected by a member’s government. For example, the Nigerian government in early 2016 resolved to seek World Bank lending without IMF lending (Donnan and Fick, 2016). Much to their disappointment, government officials soon found out that the Bank Board would not approve budget support operations unless the Fund signalled satisfaction with the country’s macroeconomic trajectory and the government’s planned policies.⁸⁷ Such ‘reminders’ support assertions that lending to correct temporary imbalances is the Fund’s prerogative.

The IMF has been quite adept at developing rules of collaborative practice that have extended the provisions of the Concordat, which as a charter of Fund-Bank collaboration cannot be enforced in the way that laws can. The Concordat therefore acted more as a symbolic reference point that Fund officials in particular invoked to demarcate what it believed to be each organisation’s rightful turf.⁸⁸ They perhaps did so most effectively for all matters relating to exchange rates, which had already been the subject of intense inter-agency quarrels in the 1960s (Mason and Asher, 1973: 555). In another recent case, the Egyptian government asked to be advised by the Bank about the country’s fixed exchange rate regime, which had caused the local currency to be highly overvalued. But the authorities had to be reminded of the rules of the game, as a Bank staff member recollected: ‘For about a year, they kept coming to us for help ..., and we kept saying: “This is a problem for the Fund, you should go to the Fund.”’⁸⁹

In an earlier interview, the same staff member recounted a contrasting episode that had come to pass in the early 1990s. When several African states using the CFA franc, a common currency pegged to the French franc, encountered persistent

⁸⁷ Author’s personal interview with IMF staff member, 15 March 2017.

⁸⁸ Author’s personal interviews with former World Bank senior manager, 8 June 2015; Desmond Lachman (former IMF staff member), 17 June 2015; former IMF and World Bank official, 14 July 2015.

⁸⁹ Author’s personal interview with World Bank staff member, 8 March 2017.

economic problems, Bank representatives delivered what the interviewee called ‘a series of clandestine seminars’ to sell devaluation to government officials. As the interviewee went on to clarify, Fund officials were aware of the Bank-led seminars without being thrilled; the word ‘clandestine’ thus referred more to their character in the domestic polity, where the selected officials were careful not to disclose their activities, which contravened governments’ public stance in favour of the peg.⁹⁰ Yet retrospectively, this situation appears exceptional: the Fund is not known to tolerate any such degree of Bank activism, even if it takes place behind the scenes, on exchange rate policies. There is a reason why it was considered normal for Bank staff to refer the Egyptian authorities to the Fund even though they had picked the Bank as their favoured interlocutor.

Engaging with questions related to exchange rate policies was a red line that few Bank officials dared to overstep. A former World Banker recalled that ‘... we were never allowed to say “exchange rate.”’⁹¹ Another resorted to a dramatic analogy, adding that anyone who dared to violate this rule risked being reprimanded by their superiors:

... [if] the World Bank spoke about exchange rates, someone from the Bank spoke about exchange rates, your tongue would be cut out and delivered across the road, still warm, to the Fund because you were not allowed as a Bank staffer to talk about exchange rates.⁹²

As the quote illustrates, senior officials at the Bank did their best to rein in wayward staff. Their efforts culminated in a memorable proclamation by Ernest Stern, who bluntly advised Bank staff with a professional penchant for exchange rates to leave the Bank and seek employment at the Fund.⁹³ The message ultimately stuck: there was one organisation that was legitimated to deal with exchange rate policies, and that organisation was *not* the World Bank.

Even high-profile officials were not exempted from the constraints imposed by these rules, partly codified through the Concordat, partly derived from it as inter-organisational lore. A former IMF staffer remembered a more senior colleague who rejoiced in the fact that Stanley Fischer, serving as World Bank chief economist from 1988 to 1990, was compelled to not opine on macroeconomic questions (which

⁹⁰ Author’s personal interview with World Bank staff member, 22 May 2015.

⁹¹ Author’s personal interview with former World Bank senior manager, 18 June 2015.

⁹² Author’s personal interview with former World Bank official, 26 May 2015.

⁹³ Author’s telephone interview with former World Bank official, 19 June 2015.

include exchange rates). Before the Concordat was finalised, standards for collaborative engagement were weak or absent, as the interviewee described it: ‘You just interacted, or you did what your boss did. It was highly discretionary how the two organisations evolved and depended very much on the personalities involved.’⁹⁴ The 1966 Guidelines, which formulated early principles of collaboration, were either unknown or of limited practical relevance. Although there was no lack of macroeconomic expertise housed in the Bank, after the conclusion – and with repeated invocations – of the Concordat its officials faced severe penalties for utilising this knowledge against objections from the Fund.

Skilful symbolic investment reaches beyond the engagement with the membership or with the other organisation. Symbolism is more effective when the general public gets, from time to time, reassured that each organisation continues to play its part according to the established script. A joint *Financial Times* article in April 2016 by World Bank Managing Director Sri Mulyani Indrawati and IMF First DMD David Lipton aptly illustrates this phenomenon. In responding to charges of Bank ‘mission creep’ raised in an earlier article in the newspaper (*Financial Times*, 2016), the organisations’ number twos restated the spirit of the Concordat, albeit in more accessible language and with references to recent operations:

The World Bank only extends policy-based loans to its members after seeking formal IMF views, as for example in Egypt, Peru, and Indonesia; and IMF programme engagements rely on World Bank views on structural and sectoral issues, such as in Ukraine, Pakistan, and Iraq (Indrawati and Lipton, 2016).

In closing, they clarified that Nigeria, among other countries, fell under ‘this well-established co-operation framework’ (Indrawati and Lipton, 2016). The joint response letter summarised the fundamentals of the Fund-Bank relationship for all interested outsiders, making it clear that the two organisations were acting in concert and not going behind each other’s backs. Former high-ranking World Bank official Danny Leipziger (2016) also entered the fray and, freed from the shackles of a work contract on 19th Street, was less willing to mince words: not only had the IMF proven to be equally guilty of mission creep, but many countries with unpleasant memories of IMF involvement preferred to sign programmes with the World Bank. As the

⁹⁴ Author’s personal interview with Desmond Lachman (former IMF staff member), 17 June 2015.

Nigerian authorities learned the hard way, however, programmatic lending from the Bank in practice presupposes a ‘green light’ from the Fund.

Finally, the IMF produces a distinct body of knowledge on the world economy and the macroeconomic condition of individual countries from which numerous interested parties draw. As Stephen Hilgartner (2000) shows, experts gain or lose credibility depending on whether their public ‘stage management’ convinces relevant audiences. Even spectacular failure can be deflected if the experts under attack manage to ‘disown’ the discrediting event (Downer, 2014). As expert status is not acquired once and for all, the IMF musters an arsenal of official reports, working papers and press releases to stay on stage. Its bi-annual *World Economic Outlook* (WEO) is recognised as the most authoritative update on the world economy. And while in normal times surveillance reports draw attention, country programmes, including the standard reviews that accompany them, contain critical information in critical times. In the background, the involvement of some former high-ranking IMF officials in the influential G30 further validates its reputation as a source of respectable knowledge (see Tsingou, 2015). The continuous evolution of knowledge increases the likelihood of being wrong about what works every now and then (Downer, 2011), especially when, as in finance, erratic human behaviour can quickly turn good times into bad. After the global financial crisis, the Fund has recalibrated its understanding of sound macroeconomics (Ban, 2015). Though no guarantee for success, such epistemic work stages a strong ‘conformity to rational rules’, which strengthens ‘the authority of policy-makers and their decisions’ (Boswell, 2008: 471). In this sense, its macroeconomic assessments lend an appearance of rationality to the various other actors that request and use them.

To summarise, the respective roles are accepted within each organisation and beyond. Officials and stakeholders alike perceive the IMF and the World Bank to collaborate enough, yet in a way that largely preserves their unique organisational qualities. What officials in various positions routinely perform is niche maintenance, including by denying the Nigerian authorities budget support without a positive IMF assessment and instructing the Egyptian ones where to get advice on exchange rates; by communicating shared organisational responsibilities through a joint statement published in a widely read daily newspaper; by showcasing their respective expertise in other carefully staged public demonstrations of competence; and by reproducing

all these views on ‘how things work’ in interactions with colleagues, journalists and researchers.⁹⁵

Admittedly, understandings of how things work in collaboration can and do change. But as the following two chapters demonstrate, these understandings often evolve incrementally even when reforms seem to signal fundamental change. The problematisations in this case, by contrast, related to the practices of conditionality rather than the rules of collaboration. The turf used to be vastly contested, as evidenced by Stiglitz’s public accusations after the Asian crisis. Bank insiders reported a creeping loss of much of the macroeconomic expertise that their organisation had once possessed and now obtained from the Fund when necessary.⁹⁶ It is true that much public debate centres on the concrete *contents of the loans* that the IMF and the World Bank extend to countries (Broome, 2015; Kilby, 2009; Van Waeyenberge *et al.*, 2013). But it is equally true that little public debate centres on the principal *division of labour* that the IMF and the World Bank have come to treat and practice as ‘natural’.

Conclusion

Coordinated crisis lending ranks among the most dramatic operations as the IMF, often with support from the World Bank, tries to calm down nervous investors and forge broad-based creditor coalitions. In such situations, time pressures are exacting and political divisions run deep. By comparison, the absence of institutional change in Fund-Bank collaboration on crisis lending appears unspectacular at first glance. The institutional setup of collaboration has changed at best marginally since 1989, the year in which the Concordat became effective; the core of collaboration, especially the distribution of organisational roles, has remained untouched. Both organisations continue to effuse a genuine satisfaction with the existing framework, as interviews with numerous officials – whether they from the Fund or the Bank – confirmed. Collaborative Fund-Bank governance of crisis lending thus exhibits some particularly salient features (see ch. 1): Staff members with macroeconomic assignments collaborate regularly under a negotiated and now entrenched inter-

⁹⁵ I provide an extended discussion of the important role of researchers in the concluding chapter.

⁹⁶ Author’s personal interviews with David Dollar (former World Bank staff member), 28 May 2015; World Bank staff member, 28 May 2015; former World Bank staff member, 2 June 2015.

organisational order in which each side can pursue its own objectives. Collaboration here is practiced in deference to the principles of the Concordat but, in contrast to the other two areas, not under the umbrella of a formal joint programme.

In light of this remarkable continuity, the reader may be tempted to ponder a question dreaded by every researcher: ‘Why bother?’ My approach to preventing the reader from pondering this question has been to demonstrate, throughout this chapter, that the choice for symbolic action without institutional reform dovetailed with a niche strategy that has proven highly successful to date. It is worth reiterating that both organisations have invested in niche maintenance. The Fund’s niche in international crisis coordination does not collide with the Bank’s niche in supplementary financing. The two niches are complementary and, to a considerable degree, mutually supportive in fostering a specific mode of collaboration: the Fund relies on financing from the Bank to organise large-scale ‘bailouts’ while the Bank relies on Fund assessments to hedge against borrower non-repayment. Analyses of negative cases are all the more convincing if they can identify factors that should cause the exact opposite, a positive case, as argued by Radoslav Dimitrov et al. (2007: 235) in their plea for studying international ‘nonregimes’. James Mahoney and Gary Goertz (2004) similarly advocate choosing negative cases that could have turned out otherwise. To recapitulate an insight from the history of Fund-Bank collaboration: change has often come in the wake of formative events, such as economic crises or inter-organisational conflicts. However, the state of formal institutional stability spans almost three decades replete with regional or global crises, including the Mexican peso crisis, and the Russian, Asian and global financial crises. The institutional rules of collaboration on crisis lending survived all of them, as well as the Fund’s nadir in the 2000s, unscathed.

In the wake of the global financial crisis, the G20 (2009: para. 5) validated the niche maintenance strategy through its pledge, made at the London summit in April 2009, to treble the IMF’s lending resources. In doing so, the G20 enabled both organisations to hold on to their tried and tested niche strategy. The high-level decision threw a sturdy lifeline to the IMF, whose fortunes had been conspicuously bleak just before that crisis. The commitment to supplying additional funding to the Fund indirectly bolstered the Bank’s parallel strategy of holding its own niche, whose viability depended on the viability of the Fund’s niche. Counterfactual reasoning, by definition, engages with non-events. There is growing evidence to

suggest that the agenda on global economic issues is now set by the G20 (Moschella and Quaglia, 2016; Woods, 2010). Because of the G20 pledge, no symbolic reform was needed to signal which policy niche each organisation occupied; without it, the niche maintenance strategy might have become unworkable for both of them, which might have eventually induced them to abandon it.

For those wanting to understand organisational positioning in collaborative global governance, the negative case at hand offers a welcome point of departure. If a niche strategy works in the sense of signalling distinctiveness and not blocking collaboration, organisations have very little incentive to reposition themselves. A niche can indeed be so well-built that it would have to be invented if it did not already exist. In such circumstances, the organisations may shun reform unless there are substantive problems to fix with collaboration itself. The empirical record suggests that a reform of the rules was superfluous as a signal to Fund and Bank stakeholders about the intentions and capacities of any of the organisations involved. The case also offers a point of contrast with the following two, neither of which is the straightforward instance of organisational reform that it seems to be. What type of niche game is played when the rules of interaction change while the two sides disagree over the desirability of change is the subject of the next chapter, which investigates Fund-Bank collaboration on financial sector surveillance.

5 Niche Distancing: Collaboration on Financial Sector Surveillance

The roles of the two institutions in the FSAP are now clear and aligned with their respective mandates.

—IMF (2014: 20), *Review of the Financial Sector Assessment Program—Further Adaptation to the Post-Crisis Era*

Niche construction requires a referent object, something in an organisation's environment against which its niche can be constructed, such as the mandate of another organisation with overlapping responsibilities. The dynamics of such niche distancing efforts are exemplified by recent reforms of the Financial Sector Assessment Program (FSAP), the key instrument of collaborative financial sector surveillance. The IMF's enthusiasm about the 'clear' and mandate-compatible responsibilities emanated from the implementation of two complementary reforms in 2009–10. The first reform redefined the relationship between the two organisations in financial sector surveillance by relaxing the principle of joint FSAP missions, which drew the ire of many World Bank officials. One contended that the changes, which were ultimately signed off by both Boards, amounted to 'a forced divorce'.⁹⁷ Someone who had worked for both organisations summarised the situation of 2009 in similar, though less dramatic, terms: 'The Fund was the one pushing for independence, and the Bank was in a sense resisting that.'⁹⁸ With this institutional innovation secured, the IMF subsequently embarked on a second reform that established the requirement of regular FSAPs for members with 'systemically important' financial markets.

While IMF officials prefer to argue that these reforms were necessary after the crisis, this chapter offers a less functionalist account of the dynamics of reform in Fund-Bank collaboration on financial sector surveillance. I depart from two observations that complicate claims about a straight line from identifying problems in policy practice to devising organisational reform. First, the 2009 reform acted on

⁹⁷ Author's Skype video interview with World Bank manager, 14 March 2017. Fund staff involved in the negotiations also reported a high degree of frustration of their Bank counterparts with the reform.

⁹⁸ Author's personal interview with former IMF and World Bank staff member, 20 May 2015. Several other interviewees made statements to the same effect.

concerns that were anything but new at the Fund. The 2009 FSAP review raised many of the problems that had been identified in earlier reviews, and yet the organisations had undertaken no such reform. The financial crisis opened a ‘window of opportunity’ (Kingdon, 2011: ch. 8), with staff from the Fund’s Monetary and Capital Markets (MCM) Department seizing the initiative. They had long conceived of the FSAP as a contribution to regular bilateral surveillance under Article IV (hence commonly known as ‘Article IV consultations’) and now explored ways to link the two more seamlessly. As the Chinese meaning of the term would have it, the crisis constituted ‘both threat *and* opportunity’ (Jessop, 2015: 97, emphasis in original) for the IMF as the more invested organisation in this area. On the one hand, the crisis undermined its standing as many experts – including its in-house Independent Evaluation Office (IEO, 2011) – claimed that the Fund had failed to see it coming. On the other, the crisis underlined the necessity and virtue of reform, of which the authorising environment could now be more easily convinced.

Second, institutional change ultimately turned out to be limited compared to the heat of the reform debate. The use of ‘modular’ FSAPs, for which only one of the organisations takes responsibility, has indeed remained infrequent. While the overall numbers of FSAPs declined, most are still carried out jointly. I therefore argue that the reform oversold the extent of intended change; the reform was rich in symbolic meaning. Performing the Bretton Woods script, the IMF simultaneously sent a strong signal of immediately visible differentiation to stakeholders who called for more attention to financial stability issues, and maintained a certain degree of collaboration with the Bank. To be viewed as organisationally capable of undertaking global financial surveillance, IMF staff reworked and sharpened existing problematisations with reference to the crisis, making persistent efforts to redraw the lines of division of labour in collaboration towards greater separation – much to the chagrin of many at the Bank, who suspected that the reform was something of a first nail in the coffin of the FSAP as a truly joint undertaking. Such fears eventually proved excessive, but the feeling of ‘divorce’ still lingered in the air when Bank staff spoke about the reform in 2015 and 2017. They took the symbolism of reform seriously, now tending to perceive collaboration as half-hearted because of the IMF’s differentiation moves.

The Fund opted for formally less close collaboration after as formative an event as the global financial crisis, which many saw as demonstrating the need for more, not less, policy coordination. While observers expect a crisis to trigger

substantive institutional and policy changes, most agree that this crisis has not had such an effect in the area of financial regulation (Helleiner, 2014; Moschella and Tsingou, 2013). In the case at hand, too, changes were evolutionary, especially when we take into account that the reform centred on the *option* of doing modular assessments, which was never intended to replace joint assessments. The analysis suggests that it can be illuminating to study the symbolic dimensions of reform in global governance, for crises can also bring IOs to adjust their strategies for dealing with the inconsistent Bretton Woods script. I show that the Fund invested heavily in niche distancing vis-à-vis the Bank as a way of raising its profile as an organisation competent to discharge global financial surveillance.

This chapter examines how the Bretton Woods institutions grapple with the policy challenge of detecting early signs of what might develop into a financial crisis and, at the same time, developing the infrastructure of their members' financial sectors. I highlight the ensuing organisational and political dynamics of niche distancing, with an analytical focus on the Fund's strategic activities, in the following manner (relying on the same sequence of sections for the subsequent chapter). As before, I outline the rationale for collaboration from the perspective of the organisations before showing how the Fund found itself under political pressure after the crisis. I then discuss how the organisations problematised collaboration in, as well as before and after, 2009. As a last step, I link the symbolic and substantive aspects of reform in the context of strategic organisational positioning. Overall, the empirical evidence underlines how the IMF managed to deal with the conflicting institutional imperatives that simultaneously prescribe distinctiveness and similarity. A truly radical niche strategy would have been for the Fund to dismantle the FSAP or split it into two fully independent streams. However, the Fund was not inclined at all to go that far. Instead, collaborative practices became partially decoupled from the controversial 2009 FSAP reform.

Complementary Objectives in Collaboration on Financial Sector Surveillance

The organisations' respective objectives in financial sector surveillance derive from their broader mandates, with the IMF seeking to ensure macroeconomic stability and the World Bank seeking to advance economic development. While in specific instances these two goals may be at odds, most economists would argue that in the

grander scheme of things the latter cannot be achieved in the absence of the former. The common policy challenge is for the IMF and the World Bank to bring both perspectives to bear on their financial sector work. In this vein and in light of the fresh crisis experiences in East Asia and elsewhere, a short note issued by the IMF's Monetary and Exchange Affairs (MAE) Department at the start of the FSAP pilot exercise in May 1999 states:

Despite the different needs of the two institutions, there is a need to join forces and reduce duplication of efforts to upgrade the coverage and methodology for financial system assessments. The case for close cooperation is reinforced by the need to optimize the use of scarce financial sector specialist resources and to respond to the calls by the international community for a well structured response to identify and deal with financial system vulnerabilities and reduce the potential for crisis (IMF Archives, 1999: 2).

The same note outlines operational precursors in each organisation to what later formally became FSAP. The most relevant instruments were IMF TA on financial systems and Article IV consultations, and World Bank financial sector reviews (IMF Archives, 1999: 1–2). These organisational roots have had particular repercussions for the Fund. It classifies FSAPs as a form of technical assistance (IMF Archives, 2009d: 7, fn. 1), which is voluntary for members, but also uses them to bolster Article IV consultations, which are mandatory for members. This constellation explains why much of the Fund's internal debate about financial sector assessment has revolved around how to resolve this tension. Fewer complications have arisen for the Bank, where FSAPs have a lower operational status. In the following, I expand on these differences to set the stage for the empirical analysis of the post-crisis reforms of the FSAP.

Since its inception, the IMF has discharged its duty of macroeconomic surveillance. This function not only outlived the Bretton Woods system of fixed exchange rates, it also grew in importance thereafter under the new Article IV (Pauly, 1998: chs. 5–6; see also, Broome and Seabrooke, 2007; Edwards and Senger, 2015). Article IV obliges members to participate in regular (normally annual) 'health' checks of their economies, which also address financial stability issues, though in much less detail than an FSAP (IMF, 2014: 31). The IMF has always considered its FSAP work as an extension of its broader responsibility for ensuring global financial stability, the core of its mandate. FSAP missions are typically scheduled to coincide with Article IV consultations in a member country so that the

Board can discuss financial sector assessments, contained in Financial System Stability Assessments (FSSAs), and general macroeconomic surveillance together (see, for example, IEO, 2006: 15–16; IEG, 2006: 23, 30; IMF Archives, 2000: 19; IMF, 2014: 31). As I show below, the original link between bilateral surveillance under Article IV on the one hand and more specific financial sector surveillance through the FSAP on the other attracted particular attention in the post-crisis reform debate.

By contrast, the World Bank is mandated to advance economic development and thus does not see the FSAP primarily as a tool for shielding financial sectors from shock. Its FSAP operations instead serve to capitalise on development opportunities through follow-up operations, such as providing loans or TA to members (IMF Archives, 2009d: 10; World Bank Group, 2014a: 7).⁹⁹ The institutionalised procedures for the Bank staff’s mission reports, called Financial Sector Assessments (FSAs)¹⁰⁰, reflect the lower status of financial sector surveillance within the organisation. Given that the FSAP has mainly informational value, at best indirectly feeding into other operations, Bank Executive Directors (EDs) rarely hold deliberations on an FSA (IEG, 2006: 30–31; IMF Archives, 2000: 17; 2009d: 10). As a result, the World Bank Board typically receives the FSA much later after a mission than the IMF Board does the FSSA. According to roughly compatible numbers from the parallel evaluations in 2006 by the Bank’s Independent Evaluation Group (IEG, 2006: 11) and the Fund’s IEO (2006: 27, esp. fn. 23), the average difference is about three to four months.

These different foci give rise to idiosyncratic priorities in financial sector assessments. Practical manifestations of tensions between the Fund’s stability agenda and the Bank’s development agenda abound. For example, the Bank has eagerly embraced the financial inclusion agenda, visible not least in its pledge to accomplish ‘Universal Financial Access by 2020’ (UFA 2020). The organisation has invested UFA 2020 with added meaning, namely as a key step towards ‘eliminating absolute poverty by 2030’, one of its ‘twin goals’ (the other being ‘boosting shared prosperity’). This agenda assumes positive development effects from the inclusion of

⁹⁹ That organisational approaches to the FSAP differ was observed by many of the interviewed officials and also manifests itself in the official documentation.

¹⁰⁰ Irrespective of the diverging nomenclature, FSSAs and FSAs tend to communicate similar findings from the missions, as established by the Bank’s Independent Evaluation Group (IEG, 2006: 22).

billions of unbanked people into the formal financial system. The IMF does not fully share this enthusiasm, emphasising instead the unforeseeable risks to financial stability of broadening financial operations so comprehensively and so swiftly.¹⁰¹ Fund officials also place solvency over liquidity as a policy objective, viewing the easy availability of credit from a vast array of intermediaries with a greater dose of scepticism than do their Bank counterparts.¹⁰² In a similar vein, remittances, which are highly attractive from a purely growth-oriented perspective, pose the risk of misuse for purposes of money laundering and terrorist financing.¹⁰³ Overall, the objectives of the two organisations in financial sector work, of which surveillance is a key element, are largely complementary but not always straightforward to square.

By virtue of these different functions, financial surveillance has attained a higher profile in the IMF than in the World Bank, which marks a stark contrast with the early days of the FSAP. At least initially, the Fund's ability to leverage the FSAP on a broader scale for global financial stability was curtailed by a lack of resources. As some interviewees recollected, the Fund initially had to draw heavily on Bank staff, as long as MAE (1992–2003) employed only a handful of experts on financial markets, including private banking. For the Fund, banking long exclusively meant central banking.¹⁰⁴ The department's official denominations conveyed its long-standing principal occupation with central banks as the main interlocutors in monetary policy. What initially began as the Fiscal and Central Banking Group in 1963 carried 'central banking' in its name over the next three decades and the next two incarnations – the Central Banking Service (CBS, 1964–80) and the Central Banking Department (CBD, 1980–92).¹⁰⁵

Central actors in Fund-Bank collaboration on financial sector surveillance are staff from the two organisations and external consultants. At the IMF, MCM is entrusted with financial sector assessments and is much better equipped for this task than was MAE in the early days of the FSAP; at the World Bank, the Finance and

¹⁰¹ Author's personal interviews with World Bank staff member, 12 June 2015; former World Bank staff member, 24 June 2015.

¹⁰² Author's telephone interview with World Bank consultant, 2 June 2015. For an early discussion by the organisations of the different focus in development assessments, see IMF Archives (2003a).

¹⁰³ Author's personal interview with German Ministry of Finance official, 23 January 2017.

¹⁰⁴ Author's personal interview with Dimitri G. Demekas (IMF staff member), 8 May 2015; former World Bank staff member, 13 May 2015; former World Bank staff member, 26 May 2015.

¹⁰⁵ Information retrieved from IMF Archival Finding Aid 'Central Banking Department Fonds' (p. 2).

Markets Global Practice is charged with FSAP operations.¹⁰⁶ As a dedicated joint body instituted shortly before the kick-off of the FSAP pilot, the FSLC organises collaboration between the Fund and the Bank on FSAP-related matters. Bringing together a small number of senior staff from the relevant units of each organisation, the Committee deals with the entire spectrum of financial sector operations by both organisations, including FSAPs (IMF, 2014: 22; World Bank Group, 2014a: 33). Consultants who are recruited onto mission teams from central banks and supervisory agencies, as well as specialised regional and international organisations, occupy a central role as specialised assessors (for an early overview, see IMF Archives, 2000: 24). Their main task is to prepare the Reports on the Observance of Standards and Codes (ROSCs), which can be concluded separately or as part of an FSAP mission, across a total of twelve areas.

The core audience for FSAP work, and financial sector issues more broadly, includes some of the same actors as in the first case, but also different ones. Within the organisations, EDs and their support teams keep abreast of ongoing assessments, especially when their own country or a country from their constituency is concerned. While Article IV consultations are so important that a Director may personally travel to the country, Alternate Directors or advisors may be delegated to be present at time of the FSAP mission.¹⁰⁷ Within member countries, the main interlocutors are central banks, supervisory agencies and the ministry of finance. Private actors, particularly credit rating agencies, study FSAP findings (where published) to learn about the risks and prospects of the financial markets in which they operate (IEG, 2006: 33; IEO, 2006: 57). Compared to the first case, financial sector surveillance enlists a small audience. While the general public can be directly affected by crisis lending, specifically cuts to public expenditure, its attention to FSAP work remains minimal at best. It is hardly a coincidence that the political economy literature on Fund and Bank lending is voluminous while studies of financial sector surveillance have remained scarce (but see Seabrooke and Tsingou, 2009; Seabrooke, 2012; Seabrooke and Nilsson, 2015). However, ignoring the FSAP would be a mistake because it triggered an intense and, at times, acrimonious conflict between Fund and Bank

¹⁰⁶ Before the Bank's latest restructuring, the Financial and Private Sector Development unit fulfilled this function.

¹⁰⁷ Author's personal interview with IMF member country representative, 12 June 2015.

officials, in which the tensions between differentiation and collaboration became very apparent.

The Implications of the Global Financial Crisis for IMF Surveillance

From its inception, the FSAP was based on the understanding that assessments would be voluntary. Yet IMF and World Bank staff could try to persuade recalcitrant members of the benefits of an assessment, although ultimately no member could be coerced into participating. Before the global financial crisis, this rule was perhaps a nuisance for IMF officials who would have preferred to see the financial sectors of all members assessed on a regular basis. But this design feature remained without dire consequences until the problems in the financial market of the U.S., which had not participated in the FSAP up to that point, spread to a number of other economies. The IMF was no longer willing to accept the role of a passive by-stander after the world's largest economy, home to one of the leading financial sectors, had sent the global economy into a tailspin. In a 2010 Board paper, its staff advanced the thinly veiled complaint 'that the country of origin of the most recent financial crisis had not, until recently, volunteered for an FSAP' (IMF Archives, 2010b: 6).

Yet it was the Fund itself that came under fire for not detecting the early signs of crisis. For Paul Blustein (2015: 1), the organisation suffered from a 'failure to perceive or raise the alarm about the forces that would eventually trigger the crises in Europe'. In short, after years of organisational agony following the Asian financial crisis, things still did not look rosy for the IMF around 2007–08. Even internally, pressure was mounting. At an IMF Executive Board meeting on 21 September 2009, which dealt with a proposal for FSAP reform, a number of delegates called for decisive action. Irrespective of differences over whether the FSAP needed to be transformed into a mandatory exercise (as discussed in greater detail below), the prevailing understanding was that the crisis experience made it necessary to expand and specify the Fund's surveillance mandate. Advocating such a change, the ED from Spain, Ramón Guzmán, was explicit that the IMF had underperformed:

The Fund cannot continue to talk about a new financial surveillance mandate, about renewing its powers vis-à-vis the membership, while not delivering anything more but voluntary processes, flexible approaches, small committees and working groups that are going to share information. When the financial crisis is over, the Fund will probably hang in the balance. ... I doubt that we are being consistent in what we say about financial sector surveillance and what we are practically delivering. I hope that the Board can revisit these issues at a further stage, but the window of opportunity is closing (IMF Archives, 2009i: 89–90).

Even representatives with less ambitious reform plans thought that the time had come for the IMF to take better account of financial market developments. Most notably, disagreement over specific points did not obstruct agreement that its surveillance track record was not enviable. For example, Dutch Director Age F. P. Bakker called the U.S. refusal to have an FSAP before the crisis ‘a blemish on the IMF’ (IMF Archives, 2009i: 70); Brazilian Director Paulo Nogueira Batista suggested that it may have been ‘a blessing in disguise for the Fund’ because it saved it from the embarrassment of conducting an assessment that might not have prevented the outbreak of the crisis (IMF Archives, 2009i: 75). However, both argued that IMF surveillance required scaling up to better capture systemic risks, especially when they were potentially amplified by myriad cross-border interactions (IMF Archives, 2009i: 4–5, 59–60).

Internal criticism did not abate quickly. As the IEO (2011: 29–30) documents in a very critical evaluation, the IMF underestimated the risks to global financial stability that were identified not only by external observers but also by prominent voices from its own ranks. Perhaps most astonishingly, its chief economist Raghuram G. Rajan (2003–06) presented a rather pessimistic outlook on the trajectory of global financial markets at the 2005 Economic Policy Symposium of the Federal Reserve Bank of Kansas City in Jackson Hole. In a speech and a paper, Rajan (2005a,b) cautions that distorted incentives may encourage market actors to take excessive risks and hide them in ever-new financial products. The views of critics, such as Rajan, did not register within the IMF although they often did not contravene its preference for market-friendly policies (IEO, 2011: 9–10, 29–30). The IEO (2011: vii) thus opens its evaluation report on pre-crisis surveillance with the following unflattering verdict:

Warning member countries about risks to the global economy and the buildup of vulnerabilities in their own economies is arguably the most important purpose of IMF surveillance. This IEO evaluation found that the IMF fell short in delivering on this key objective in the run-up to the financial and economic crisis ...

If the IMF missed the scale of potential contagion from the U.S. to other centres of the world economy, it did much better in grasping the opportunity as financial policy reforms gathered momentum after the crisis. The IMF was eager to become a leading voice in public debate, and much of its reform zeal focused on revamping and ratcheting up its own surveillance apparatus. In March 2008, when the crisis was still unfolding, it already saw ‘scope to sharpen surveillance and policy advice’, specifically by using Article IV consultations and FSAPs (IMF Archives, 2008a: 15).¹⁰⁸ In February 2009, it released three further papers that distilled the implications of the financial crisis for financial regulation (IMF Archives, 2009g), global governance (IMF Archives, 2009e) and macroeconomic policy (IMF Archives, 2009h). The first two papers can be seen as an acknowledgement that the IMF, among others, underestimated the level of ‘systemic risk’ as a major source of financial crisis, just as Rajan had feared a few years earlier. The organisation found its surveillance instruments to have been insufficient for detecting and mitigating risks to the global financial system at large (IMF Archives, 2009e: 2–6; 2009g: 4). In sum, systemic risk was the element that made ‘the spectre of capitalist crisis’ (Gamble, 2009: 164) so spooky.

Reform activism within the IMF lasted well into the 2010s. With staff from the MCM and SPR Departments at the forefront, the IMF continued to disseminate ideas and plans for reforming surveillance. The long-standing issue of how to better utilise the FSAP within the broader ambit of IMF surveillance resurfaced with a vengeance in the wake of the crisis. Indeed, this question preoccupied many IMF staff and intensified their efforts to tackle it (for example, IMF Archives, 2009f). A duo of Board papers completed in late March 2010 addressed the much wider issue of what type of formal powers and operational tools the IMF requires to conduct adequate bilateral and multilateral surveillance (IMF Archives, 2010e,a). The essence of many of these post-crisis reflections was that where the IMF failed to spot trouble

¹⁰⁸ The staff’s initial formulations were apparently controversial among the EDs. However, the quoted expression was left unchanged in the revised paper (IMF Archives, 2008b: 15).

approaching, it was due to one of three things: a weak mandate, underdeveloped analytical instruments (particularly models for assessing the formation and diffusion of risks) or incomplete data (whether because the needed data were of limited coverage or difficult for IMF staff to gain access to).

In hindsight, the crisis presented more of an opportunity than a threat for the IMF. The G20, which soon established itself as the central state-level body concerned with global policymaking, shared the view that the IMF should be entrusted with additional surveillance competencies. Its members worked to strengthen the IMF not only as a way out of the crisis but also as a means to avert future crises. The successive G20 summits in Washington, DC (in November 2008) and London (in April 2009) pursued a dual strategy of increasing its resources for crisis lending and of giving it a more prominent role in financial surveillance. The G20 plans assumed that the IMF would interact closely with its traditional partners, especially the World Bank, to fulfil the first task and with the FSF/FSB in particular to fulfil the second (G20, 2008, 2009).¹⁰⁹ The ‘Action Plan’ that emerged from the meeting in Washington promised universal FSAP participation by members of the G20 (2008: see ‘Medium-term actions’ for ‘Enhancing Sound Regulation’).

Similar to the area of lending, the Fund benefitted from the political response to the crisis. The quintessential resource in this case was not a larger pool of funds to lend to its membership, as pledged at the London summit (see ch. 4), but a G20 endorsement for expanded surveillance responsibilities. In January 2010, members of the newly created FSB (2010a: 1), which comprises the G20 plus four additional countries (Hong Kong, the Netherlands, Singapore and Switzerland), agreed the details: each would participate in ‘an assessment under the IMF-World Bank Financial Sector Assessment Program (FSAP) every five years’. In June the same year, they reiterated their intention (FSB, 2010b: 9). As I explain in greater detail below, a subsequent IMF-only reform in 2010, which introduced mandatory FSAPs for members with ‘systemically important’ financial sectors, built on this new openness among its major shareholders towards a set assessment ‘cycle’.

There was nothing inevitable about the way the IMF as an organisation overcame its crisis of relevance and presented its own surveillance shortcomings as evidence for an overdue expansion of its responsibilities. In fact, the global financial

¹⁰⁹ At the time of the first of these two summits, the FSB was still known as the Financial Stability Forum and is hence referred to as such in the leaders’ declarations.

crisis may have as well turned on the IMF itself and inhibited its niche strategy. Instead, the opposite happened: the organisation openly – by its standards of diplomatic criticism – reflected on its own mistakes and obtained licence from its most powerful members, including at the level of the G20 and the FSB, to fortify its surveillance instruments. As the next section shows, the critical discursive move that served to underpin and sharpen the IMF’s niche in global financial, and not just general macroeconomic, surveillance was the problematisation of mandatory collaboration with the World Bank through the FSAP.

Problematising Fund-Bank Collaboration: The 2009 FSAP Review

In contrast to the first case, where the institutional framework for collaboration was not reformed, the analysis of this case can be organised around a temporal focal point: the 2009 joint Fund-Bank of the FSAP. It is common practice in each organisation that staff draft and submit a review to the Executive Board for consideration. Because the 2009 review, the fourth of its kind after such exercises in 2000, 2003 and 2005¹¹⁰, was a joint undertaking, the paper was prepared by both staffs and presented to both Boards. The 2009 review serves as a starting point for establishing what types of problematisations staff advanced and which ones IMF EDs took up in the corresponding Board meeting.¹¹¹ Supported by evidence obtained through original interviews, the analysis of the relevant official documentation yields first insights into the niche strategy that fuelled reform activism among IMF staff, specifically those employed in MCM. It also connects the 2009 joint reform with the IMF’s 2010 reform of the FSAP. Table 5.1 highlights the core contents of the two reforms and its implications for Fund-Bank collaboration.

¹¹⁰ This count excludes the initial review in March 2000 of the twelve pilot assessments, undertaken jointly by the two organisations (for a brief historical overview until 2005, see World Bank and IMF, 2005: 2).

¹¹¹ The IMF Archives (2009i,a) have already released the relevant Board minutes of the meeting, as well as ‘The Acting Chair’s Summing Up’ of the discussion. At the meeting, the Director discussed two additional papers related to the FSAP review (IMF Archives, 2009b,j). The transcript of the corresponding World Bank Executive Board meeting from 22 September 2009 is an internal document. My request for its disclosure has been denied by the World Bank Archives. The only document that has been made available is a two-page summary of the meeting (World Bank, 2009b).

TABLE 5.1. Recent Joint and IMF-Only Reforms of the FSAP

<i>Year</i>	<i>Reform</i>	<i>Implications for collaboration</i>
2009	IMF-World Bank: introduction of ‘modular updates’	Collaboration on updates no longer formally required
2010	IMF: creation of mandatory FSAPs for ‘systemically important’ countries	De facto prioritisation of advanced and emerging economies, less capacity for assessing low-income countries

Source: Author.

Any joint review must formally be attributed to both organisations, but co-authorship does not preclude the possibility of substantive or procedural differences. The problematisations of collaboration on financial sector surveillance that made their way into the 2009 joint FSAP review are a case in point. The main issues were not only discussed in official documentation but also recounted by several interviewees, who provided first-hand insights into areas of agreement and disagreement about financial sector surveillance between the organisations. Crucially, respondents from both sides independently agreed that it was Fund staff who advanced the most salient problematisations while Bank staff engaged in what Steve Maguire and Cynthia Hardy (2009: 169, emphasis in original) term ‘defensive institutional work’: ‘the purposive action of individuals and organizations aimed at *countering* disruptive institutional work’. Against considerable opposition of their World Bank counterparts, staff from the IMF’s increasingly assertive MCM devoted much energy to achieving a less rigid institutional framework governing collaboration in the area of financial sector surveillance.

The reform discourse on the occasion of the 2009 joint review revolved around five major problematisations of the FSAP: (1) functionality, (2) participation, (3) regularity, (4) scope and (5) costs.¹¹² Although functionality may seem like a logical

¹¹² The 2009 review document puts forth at least two more problematisations, which had, however, less bearing on the crucial question of institutional change in Fund-Bank collaboration. The first concerned the *scale* of assessments, which proceeded from the assumption of neatly demarcated national financial sectors, thus ignoring cross-border dynamics, especially contagion effects (IMF Archives, 2009d: 25–26, 30). The second concerned the *consequences* of assessments, in particular how effectively the organisations supported the implementation of FSAP recommendations with dedicated TA (IMF Archives, 2009d: 39–40). The latter point overlaps with problematisations that focus on functionality.

starting point, the ordering does not imply any strict sense of hierarchy. Indeed, the problematisations, which I itemise primarily for analytical purposes, discursively interlocked in practice as elements of the overarching argument in favour of FSAP reform.

Functionality. The review problematised the FSAP's contribution to other organisational functions, most notably IMF surveillance. In this context, Article IV consultations, which its members are expected to hold annually, provided a tested template. The review deplored that both collaboration with the World Bank and the principle of voluntary participation impaired the FSAP's fit for surveillance activities (IMF Archives, 2009d: 27–28). The difference between being formally institutionalised in one way and being interpreted in another was foundational to this problematisation. Its institutional design notwithstanding, IMF staff had long treated the FSAP as an extension of their surveillance work, rather than as a TA instrument. IMF staff therefore envisaged a revised framework that would more effectively harness the FSAP for Fund surveillance.¹¹³ Bank staff did share not this ambition. For them, the FSAP did not serve a surveillance function but was primarily used to exploit the development opportunities of members' financial sectors.¹¹⁴ The problematisation that related the FSAP to IMF surveillance thus overshadowed the parallel concern about the extent of cross-fertilisation with the Bank's other financial sector operations (cf. IMF Archives, 2009d: 40–41).

Participation. Despite not endeavouring to abandon the principle of voluntary participation, the review cast it as a principal weakness of the FSAP. This problematisation predominantly reflected the perspective of IMF staff, who wanted to increase the programme's compatibility with Article IV consultations – a purpose for which it was not originally designed because members were under no obligation to ever agree to an assessment. When the programme was born, its design as a voluntary exercise, like TA, served to ease domestic authorities into permitting, at their own discretion, external oversight over an exceptionally touchy part of their economies (IMF Archives, 2009d: 10). Yet Fund staff increasingly saw this aspect as a hindrance to comprehensive and rigorous financial surveillance, especially over recalcitrant members whose financial sectors carried large volumes of – potentially

¹¹³ Author's personal interview with IMF staff member, 30 June 2015 (and follow-up email correspondence, 9 January 2017).

¹¹⁴ Author's personal interviews with former World Bank staff member, 26 May 2015; World Bank staff member, 12 June 2015.

hidden – risks. While this problematisation was still nascent in the 2009 joint review (IMF Archives, 2009d: 28), it was elevated significantly in the Fund’s stand-alone 2010 reform, which made the FSAP again more amenable to Article IV surveillance (see next section). For the World Bank, which is not endowed with a surveillance mandate and thus has little penchant for the analysis of systemic risks, this aspect was secondary. Though Bank economists do take a professional interest in questions of financial stability, such considerations tend to be dwarfed by the belief that FSAP work should target those countries in which it can maximise the prospects for economic development.

Regularity. The FSAP fell short of a second ideal exemplified by the Article IV consultation process.¹¹⁵ IMF staff had grown increasingly dissatisfied with the variable frequency of assessments. Fundamentally, countries that IMF staff deemed in need of an assessment might not request an FSAP at all or soon enough (IMF Archives, 2009d: 23). Government officials are inclined to place political expediency over economic ‘necessity’ in deciding whether to subject their financial sectors to external scrutiny. The political benefits to be reaped from the (unlikely) detection of a financial crisis in the making are just too diffuse. Yet even when countries not only volunteered but also timed their requests well, the organisations might not be able to respond immediately in all cases (see in particular the issue of costs, discussed below). For these reasons, many countries got an FSAP ‘update’ (that is, any assessment after a country’s initial one) later than they should have from the organisation’s point of view. The 2009 review notes that, on average, an update took place six years after the previous assessment (IMF Archives, 2009d: 14, 31). Certainly an extreme example, Brazil, an emerging economy with a sizeable financial market, had its second FSAP a decade after its first.¹¹⁶

Scope. The problematisation that proved most crucial for the evolution of Fund-Bank collaboration highlighted that comprehensive coverage hampered prioritisation. For its promoters, the keyword was ‘flexibility’. Their main line of reasoning was that both organisations could exercise only limited discretion over when, where and how to conduct FSAPs. In this context, IMF FSAP staff promoted what became the central piece of the 2009 reform: the ‘modular’ update. Under the

¹¹⁵ A 2010 Board paper reports a high rate of timely compliance: ‘Over 90 percent of members hold Article IV consultations on a cycle of 12- to 15-month intervals’ (IMF Archives, 2010e: 18).

¹¹⁶ Author’s personal interview with World Bank staff member, 12 June 2015. FSAP documentation confirms that Brazil was assessed first in 2002 and again in 2012.

original framework, there was only one type of FSAP – that is, an assessment jointly run by the Fund and the Bank.¹¹⁷ Under the proposed framework, countries could choose between three basic options: (1) a stability module operated by the Fund; (2) a development module operated by the Bank; and (3) a traditional ‘full’ update, covering both dimensions and involving both organisations to a similar extent. However, as the Board document emphasises, this more expansive menu would still offer the same main course: ‘The standard, joint Bank-Fund assessment mission would remain the norm for initial assessments and for “full” updates in developing and emerging market countries ...’ (IMF Archives, 2009d: 33). Where needed or sensible, they could occasionally be replaced by modular updates, which would be the formal responsibility of one organisation but still be conducted by a mixed staff team. The change would not pertain to the delivery of initial assessments by both organisations (IMF Archives, 2009d: 32–33). Even though the review was a joint document, many interviews confirmed that this problematisation was popular among IMF staff but unpopular among Bank officials.

Costs. The review found the programme to be generally underfunded. In FY2005–09, the IMF spent up to twice as much on the FSAP as the World Bank; in fact, the Fund’s lowest contribution of \$7.4 million (in FY2005) exceeded the Bank’s highest of \$5.3 million (in FY2009). Moreover, the combined annual expenditure was steadily increasing for most of that period, with a spike of \$16.33 million reached in FY2008, followed by a crisis-induced nadir of \$11.25 million in FY2009 (IMF Archives, 2009d: 15). The review reasons that while the use of modular updates may save costs, the IMF faces profoundly difficult resource allocation choices: ‘The tradeoffs are stark for the Fund’ (IMF Archives, 2009d: 42). Thus, unless resources were increased, either the organisations would offer full updates slightly less frequently for all members, or the Fund would run stability modules more frequently in ‘systemically important’ and much less frequently in all other countries (IMF Archives, 2009d: 43–44). In this rendering, problems of excessive costs, undue scope, disconnected functionality and insufficient regularity were fused:

¹¹⁷ ‘Advanced economies’ were an exception as the Fund assessed them without the Bank.

With an unchanged resource envelope, these modules, while in principle available to all members, would have to be limited to systemically important and vulnerable countries ... This would imply that Fund participation in FSAPs in small emerging and developing countries would have to be scaled back (IMF Archives, 2009d: 43).

Taken together, the five problematisations staked out the terrain within which Fund and Bank officials renegotiated the institutional parameters for collaboration on financial sector surveillance. It is important to reiterate that while both sides authorised the final text, the 2009 joint review represents IMF thinking much more than it did World Bank thinking. A senior MCM official captured the sentiment prevalent among FSAP staff from the IMF in the following memorable statement: ‘Good fences make good neighbours.’¹¹⁸ Even though no other interviewee employed it, this adage is representative of the IMF’s positioning efforts. On the one hand, ‘fence’ implies the existence of pieces of ‘turf’ – understood both literally and figuratively – that can be demarcated for the sake of neighbourhood. On the other hand, ‘good neighbours’ coexist peacefully and also interact where required while being mindful of where their respective turf ends. The point of this interviewee, as well as IMF colleagues who expressed similar views in different ways, was not that the neighbour had been unruly, but rather that a respected boundary can reduce frictions and nurture a viable *modus vivendi*. Far from advocating a severance of operational ties, they favoured a formal decision that would legitimate more selective interactions with the Bank in financial sector surveillance. In the conceptual terms employed in this study, each neighbour had better take care of their unique niche.

Most World Bank officials, for their part, strongly objected to putting up ‘fences’, perceiving any such action as the beginning disintegration of what had been a joint programme from its inception. A common line of defence among World Bankers was that because full, rather than modular, assessments at least partially reflected the real-world economic interactions between stability and developmental issues, the reform represented a step in the wrong direction.¹¹⁹ Recalling ‘a really ugly, ugly discussion’ and very determined IMF staff members, a Bank manager explained:

¹¹⁸ Author’s personal interview with Dimitri G. Demekas (IMF staff member), 8 May 2015.

¹¹⁹ Author’s personal interviews with World Bank staff member, 12 June 2015; IMF staff member, 30 June 2015.

... I think fundamentally, can you disentangle development aspects from stability aspects? ... It's just two aspects of the same thing, and you can't disentangle them. Just 'cause you can identify the aspects doesn't mean you can separate them. And that was flawed logic ...¹²⁰

In the end, both Executive Boards accepted the changes to the FSAP proposed in the review paper, as is standard practice in the organisations. Based on an analysis of the statements made during the IMF Executive Board session in September 2009, Table 5.2 provides a rough breakdown of how the twenty-four representatives reacted to the proposal. A commanding majority of representatives, including all 'G-5' countries (the U.S., Japan, Germany, France and the U.K.) consented to the proposed option of modular updates in addition to full ones. Dissenting and neutral statements were few and far between. The powerless African constituency led by Rwanda was the most outspoken opponent; the Middle Eastern constituency under Egyptian and the Central/South American constituency under Brazilian leadership adopted a mixed position, combining conditional support with critical reflections.

TABLE 5.2. IMF Executive Directors' Positions on Modular Updates

	<i>All constituencies</i>	<i>Thereof G-5</i>
Supportive	19	5
Neutral	2	0
Critical	1	0
Unspecific	2	0
Total	24	5

Notes: A position counts as 'neutral' either when the statement accepts the proposal only in qualified form (that is, by including more restrictive conditions than submitted by the staffs), or when it combines positive and negative appraisals. 'Unspecific' denotes a statement that neither treats the issue of modular updates nor approves of the staff proposal in a more general manner; such statements may still adopt very specific views on other features of the FSAP.

Source: Author's analysis of Minutes of Executive Board Meeting 09/98-1 (IMF Archives, 2009i).

The supporting problematisation of participation in fact proved far more controversial at the IMF Board. The question whether the FSAP should remain

¹²⁰ Author's personal interview with World Bank manager, 8 July 2015.

voluntary or become mandatory for some or even all members led to a split Board, as Table 5.3 shows. With the notable exception of France, which called for a shift towards a mandatory FSAP (IMF Archives, 2009i: 62), the G-5 countries did not take a clear stance on the issue at that meeting. This lack of unity nonetheless means that some IMF Directors were open to rethinking the ground rules of country participation. In a survey for the 2009 review, over two-thirds of the country authorities favoured keeping participation in the programme voluntary, and only one-fifth opted for imposing an obligation on members in this regard (IMF Archives, 2009c: 59, Fig. 18).

TABLE 5.3. IMF Executive Directors' Views on Voluntary Participation

	<i>All constituencies</i>	<i>Thereof G-5</i>
Problematic	8	1
Neutral	1	1
Unproblematic	8	0
Unspecific	7	3
Total	24	5

Notes: A position counts as 'neutral' either when the statement accepts the problematisation only in qualified form (that is, by including more restrictive conditions than submitted by the staffs), or when it combines positive and negative appraisals. 'Unspecific' denotes a statement that does not treat the issue of voluntary participation, though it may otherwise be very specific.

Source: Author's analysis of Minutes of Executive Board Meeting 09/98-1 (IMF Archives, 2009i).

To summarise, the principal outcome of the 2009 joint FSAP review was the introduction of selectivity in Fund-Bank collaboration. FSAP updates could henceforth take the form of either full or modular assessments. The modular approach was contemporaneously extended to the ROSCs in the area of financial regulation and supervision, which make it possible for the IMF to '... undertake either a full ROSC reassessment or a partial ROSC update' after the first assessment (IMF Archives, 2009j: 2; see also IMF Archives, 2009d: 32). In effect, nothing changed at that stage for HICs, which had only ever received stability assessments (updates or otherwise) from the Fund. The debate about voluntary versus mandatory FSAPs, however, soon resurfaced in the Fund's stand-alone reform in 2010. Beyond

this question of participation, the 2009 joint review advanced many old problematisations of the FSAP in what was a changed political environment after the crisis, as the next section proposes.

The Inter-Organisational Context: Origins and Trajectories of the Problematisations

A longitudinal analysis of policy reviews can indicate whether problems with the FSAP had evolved significantly before reform proposals became persuasive, or whether their persuasiveness was owed more to auspicious circumstances. Because the 2009 review was due shortly after the financial crisis began, the analysis accounts in particular for the impact of this formative event on institutional change in Fund-Bank collaboration. The official documentation allows us to trace the five problematisations both backwards (to 2000, 2003 and 2005) and forwards (to 2014) in time. As this section reveals, none of them was born after the crisis; each had circulated within the organisations for some time. The comparison suggests that the IMF opted for visible differentiation as the crisis provided it with an opportunity to claim a more prominent role in global financial surveillance. If the problematisations are not new – that is, basically the same problems are identified across the reviews – then an explanation centred on the substance of reform alone misses the mark. The temporal gap between awareness of the problems and reform action in this case supports a ‘garbage can’ view of organisational actors, here IMF staff from MCM in particular, as biding their time to advance their favoured solutions (Cohen *et al.*, 1972).

The historical context adds to our understanding of how IMF staff both drew on and repackaged previously aired criticisms of the FSAP against the backdrop of the crisis. Some of the old problematisations now carried the day, subsequently facilitating more comprehensive reforms of IMF surveillance. As far as Fund-Bank collaboration on financial sector surveillance is concerned, perhaps the most obvious sign of change is that, in 2014, the organisations for the first time conducted two parallel Board reviews of the FSAP. Despite assurances that staff from both sides had aligned the reviews at the FSLC level (IMF, 2014: 8; World Bank Group, 2014a: 1) and occasionally similar formulations, the two documents differ markedly in their analytical orientation, essentially mirroring the new modular approach. By contrast,

the four previous reviews had all been jointly authored, each of which had resulted in a single, holistic Board paper; and while the IEG and the IEO had each published an evaluation of the FSAP in 2006, the evaluators had at least completed a large portion of the underlying empirical analysis together, which becomes evident in repeated cross-references between the reports. If a principal reform objective in 2009 was to visibly increase the IMF's distinctiveness, stopping the mundane practice of co-authoring policy reviews served to signal its specialisation and operational disentanglement from the World Bank.

By contrast, the underlying problematisations of the programme evolved much more continuously. Table 5.4 provides a comparative snapshot of the five problematisations from the first Board review of the FSAP in 2000 (joint) to the latest in 2014 (not joint). Although this stylised overview inevitably suppresses nuance by focusing solely on my interpretation of what is the main point for each problematisation, a few notable insights emerge. Formulations sometimes survived almost unchanged from one review to the next as staff linked their reasoning back to previously agreed positions. IMF and World Bank staff problematised the FSAP in a relatively consistent manner up to 2009 and, to a lesser extent, also thereafter. According to the IMF's (2014: 34) latest review, updates were still infrequent and costs high notwithstanding a 'modest rise of the overall resource envelope'. The organisations had foreseen 'a need to develop a mechanism for regular updates' a mere half year after the completion of the pilot phase (IMF Archives, 2000: 27). They had also early on believed that assessing the financial sectors of HICs, especially 'systemically important' ones, would be particularly costly (IMF Archives, 2003b: 28; 2005a: 4).

TABLE 5.4. Problematizations of the FSAP in Board Reviews, 2000–14

	2000	2003	2005	2009	2014	
					IMF	World Bank
Functionality	Art. IV surveillance too shallow without FSAP	Underdeveloped link with Art. IV surveillance	Underdeveloped link with Art. IV surveillance	Strong disconnect from Art. IV surveillance	Weak contribution to multilateral surveillance	—
Participation	—	—	No obligation on members (coverage vs. ‘ownership’)	No obligation on members (coverage vs. ‘ownership’)	Insufficient LIC coverage (SSA* and Middle East)	Low LIC participation (AFR and EAP**)
Regularity	Risk of lagged updates	Updates too infrequent	Updates too infrequent	Updates too infrequent	Lower annual number of FSAPs	—
Scope	—	Updates to be adjusted as needed	Updates to be adjusted as needed	Full updates often too comprehensive	Full updates not to be abandoned	Full updates not to be abandoned
Costs	Insufficient funding to raise annual rate	FSAPs in countries with large financial sectors expensive	—	Insufficient funding to avoid long(er) update lags	Advanced economy FSAPs very expensive	Insufficient funding to cover expanded ROSCs
Institutional format for collaboration	No exceptions to joint assessments	‘Focused updates’ perhaps not joint	No exceptions to joint assessments	Modular updates as an option	New format sensible	New format sensible

Notes: The shaded column presents the 2009 joint staff review, which is most relevant for the purposes of this chapter.

* SSA stands for Sub-Saharan Africa.

** AFR and EAP refer, respectively, to the World Bank’s official abbreviations for its regional units Africa and East Asia Pacific.

Source: Author, based on joint and separate review documents (particularly the proposals sections) (IMF Archives, 2000, 2003b, 2005b, 2009c; IMF, 2014; World Bank Group, 2014a).

A pertinent example of discursive continuity is the issue of designing updates that have appropriate scope for a given country after its initial assessment but that avoid straining organisational resources. The idea of the ‘modular update’ can be traced back to 2003, when staff introduced a distinction between ‘reassessments’, which would be ‘comprehensive updates’, and ‘focused updates’. The Board paper insists on the coordination of focused updates (arguably through the FSLC) but suggests flexibility about whether they are ‘implemented by the Bank, the Fund, or jointly, with experts from cooperating institutions, depending upon the issues’ (IMF Archives, 2003b: 31). The next review did away with the distinction, settling for ‘update’ as an umbrella term regardless of the chosen scope (IMF Archives, 2005b: 31, fn. 46). The 2009 review, finally, revived the distinction between ‘focused’ and ‘comprehensive’ in spirit by officially establishing ‘modular’ alongside ‘full’ updates. For a lack of specification in the 2003 review, this discursive trajectory remains unclear, but the finding would be consistent with the generally incremental evolution of the problematisations advanced by staff.

While the five problematisations were relatively stable, they were surely not static. They were malleable enough to fit the IMF’s emergent crisis narrative of insufficient surveillance and to sell institutional change to sceptics at the World Bank, as well as in other international bodies such as the G20. Fund-Bank collaboration on financial sector surveillance was therefore not just an instance of ‘solutions looking for issues to which they might be the answer’ (Cohen *et al.*, 1972: 2). The solutions with which reform proponents sought to respond to the issues consolidated from the first FSAP review onwards. Just as actors’ preferences are not determined by material conditions (Blyth, 2003; Hay, 2011; Parsons, 2002; Woll, 2008), their envisaged policy solutions can adapt too within the cultural constraints of the Bretton Woods script. For instance, a problematisation that had been in circulation but remained largely inconsequential before the global financial crisis could, often with some adjustments, become meaningful to a critical mass of actors. In short, the problematisations did not need the crisis to come into existence, but they needed it to gain enough appeal that change agents in the IMF’s MCM Department could finally make a convincing case for institutional change. Their proposal was organised around the problematisation of lacking flexibility in conducting updates under the FSAP as a joint programme.

It befits the deep sense of economic decline in the aftermath of the global financial crisis that the IMF extended existing problematisations of the FSAP to reform the rules of engagement. The presentation of some state of affairs as a crisis often serves to orchestrate or justify particular courses of political action, especially the mobilisation of support for controversial reforms (Cox, 2001; Hay, 1996; Roitman, 2014; Widmaier, 2003; Wilkinson, 2009). In ancient Greek, ‘crisis’ (*krinô*) signified a pending decision to overcome a particular problem or challenge (Koselleck, 2006: 358; Roitman, 2014: 15). Remarkably, all problematisations had been current, albeit in slightly varying forms, for some time without leading to changes to the formal institutional framework. The crisis augmented the salience of these problematisations in the 2009 review. In Colin Hay’s (1996: 254 and also 270, emphasis in original) words, ‘a moment of *decisive intervention*’ had arrived. In large international bureaucracies under permanent public scrutiny, such as the IMF and the World Bank, interventions tend to be couched in diplomatic language and implemented with restraint, but they may still matter.

A significant post-crisis intervention was completed at the IMF the following year. Expanding on the problematisation of participation, IMF staff made an ultimately successful proposal to introduce mandatory stability assessments for twenty-five jurisdictions with ‘systemically important’ financial sectors (IMF Archives, 2010b). Each sector was rated in terms of its size (weighted by a factor of 0.7) and interconnectedness (0.3); two clusters containing the twenty-five largest and most interconnected sectors were then derived from the resulting ranking (IMF Archives, 2010c: 5–14). The IMF Board objected to the planned assessment frequency of every three years. The compromise was to set it at every five years (IMF Archives, 2010d), which institutionalised the agreement reached among FSB members earlier that year. In 2013, the list was expanded to twenty-nine jurisdictions on the basis of a new methodology for classification (IMF, 2013). As the reform was an IMF-only affair, the recently revamped framework for collaboration with the World Bank stayed in place.

The connection between the two successive reforms cannot be conclusively gleaned from the official documents. In retrospect, we might conjecture that savvy MCM staff pursued the 2009 reform because the 2010 reform was already in the drawer. In short, the reform of Fund-Bank collaboration prepared the ground for the Fund’s own FSAP reform. It would be a twist on ‘garbage can’-style manoeuvring –

a reform to make another reform happen, rather than just waiting to make one reform happen. By the time the 2009 reform proposals were deliberated at the Bank Board, the impression was of a ‘consensus in [the] IMF’ in favour of voluntary assessments (World Bank, 2009b: 1). Practitioners’ insights can shed additional light on the background dynamics. An IMF staffer stressed that the plans for what would become the 2009 reform crystallised in early 2008, at which point neither the G20 nor the FSB had moved on the issue. The official saw the introduction of modules as a stepping stone towards the intended long-term transition to mandatory FSAPs at the IMF, but did not dare to hope for any short-term success. Yet when some member states indicated their support for this idea at the Executive Board meeting, staff grasped the opportunity afforded by the crisis to design an institutional framework for mandatory assessments.¹²¹ An IMF colleague concurred that without the first reform, the second might not have happened either.¹²²

There are additional indications that the idea of prioritising assessments of countries that warrant closer attention was not a fresh lesson from the latest crisis experience. For example, the IEG and IEO evaluations both raised questions regarding the ‘systemic importance’ of some financial sectors or countries. A simple search of the main text of each evaluation (excluding such parts as table of contents, foreword, executive summary, annexes or appendices) yields the following frequencies: The IEG report contains eighteen mentions of ‘systemic importance’ or ‘systemically important’ (two and sixteen, respectively); the IEO report refers to these two terms a total of thirty times (twenty-one and nine, respectively). The IEO (2006: 61, 64, 83) even openly considers whether mandatory assessments might constitute a more appropriate mechanism to ensure regular participation, especially by those countries that most affect the stability of the global financial system. Thus, in some ways, the 2009 reform bore the imprint of a change agenda in the IMF, which found the right window of opportunity to marshal support from member states.

After the crisis, these ideas gained further traction. An IMF Board paper touting the advantages of the FSAP for general surveillance in early 2009 contends that ‘... so long as the FSAP continues to be voluntary, seamless integration into the Fund’s surveillance would remain elusive’ (IMF Archives, 2009f: 10). Although the

¹²¹ Comment by IMF staff member on author’s presentation, IMF, Washington, DC, 10 March 2017 (and follow-up email correspondence, 11 March 2017).

¹²² Author’s personal interview with IMF staff member, 15 March 2017.

2009 joint review itself did not explicitly foreshadow what would become the IMF's next step in the process, it did comment on the relationship between a potentially mandatory FSAP and Article IV surveillance in a footnote (IMF Archives, 2009d: 28, fn. 11). As stated above, country authorities were surveyed in this context about their stance on mandatory, as opposed to voluntary, assessments. Finally, one of the two Board papers from March 2010 cited earlier frames the 2009 reform as a stepping stone for addressing the problem of voluntary participation in the FSAP:

The introduction of modular FSAPs following the last Board review provides additional flexibility: the mandatory requirement could apply only to the Fund's stability modules, with structural and developmental elements remaining voluntary (IMF Archives, 2010a: 14).

Not only did the joint reform reduce the operational proximity between the organisations, but it also, once more, created space to tailor the IMF's FSAP to the requirements of Article IV surveillance. The first move allowed the Fund to shift a sizeable share of its available resources towards mandatory assessments while the second embedded the FSAP more deeply in the organisation's most regularised surveillance activities with its members. Together, both also symbolically underpinned the Fund's claims to governance authority in the realm of financial surveillance. Its niche position looked all the more credible with greater demarcation from a development agency such as the Bank, and with greater standardisation of its main instrument around regular mandatory assessments of the largest national financial sectors. That this strategy was highly credible also had to do with preceding state action, especially at the afore-mentioned G20 and FSB pledges. The final section of this chapter relates the preceding analysis to the niche strategy through which IMF officials made a case for having the necessary expertise to be entrusted with more expansive surveillance powers.

Niche Distancing and the Symbolic Politics of Organisational Reform

The trajectories of the problematisations show a marked continuity across the various reviews, both *before and after* the global financial crisis. Yet only in its wake did IMF staff construct a 'need' to renegotiate the rules of engagement with the World Bank on FSAP updates. In other words, after three successive joint reviews (in 2000, 2003 and 2005) had found enduring problems but had never attempted to solve them

by reforming the collaborative dimension, why were those problems now construed in this manner? Intriguingly, some of the problems identified at the early stages of the programme, such as difficulties in ensuring balanced participation or controlling expenditure levels, still persisted in 2014 according to the IMF's solo review. Necessity alone cannot explain these anomalies, nor did the crisis prompt staff to formulate radically new problematisations that would have 'logically' called for abandoning the existing institutional setup.

Given the increasing volume of financial transactions and interconnectedness of financial markets, arguments that foreground 'objective' or 'rational' demands for organisational reform are widespread. The present case suggests why such accounts are incomplete at best and misleading at worst. Organisations often appear to act irrationally while in fact they struggle to reconcile external ceremonial demands with operational exigencies (Brunsson, 1982, 1985; Meyer, 1984). The appearance of rationality may thus be as or more important than rational behaviour. Heightened attention to the financial markets of its HIC members became a central identity trait of the post-crisis IMF. As I argue, both FSAP reforms underpinned this identity and presented the organisations as learning the right lessons from the crisis, which, unlike previous ones, had been begun in a HIC. It was thus critical for the IMF to be seen as doing two things: first, overseeing financial markets better; second, focusing on HICs. The two FSAP reforms delivered on both counts. Yet the Fund cushioned its niche construction work, which incensed many at the Bank, with continued commitment to collaboration. Again, the Bretton Woods script structured the organisations' room for manoeuvre, imposing limits on how far the IMF could go and making the use of symbols immensely attractive.

As we have learned in the first case, environmental demands define the parameters of 'appropriate' organisational behaviour. In inter-organisational settings, two sets of norms collide. On the one hand, IOs are expected to uphold distinctive identities by developing a unique operational repertoire, leveraging area-specific expertise and preventing excessive overlaps with other organisations. On the other, IOs are expected to work together by exchanging information where appropriate, pooling resources where possible and running joint operations where useful. Stakeholders who espouse collaboration at the most general level may at the same time warn that specific inter-organisational arrangements diminish or obliterate the uniqueness of the organisations, or organisational units, involved. In this heavily

scripted environment, collaborating organisations must simultaneously meet these two conflicting imperatives, although it is clear that they can only ever meet each partially. Targeted reforms of collaborative practices, however, can serve to construct a particular policy niche while also continuing collaboration. A crisis, especially if it is interpreted as evidence for weak differentiation in a core area of expertise, can nudge an IO towards niche distancing through reform – that is, to reassert its distinctiveness if it hopes to enter a new, potentially additional, niche or generally sharpen its profile.

The IMF Executive Board meeting on the FSAP reform in September 2009 reflected the intricacies of the trade-off between differentiation and collaboration. In both their official statements and the ensuing debate, most representatives expressed a preference for strengthening the division of labour between the Fund and the Bank in line with the proposal (see again Table 5.2 above). In their view, the FSAP had to facilitate more targeted IMF surveillance work. The British chair, for example, wished for the IMF to operate under ‘a clear and explicit mandate ... on financial stability’ (IMF Archives, 2009i: 16). Another powerful voice at the Board, French Director Ambroise Fayolle, repeated the call for such a mandate (IMF Archives, 2009i: 63). The official German statement similarly welcomed ‘efforts to better clarify the Fund’s and the Bank’s principal contribution’ (IMF Archives, 2009i: 20). The Russian representatives, who considered the FSAP to be much less important than the IMF’s own Article IV process, stated: ‘The need for coordination between the Fund and the Bank adds to the rigidity of the FSAP’ (IMF Archives, 2009i: 31).

At the same time, care was taken to not delegitimise collaboration with the World Bank. Those who were less convinced by or rejected the idea of modular updates treaded especially carefully. Speaking on behalf of a constituency that comprised twenty-three African members, Rwandan Director Laurean W. Rutayisire criticised ‘a strict delineation of responsibilities between the Fund and the World Bank’ as generally ‘inappropriate given the significant overlap between these areas’; specifically, it might incentivise the Fund to commit itself much less to assessing the financial sectors of LICs, where development considerations outweigh stability concerns (IMF Archives, 2009i: 12). The Egyptian chair worried that ‘... having FSAP updates without the Bank risks missing the identification of vulnerabilities that stem from areas of Bank expertise’ (IMF Archives, 2009i: 6). Even those who promoted the reform still insisted that the World Bank’s contribution was important

whenever stressing the expected benefits or the general principle of collaboration. The powerful U.S. chair affirmed the guideline formulated in the review paper: ‘... we fully agree that joint Bank-Fund assessment missions should remain the norm ...’ (IMF Archives, 2009i: 49). José Viñals and Dimitri Demekas, two of the four staff members from MCM who spoke at the meeting, sought to reconcile partial separation with continued joint FSAP work (IMF Archives, 2009i: 78, 81).

Therefore, the strong discursive emphasis at times placed by IMF staff and Executive Board representatives on operational differentiation hides a more complex story that points to the power of symbolic action through reform, especially if the reform introduces choice. Negotiable positions are more conducive to human interaction than definitive claims, as Richard Sennett (2012: 24) remarks in a study of cooperative practices: “‘Perhaps’ makes it easier to cooperate in talking.’ Applied to the Fund-Bank relationship, ‘perhaps’ may facilitate cooperation in acting because it helps to sustain and accentuate what distinguishes the two organisations in financial sector surveillance. After a good decade of collaboration by default, the 2009 reform not only embraced the virtue of ‘perhaps’ – epitomised by the *option* of modular updates – but also, concurrently, reaffirmed the established core responsibilities of each organisation under the FSAP. There was, crucially, nothing unprecedented about the more formalised division of labour: the IMF was still attending to issues of financial stability, the World Bank to issues of financial development, as they had done before.¹²³ Without employing the term ‘module’ in relation to FSAP updates, the three earlier review papers had all described the core functions of the Fund and those of the Bank in very similar language. In sum, the 2009 reform did not set any fundamentally new operational priorities for either organisation: it was primarily about ‘clarifying each institution’s principal contribution to the joint program’ (IMF Archives, 2009d: 29).

The fact that the vast majority of updates are still not undertaken in the modular format attests to the power of ‘perhaps’. Despite strong initial reservations, the Bank did not suffer from a shortage of requests for modular updates under the new institutional framework.¹²⁴ Moreover, as stipulated in the 2009 joint review

¹²³ Author’s personal interviews with Dimitri G. Demekas (IMF staff member), 8 May 2015; IMF staff member, 20 May 2015.

¹²⁴ Author’s personal interviews with Dimitri G. Demekas (IMF staff member), 8 May 2015; former World Bank staff member, 13 May 2015; World Bank staff member, 12 June 2015. The 2014 reviews substantiate this point: each reports ten Bank development modules and five Fund stability

(IMF Archives, 2009d: 33), even in (those comparatively few) stand-alone updates, the responsible organisation would allow staff from the other organisation to partake in the mission. Only the Swiss chair at the IMF Executive Board meeting, where all but a few representatives endorsed the proposed modularity of updates, would have wanted to take disentanglement further: ‘... we do not consider it necessary or efficient that staff of both the IMF and the World Bank normally, i.e., as a general rule, participate in both modules ...’ (IMF Archives, 2009i: 46). This exception to the rule demonstrates how incrementally the organisations calibrated their engagement in this area. In other words, the reform would have allowed for more selectivity than the organisations have so far availed themselves of in practice.

It is difficult to determine whether most update requests since 2010 have been for full ones because countries preferred the old format or because the organisations persuaded them of it. Evidence from various (earlier and later) stakeholder surveys suggests that advice was the second-most common rationale for authorities to request an FSAP after their wish for ‘independent assessment’ (IEG, 2006: 26; IEO, 2006: 75; World Bank Group, 2014a: 36 with Annex II, 2). The latest IMF (2014: 21, 20) review identifies a similar pattern for update requests since the 2009 reform: while ‘institutional constraints’ at times made a modular update expedient, more often ‘... the authorities explicitly requested a more focused, targeted assessment’. While it formally remains the prerogative of a member to choose the type of update – full or modular – the Fund has repeatedly made it clear that the demand for updates must be matched with available resources (IMF Archives, 2010b: 20–22; IMF, 2012: 19; 2014: 46). In any event, the high degree of continuity with respect to format and team composition indicates that the organisations’, particularly the IMF’s, material need for operational disentanglement may have been less severe than the rhetoric surrounding the 2009 reform implied. The so far modest demand for modular updates also reflects countries’ understanding that it is ‘right’ to request joint Fund-Bank activities.

In their latest FSAP reviews, both organisations have praised the decision to create optional modular updates while maintaining the classic ‘full’ update. The introductory quote to this chapter displays a certain level of satisfaction at the IMF about the formally sharper division of labour embodied in the modular approach to

modules for non-advanced economies during FY2011–FY2014 (IMF, 2014: 21; World Bank Group, 2014a: 23).

FSAP updates. On the next, the IMF review paints a rosy picture of the practical positive effects of the reform:

... modules have worked to everyone's benefit, enabling the Fund and World Bank to tailor assessments to country needs, and providing increased flexibility to *both* country authorities and the Fund and Bank (IMF, 2014: 21, emphasis in original).

More surprisingly, even the Bank, in its own 2014 review, lauds the positive effects of the very reform that antagonised many of its FSAP staff when it was proposed and actively promoted by their IMF counterparts. For example, the document describes development modules as offering 'an opportunity to perform a deep dive on specific topics that are of interest or concern for the authorities' and the new 'flexibility' as having reduced lags in meeting their requests (World Bank Group, 2014a: 24). The review is indeed notable for a lack of critical engagement with the 2009 reform. However, as one source suggested, the first draft of the 2014 World Bank Board review was very critical of collaboration with the Fund. After the exchange of the two draft reviews, high-ranking IMF staff in the FSLC intervened to put a more positive spin on the matter.¹²⁵ Another reason may be the benefit of hindsight, since the authorities' demand for development modules has been more robust than many at the Bank had suspected.

There is, however, a more profound reason why Bank staff may find the new institutional arrangement palatable. A minor point in 2006 IEG evaluation of the FSAP is insightful in this regard. Noting a considerable degree of similarity between the Bank's and the Fund's FSAP reports delivered to the respective Board, the evaluation implies that the FSA and the FSSA could as well become complementary elements of a single document. The major obstacle to such a change in the reporting practices was 'strong resistance from staff' (IEG, 2006: 22). IMF staff cited procedural specificities relating to the sequencing of FSAP and Article IV missions (IEG, 2006: 23). Bank management, for its part, cautioned against the not excessively radical idea of basing the FSA more on the FSSA to shorten delays in submission to the Board: 'IEG's suggestion to leverage the FSSA downplays the relevance of the Bank's focus on development and poverty reduction' (IEG, 2006: 56). In this instance, the Bank chose differentiation over greater efficiency. Turf

¹²⁵ Author's Skype video interview with World Bank staff member, 7 April 2017.

battles are characteristic of niche games in which the organisations involved strive to strike a balance between going it alone and collaborating.

Even though the IMF's efforts to redesign the FSAP had manifest symbolic elements, labelling the reform as mere pretence would not do analytical justice to the observed antagonism between the Fund and the Bank in this area. It would generally risk understating IOs' desire to carve out policy niches while keeping inter-organisational relationships in place. The IMF sought to combine a less fuzzy division of labour with the continued exchange of critical resources (such as specialist expertise in conducting either type of assessment). Apart from separate reviews of the programme, which performatively reinforces the formalised division of labour, much has remained the same: all initial assessments and most updates (except, as before, in HICs) continue to be conducted jointly by the organisations; modular updates are undertaken by mission teams that always include a small number of staff from the organisation that did not receive the request; the IMF approaches FSAP operations from a surveillance angle, and the Bank utilises the programme for development objectives. Despite the limited degree of actual change in collaborative practices, survey results from both 2014 reviews overall indicate rising approval rates for the modularised FSAP (IMF, 2014: 23–30; World Bank Group, 2014a: 36–39).¹²⁶

Niche distancing anything but stalled after the 2009 reform. The IMF's 2010 reform did not directly involve the World Bank but put even more distance between the organisations in both symbolic and substantive terms. Symbolically, the reform created a difference between an IO that obliges some of its members to undergo assessments to help prevent financial crises and one that runs a voluntary programme to help develop financial markets. The IMF added to this impression the symbolic value of collaboration with the FSB on the Early Warning Exercise (EWE), which aims at detecting crises in the making. Claiming a policy niche can entail nurturing new collaborators and downgrading old ones through policy initiatives and reforms.

Substantively, mandatory assessments of all those sectors classified as 'systemically important' had a tangible impact on which FSAP requests the IMF would prioritise. They constrained its ability to assess financial sectors of LICs, a

¹²⁶ Somewhat contradictorily, the 2006 evaluations saw the practiced division of labour already in a rather positive light. 'Balance of development and stability issues' was graded 2.02 by the IEG (2006: 16) team and 1.88 by the IEO (2006: 30) team, each on a scale from 1 (best) to 4 (worst). The sample size differed as the IEG reviewed nineteen FSAPs compared to the IEO's twenty-five.

problem acknowledged in both 2014 reviews (IMF, 2014: 43; World Bank Group, 2014a: 8). Because most countries prefer full assessments, the annual number of Bank FSAPs has roughly halved according to a World Bank manager, who suggested that if the Fund were not available, the Bank should be allowed to run full updates by itself.¹²⁷ The IMF, however, has not responded favourably to this proposal and is not willing to sanction such a change.¹²⁸ New reforms remain possible if one side, likely the Fund, still finds distinctiveness in collaboration to be too weak. As an IMF staff member noted in 2015 – that is, more than half a decade after the reform that made modular updates possible – when contemplating desirable changes in collaboration: ‘I think clearer boundaries would be helpful.’¹²⁹

While the IMF’s preference for formal institutional change prevailed over the World Bank’s preference for institutional continuity, the available documentary record does not offer an explanation for why the Bank ultimately conceded on the issue. When the conflict came to a head, Fund staff were apparently as willing to accomplish the reform as Bank staff were willing to thwart it. In a last-ditch attempt, Bank officials failed to persuade Fund management to drop the more controversial proposals that took shape in the Board review draft. First DMD David Lipton did not back down.¹³⁰ As a former World Bank staff member observed, the IMF’s leadership ambition came to the fore in the FSLC early on: ‘The Fund typically wanted to dominate this process.’¹³¹ In a similar vein, a former Bank senior manager reported of instances where IMF staff at international meetings had tried to claim the lion’s share of responsibility for the FSAP.¹³² The post-crisis policy shift towards financial stability lent additional support to the Fund’s goal of developing a more comprehensive and more diversified surveillance toolkit, including and beyond the FSAP. Thanks to the successive FSAP reforms in 2009–10, the IMF was able to signal to its stakeholders a strong accentuation of the boundaries of its policy niche.

The niche distancing game played by the IMF built on intersecting mechanisms of institutional change, moderate though it has been compared to what would have been possible under the new framework. The reforms contributed to what is known

¹²⁷ Author’s Skype video interview with World Bank manager, 14 March 2017.

¹²⁸ Author’s personal interview with IMF staff member, 10 March 2017.

¹²⁹ Author’s personal interview with IMF staff member, 30 June 2015.

¹³⁰ Email correspondence with IMF staff member, 3 April 2017 (follow-up to comments on author’s presentation, 10 March 2017).

¹³¹ Email correspondence with former World Bank staff member, 7 January 2017 (follow-up to author’s personal interview, 26 May 2015).

¹³² Author’s personal interview with former World Bank senior official, 8 June 2015.

as ‘conversion’ in institutional theory, the ‘[r]edeployment of old institutions to new purposes’ (Streeck and Thelen, 2005: 31). While conversion can occur without formal institutional change, in this case it was reinforced by the two reforms, the second of which explicitly redesigned the FSAP as a complement to IMF Article IV surveillance activities. Different forces combined to produce this outcome.

The inter-agency battle over FSAP reform did not unfold in isolation from the organisations’ authorising environment. Critical support came for the IMF’s niche distancing strategy in the form of repeated commitments brokered in other multilateral fora after the crisis, easing the route towards formal institutional change. The complementary G20 and FSB decisions shaped the ways in which IMF staff could problematise the FSAP in general and collaboration with the World Bank in particular. They later also paved the way for the creation of mandatory FSAPs for countries meeting the criteria for ‘systemic importance’ (IMF Archives, 2010b: 20), which was retrospectively endorsed by the G20 (2010: para. 20) at the Seoul summit in November 2010. Given these background developments, the institutional entrepreneurship of Bank staff was severely circumscribed in the joint 2009 review. Almost eight years later, an interviewed Bank staff member thus closed on this gloomy outlook: ‘I think the game is lost. ... that drive of doing it together, jointly, I think, it’s dying out, I see it, I don’t think we will recover.’¹³³

However, obituaries of the FSAP may prove premature. The longer-term institutional evolution draws a chequered picture of two organisations that first rallied around a collaborative programme (in 1999–2009); clashed over the ideal format of collaboration (in 2009); and eventually found a new, albeit strained, *modus vivendi* (since 2009). The FSAP still exists, and collaboration continues to take place. My interpretation differs from that of those who, like IMF staff, emphasise the greater effectiveness of the reformed FSAP and those who, like World Bank staff, have little hope in a joint future for the FSAP. Where scripts are as contradictory as the Bretton Woods script, symbolically displayed differentiation can coexist with more continuous collaborative practices. We cannot predict the trajectory of the FSAP, but it may not have been the last time that the meta-norms of differentiation and collaboration shaped conflicts over how to reform it.

¹³³ Author’s Skype video interview with World Bank staff member, 7 April 2017.

Conclusion

A broader lesson from this case of collaboration is that the Fund and the Bank can govern a common policy challenge – accelerating financial market development and crisis-proofing financial sectors – but disagree on crucial details about how to govern it. Around the 2009 review, the FSAP became a major bone of contention, with Fund staff favouring institutional change and Bank officials institutional continuity. The conflict was only indirectly about policy contents, where Bank officials were concerned that developmental ideas would be given short shrift in the Fund’s future stability modules. Inter-organisational strife over the rules of interaction arose primarily because the reform would accentuate the identity of one organisation (the IMF) while threatening to marginalise the other in this policy area (the World Bank). Niche distancing served to underscore the IMF’s credibility as an authority in the wider post-crisis financial reform agenda, which began to consolidate around macroprudential notions of ‘systemic risk’ (Baker, 2013).

The thrust of institutional change since the late 2000s has unmistakably been towards more specialised Fund surveillance and towards more selective Fund-Bank collaboration. Yet a closer look reveals a preponderance of incremental evolution in spite of a reform driven by niche distancing. Compared with the tensions surrounding the 2009 review, which many interviewees recounted vividly, collaborative practices got partially decoupled from the reform and have not changed dramatically since. The Fund’s reform agenda never envisaged a big bang in financial sector surveillance to begin with: it aimed to reaffirm formal responsibilities and demarcate organisational terrains, rather than reinvent or erase established foundations of collaboration. In the end, the Fund got the reform that it wanted to advance its niche strategy, and the Bank the modicum of institutional continuity that it needed to keep its own FSAP work alive. To return to some of the characteristic features of Fund-Bank collaboration (see ch. 1): It was striking in this case that, even though eventually a new arrangement was negotiated, the how of collaboration was intensely contested and politicised because each side adhered to its own version of the expected costs and benefits of reform or non-reform. After the reform had been instituted, collaboration proved resilient and evolved incrementally. However, collaborative financial sector surveillance is also somewhat unique given that Fund-

Bank interactions involve not only macroeconomist staff but also financial sector specialists from inside and outside the organisations.

At a more general level, this chapter calls for spotting potential gaps between formal and informal organisation in areas where IOs collaborate. Through the reform of the framework for collaboration with the Bank, the Fund symbolically sharpened organisational boundaries. Moving away somewhat from the Bank was necessary for the Fund to be recognised as an independent organisation with sufficient professional expertise for more specialised and more expansive financial sector surveillance. It was an attempt to reduce, as Brunsson (2009: 4) might put it, the ‘discrepancy between rule and operations’, which never align neatly in organisational practice. Inasmuch as Fund staff present surveillance as a means to better understand and regulate the vicissitudes of global finance but acknowledge that large crises may nonetheless arise (for example, IMF, 2012: 20), another insight from Brunsson’s (1989a: 221) work rings true: ‘An organization’s supply of problems is threatened in so far as it solves the problems. It is therefore good to have problems that cannot be solved.’ For ‘... if ... a problem lacks a solution, nobody can demand that it be solved’ (Brunsson, 1994: 327; for similar arguments, see Best, 2016; Meyer, 1984: 200–201; Nustad and Sending, 2000). In the wake of the crisis, the Fund produced one paper after another that, by detailing the complications of diagnosing the accumulation of risks, emphasised the limitations of surveillance in fending off trouble before it unfolds.

The empirical evidence suggests that, under some conditions, an IO may engineer to selectively reduce its overlaps with another, as did the IMF in this case. In a situation in which the crisis experience had undermined its reputation for reliable financial surveillance, the formal specification of organisational roles was a major impetus of FSAP reform, both internally and in relation to the World Bank. An important lesson from the analysis is thus that by defining the boundaries of ‘its’ niche(s), an IO can shape the beliefs of other actors in their authorising environment about which tasks it can and should cover (see Abbott, 1995). Niche construction was again at play in the third and final case, collaboration on concessional lending and debt relief. The next chapter examines how, in a reversal of roles, the World Bank Group set the reform process in motion by pursuing a niche strategy of its own.

6 Niche Rebranding: Collaboration on Concessional Lending and Debt Relief

The WBG [= World Bank Group] has developed a new strategy that commits to helping countries achieve ambitious “twin goals” of ending extreme poverty and promoting shared prosperity in a sustainable manner. This new strategy is the first that encompasses all of the WBG’s principal entities working together as one World Bank Group. It lays out how the WBG will reposition itself to provide customized development solutions and align its activities with the twin goals. It also calls for the WBG to work more in partnership with others, including the private sector, and to significantly increase collaboration across its own institutions.

—World Bank Group (2014c: 1), *World Bank Group: A New Approach to Country Engagement*

A sharper division of labour between two IOs can fall short of serving as a signal to stakeholders when at least one of the organisations faces stiff competition in its core domain of expertise. Rolling out ‘a new strategy’ in 2014, the World Bank Group instead strove to ‘reposition’ itself by rebranding its policy niche in a competitive environment, where ‘customized development solutions’ were in high demand. The reform established a host of new instruments for engagement with its members while abolishing the Poverty Reduction Strategy Paper (PRSP). The rule that LIC authorities prepare PRSPs to receive concessional lending, with IMF and World Bank staff producing co-authored assessments, was disposed for all but countries still under the Heavily Indebted Poor Countries (HIPC) Initiative. This reform undid the central coordination mechanism for collaboration between the two organisations in this area: ‘The PRSP is dead’, as a Bank staffer succinctly put it.¹³⁴ Niche rebranding, which may involve the replacement of old by new instruments, can not only alter intra-organisational routines but also potentially disrupt inter-organisational relationships.

By the standards of Fund-Bank collaboration, this case is remarkable in one respect. While Fund staff had pursued the main piece of Financial Sector Assessment

¹³⁴ Author’s personal interview with World Bank staff member, 21 May 2015.

Program (FSAP) reform against the convictions but with the knowledge of their Bank counterparts, the end of the PRS process seems to have been shrouded in secrecy. An IMF staffer recalled: ‘It was a surprise. It was a unilateral decision ...’¹³⁵ The Bank’s unilateralism prompted an official who had worked for both organisations to make a more general diagnosis of the state of the inter-organisational relationship: ‘They didn’t bother to tell the Fund. I mean before Malan [= the 2007 report on collaboration] that could not have happened because there was a protocol on how things work.’¹³⁶ And an IMF member country representative admitted: ‘The Fund was left a little bit lost.’¹³⁷ Contrary to common retrospective assurances from interviewed World Bankers and in an official document (World Bank Group, 2014c: 12), neither staff nor Directors at the IMF seem to have been sufficiently informed about the reform plans, let alone prepared to deal with its operational implications for their organisation. Yet the PRSP reform at the World Bank did not cause nearly as much irritation as the heavily contested FSAP reform.

What is therefore less remarkable is that about a year after the Bank had enacted the reform, the two organisations forged a new collaborative arrangement that displayed all the hallmarks of incrementalism. With the PRSP gone, collaboration looks more half-hearted than it is. Not only was the IMF’s new instrument, the Economic Development Document (EDD), a close copy of its predecessor, the PRSP; the inter-organisational relationship was also remodelled on collaborative practices in crisis lending. To fill the institutional vacuum that the Bank’s unilateral discontinuation of the PRSP had created for the Fund, the organisations adjusted the procedural template. Specifically, they adapted their institutional roles so that the Bank now provides to the IMF an assessment of the EDD proposed by a country requesting concessional lending. This modification allowed the organisations to calibrate their relationship around a procedure familiar from another policy area. At the same time, the Bank continues to draw on the Fund’s assessment of a country’s macroeconomic policy framework – either through a recent programme review or Article IV consultation, or through a dedicated ‘comfort letter’ – to approve programme loans. The latest reforms have not changed this practice, which was enshrined in the 1989 Concordat and has been central to all

¹³⁵ Author’s personal interview with IMF staff member, 3 March 2017.

¹³⁶ Author’s personal interview with former IMF and World Bank official, 14 July 2015.

¹³⁷ Author’s personal interview with IMF member country representative, 10 June 2015.

types of programmatic lending, whether concessional (through IDA) or non-concessional (through IBRD), undertaken by the Bank since.

IMF-World Bank collaboration on concessional lending and debt relief is interesting not only because of the high degree of institutional stability following formal reform. Like the other two cases already examined, this one speaks to recurring debates about the place of the organisations, or their targeted policy niches, in the institutional architecture of global economic governance. The World Bank Group has recently witnessed the formation of challengers to its authority on development knowledge, best epitomised in its self-portrayal as the ‘Knowledge Bank’. The New Development Bank (NDB, created in 2014 by Brazil, Russia, India, China and South Africa), or ‘BRICS Bank’, and the China-led Asian Infrastructure Investment Bank (AIIB, created in 2015) threaten to undermine the standing of similar Western-based multilateral institutions with these authorities (Chin, 2016; Khanna, 2014). For the Fund, the institutional trajectory of its collaboration with the Bank may reignite discussions about the appropriate scope of its mission in low-income countries (LICs) (see Mosley, 2001). While economists, including those employed by the IMF, tend to foreground the importance of macroeconomic credentials, political economists also stress the development debates that shaped its inception (Helleiner, 2009) and the attendant policy practices that orient its work to the present day (Best, 2014; Clegg, 2012; Momani, 2012; Vetterlein, 2012a). A closer look at Fund-Bank interactions on concessional lending and debt relief allows us to revisit these debates from the perspective of organisational positioning in collaborative global governance.

This chapter, which parallels the structure of the preceding one, focuses on the World Bank Group’s efforts to rebrand its development policy niche. It explains how its decision to abolish the PRSP induced institutional change in the Fund, and how both organisations subsequently hatched out new rules to govern the common policy challenge of concessional lending. I again begin by sketching the organisations’ motivations for collaboration in this area. Next, I specify what sort of challenges the World Bank had been facing; how it problematised its model of country engagement; and where these problematisations came from. In a last step, I explore the political dynamics of this niche game, as well as the mix of institutional continuity and change that it produced. As the other two cases have established, big bangs and clean sweeps are rare in inter-organisational relations because conflicting normative

expectations emanating from the environment narrow the organisations' scope for strategic action. This case most clearly demonstrates that the forces of incrementalism in collaborative global governance work even under conditions that seem ripe for deep institutional change. The combination of moderate inter-organisational differentiation and intensifying competition in the area of development policy led the World Bank Group to abolish the PRSP, which, in turn, led the IMF to follow suit. But in the process, the World Bank and the IMF opted for changing the formal framework for collaboration more than the practices of collaboration.

Complementary Objectives in Collaboration on Concessional Lending and Debt Relief

The general mandates of the organisations, as stipulated in their respective Articles of Agreements, permit temporary lending to members (see also ch. 4). By the standards of the currently prevailing consensus, the relevant provisions cover non-concessional and concessional lending alike. However, this understanding has sparked considerable controversy about the IMF's 'proper' role, with many, especially on the conservative end of the political spectrum, arguing that concessional lending activities stretch its original mission of temporary emergency financing too far. Debt relief as such is not mentioned in the charters of either the IMF or the IBRD and IDA. Thus, that it belongs to their legitimate tasks is the result of a series of permissive interpretations, again especially in the case of the IMF (Momani, 2012). Through high-profile public campaigns, NGOs exerted considerable pressure on both organisations and major creditor states to acknowledge the political importance of internationally coordinated debt relief (Broome, 2009; Busby, 2007; Momani, 2012).

The case for engagement is rather clear-cut for the World Bank. Originally conceived as an organisation for post-war reconstruction and development, it has evolved to handle all sorts of development challenges. Its concessional arm, IDA, was founded in 1960 expressly to extend assistance to poorer countries on concessional terms – that is, below market interest rates. By translating the abstract concept of 'poverty' into a tangible benchmark, the Bank established poverty reduction as a central objective in development practice. The key shift towards

understanding economic growth and poverty reduction as two sides of the same development coin occurred under Robert McNamara's presidency from 1968 to 1981 (Ayres, 1983; Finnemore, 1996a: ch. 6; Konkel, 2014: 289–293; Stern, 1997: 535, 549, 603; Vetterlein, 2012b: 39). For example, the increasing, albeit internally contested, use of the 'social pricing' approach, which served to gauge the positive effects of pro-poor policies, was an important development during this period (Ascher, 1983: 425). High levels of sovereign debt risk compromising the attainment both of these goals because the resulting interest payments alone may be large enough to divert critical resources from domestic investment. For poor countries, the dilemma between servicing outstanding external debts and boosting the economy is particularly acute. In this reading, the Bank needs to tackle the problems of poverty and sovereign indebtedness together.

The IMF's mandate for macroeconomic stability, which places a strong emphasis on the correction of BoP problems, does not lend itself so easily to extensive work on the poverty–debt nexus. Temporary financing arrangements and surveillance operations have become its policy instruments of choice to deal with macroeconomic imbalances, either correcting them once they have materialised or preventing them from occurring in the first place (see chs. 4–5). Therefore, the IMF's interest in questions of poverty and sovereign debt is best seen as an extension of its larger organisational responsibilities. In the Fund's jargon, both are 'macro-critical' items. That is, they affect the degree to which the Fund can achieve its more general objectives; according to this logic, ignoring such items is likely to impair the quality of macroeconomic policymaking by members. Although this term gained currency in the context of the Fund's 'Streamlining Conditionality' initiative in the early 2000s¹³⁸, and hence long after the organisation became involved in questions of debt and poverty, it captures the underlying logic of engagement. From the mid-1960s onwards, the IMF, alongside the World Bank, intensified its efforts to organise multilateral meetings to renegotiate debt between creditor and debtor countries. At the heart of these undertakings lay the belief that excessive indebtedness would in the long run risk compromising a country's external payment position (de Vries, 1976: 593–596).

¹³⁸ Author's personal interview with World Bank manager, 8 July 2015.

The organisations' compatible concerns coexisted for decades without begetting any earnest attempts at formalising engagement on concessional lending and debt relief. It was only in 1986 that the organisations devised the Policy Framework Paper (PFP), which was a precondition for access to concessional IMF loans. The new instrument entailed more intense interactions between the organisations, reflecting their increasing overlaps in medium-term programmatic lending (Boughton, 2001: 650–651; Polak, 1994b: 8–12, 28). Because the focus still was on countries' broader macroeconomic and structural conditions, rather than concerted efforts for poverty reduction, the IMF assumed the role as 'the senior partner' (Kapur *et al.*, 1997: 764). The PFP later served as an operational template for new collaborative vehicles that the two organisations developed in the second half of the 1990s. Following a string of high-profile debt crises since the 1980s, they began to link poverty reduction and debt relief more closely in their concessional lending instruments. Most importantly, they launched the joint HIPC Initiative to organise multilateral debt relief in 1996. The new initiative drew inspiration from previous, yet ultimately ineffective, agreements among Paris Club creditors to reduce the debt burden for LICs. This international sovereign debt regime, which had been built at successive G7 summits in Toronto (1988), Houston (1990), London (1991), Naples (1994) and finally Lyon (1996), was further extended in Cologne (1999) with the upgrading to the 'Enhanced' HIPC Initiative (Boughton, 2001: 31–32; 2012: 649–650; Broome, 2009: 68–69).

The PRS Initiative, which commenced in 1999, was directly based – and extended – the collaborative endeavours pioneered with the PFP. Countries that applied for debt relief under the Enhanced HIPC Initiative had to commit to measures for poverty reduction in a PRSP, which had to be endorsed by both organisations; the preparation of such a document was also needed if a country wished to access financing from any of the concessional lending facilities on offer. Even though PRSPs were not tripartite documents but instead officially 'owned' by the country, the guiding idea of a formal requirement to obtain debt relief and/or concessional lending was not radically different. While the World Bank possesses superior expertise on the microeconomic foundations of poverty, the IMF's involvement in this area was still critical to the negotiation of multilateral debt relief. A staff member stressed the importance of keeping powerful donor countries involved: '... if I shut off IMF lending, all the lending shut off. So they would follow

in some sense the Fund.’¹³⁹ To assess the viability of a country’s PRSP, IMF and World Bank staff produced Joint Staff Advisory Notes (JSANs).

In 2005, the organisations extended their collaboration by introducing two additional instruments, both of which related to the HIPC Initiative and the PRS process more broadly. The Multilateral Debt Relief Initiative (MDRI) offered cancellation of all debts outstanding to the IMF, IDA and the African Development Fund for countries that had arrived at HIPC ‘completion point’ by 2004 or that had very low per capita income levels; the initiative was wound up in 2015 (IMF, 2016d). Another addition in that year was the joint Debt Sustainability Framework (DSF), which introduced periodic analyses of debt levels in LICs, known as debt sustainability analyses (DSAs) (IMF, 2017b).¹⁴⁰ Findings from the DSAs became linked to internal policies aimed to prevent member countries from piling up too much public debt, which can inform additional conditions on debt ceilings in loan programmes. The IMF’s instrument, the debt limits policy, was established back in the 1960s and last reviewed in 2014 (IMF, 2015b). The World Bank’s instrument, the non-concessional borrowing policy, was instituted only in 2006 (IDA, 2017). Given these various interlinked instruments, concessional lending and debt relief – with a strong focus on poverty reduction – represented a densely institutionalised area of Fund-Bank collaboration during the 2000s.

As much of the collaboration revolves around country programmes, many of the same organisational actors who are involved in collaboration on crisis lending also figure in the area of concessional lending and debt relief. Key players at the operational level are, and have long been, the World Bank’s regional units and IMF’s area departments. At the policy level, inter-organisational relations have been far more in flux in recent years. The dismantling of the PREM Network during the Bank’s recent reorganisation was particularly problematic in this area. Fund and Bank officials alike argued that collaboration had suffered as a result (see ch. 2). With most LICs located in Africa, the relevant department or unit within each organisation deals with country-specific issues while, as elsewhere, the SPR Department and the OPCS Vice Presidency, respectively, take responsibility for developing policy initiatives and exercising ‘quality control’. Within the IMF’s SPR

¹³⁹ Author’s personal interview with IMF staff member, 10 June 2015.

¹⁴⁰ The IMF also conducts DSAs for advanced and emerging economies with little need for concessional financing.

Department, a dedicated LIC division is tasked with questions of concessional lending and debt relief.

In terms of public attention, collaboration in this area occupies a middle position, drawing a wider audience than financial sector surveillance activities but lacking the drama of non-concessional crisis lending. Policies aimed at reducing sovereign debt and poverty are typically less in the spotlight than deals sealed to prevent sovereign insolvency at a time when financial markets get ‘nervous’. Donors have traditionally exercised considerable influence in this area, especially over the PRS process (Dijkstra, 2005), be it because their own development operations were affected by domestic policies or, specifically, because their debts were to be forgiven (such as under the HIPC Initiative or the MDRI). As stated above, PRSPs often served as a signal of credible commitment from the borrowing country for multilateral debt relief negotiated with bilateral creditors from the Paris Club.¹⁴¹ There is, moreover, considerable academic interest in the topic. For example, critics of the Bank suggests that poverty reduction efforts may give a misleadingly benign impression of a continuing and expanding neoliberal agenda, but this strand tends to portray the IMF as at best a minor actor (Cammack, 2004; Kirby, 2002; Ruckert, 2010; St. Clair, 2006a). By contrast, this chapter shows that the Fund has collaborated and continues to collaborate with the Bank, albeit in a modified fashion, even after the end of the PRS process. The dramatic changes in the landscape for development finance have at best recast the relationship between the two organisations in this realm.

The Slow Transformation of Development Finance

As the IMF made a stunning and sudden return to the big stage during the crisis, the World Bank has confronted a more complicated environment. Generally speaking, the fundamental difference regarding demand for financing from the organisations is that while the Fund lends where no one else would, the Bank lends where many others would too. As explained in chapter 4, the Fund’s typical borrowers are countries with (temporarily) low creditworthiness that would have to pay prohibitive interest rates or be unable to borrow at all on private capital markets. In these

¹⁴¹ Author’s personal interviews with IMF staff member, 10 June 2015; former World Bank senior manager, 18 June 2015.

circumstances, IMF money may simply be the last option available for a country attempting to fulfil its external debt obligations. The social and economic pain associated with the loan conditions that come with short-term access to large-scale financing in such adverse conditions may then be grudgingly accepted.

The circumstances in which the World Bank offers its loan are often markedly different. Applicants may not be among the most creditworthy countries in the world, but they tend to have more and better options than a country desperate for emergency financing provided and coordinated by the IMF. Countries that come to the Bank, particularly the IBRD, can often select from several sources of financing, such as private investors, bilateral donors or multilateral development banks.¹⁴² As, unlike the Fund, the Bank was not designed as a crisis lender, it is exposed to this more competitive environment, in which demand for its services depends, to a certain extent, on what alternative creditors have on offer. In what is known as an ‘approval culture’, the Bank has often lent aggressively, stretching the flexible stipulation in the IBRD Articles of Agreement to step in only ‘... when private capital is not available on reasonable terms ...’ (IBRD, 2012: Art. I(ii) and, similarly, Art. IV, 3(b); see Caufield, 1996: 292).¹⁴³

But the Bank cannot escape the macro trend of declining public development finance, which risks diminishing the World Bank’s relevance as a supplier of development financing.¹⁴⁴ Based on data from the OECD on net disbursements since 1970, Figure 6.1 charts an unmistakable long-term shift in the main source of capital flows to developing countries. Despite being far less volatile, official flows have grown more modestly than private flows over the past decades. Up until 1993, the majority of flows originated from public sources; and when private flows prevailed, such as in the second half of the 1970s or again in the early 1980s, those differences remained narrow, if not minute, by today’s standards. Yet since then, there have been only three years (2002–04) in which the total volume of official flows exceeded that

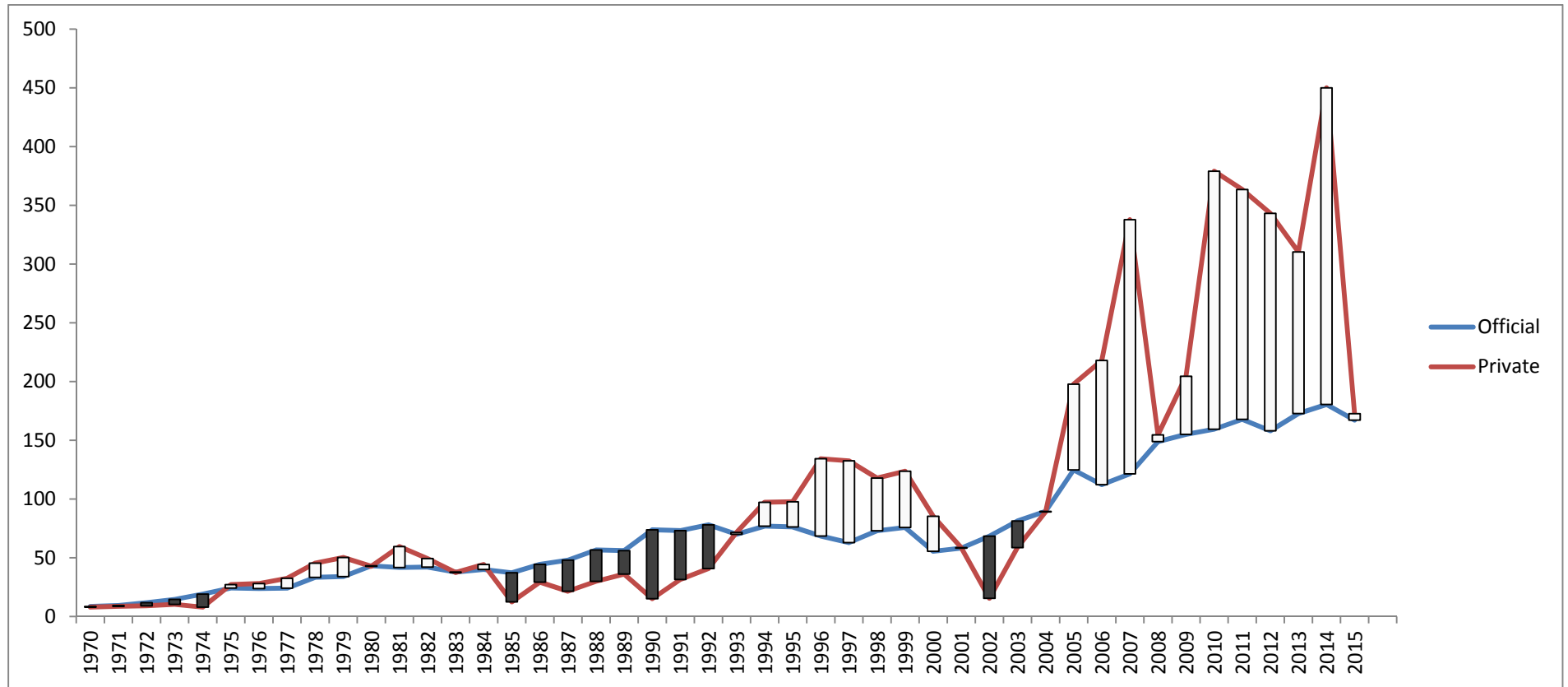
¹⁴² Author’s personal interview with Mark Allen (former IMF staff member), 29 May 2015.

¹⁴³ The IFC Articles of Agreement contain a very similar introductory clause (‘on reasonable terms’) (IFC, 2012: Art. I(i) and also Art. III, 3(i)), which has been handled with similar flexibility (Caufield, 1996: 280–282).

¹⁴⁴ While certainly not every one of my interviewees reflected on or pointed to this shift, none of them would be likely to deny its existence or significance. For the reasons outlined earlier, the growth of private finance does not nearly as much question the IMF’s role, for it normally lends when a country has run out of (affordable) options for market-based refunding. But as explained in chapter 4, it is problematic for the IMF when its members pile up foreign exchange reserves as insurance against economic crises because it indicates that they prefer not having to call it for help.

of private flows. Not only does the current period, starting in 2005, stand out as the one with the longest uninterrupted dominance, the differences were also often sizeable: with the exception of the years 2008–09 and 2015, the gap in favour of private flows was larger than at any time when they had been outweighed by official ones.

FIGURE 6.1. Private and Official Flows, 1970–2015 (net disbursements in billions of US\$, current prices)

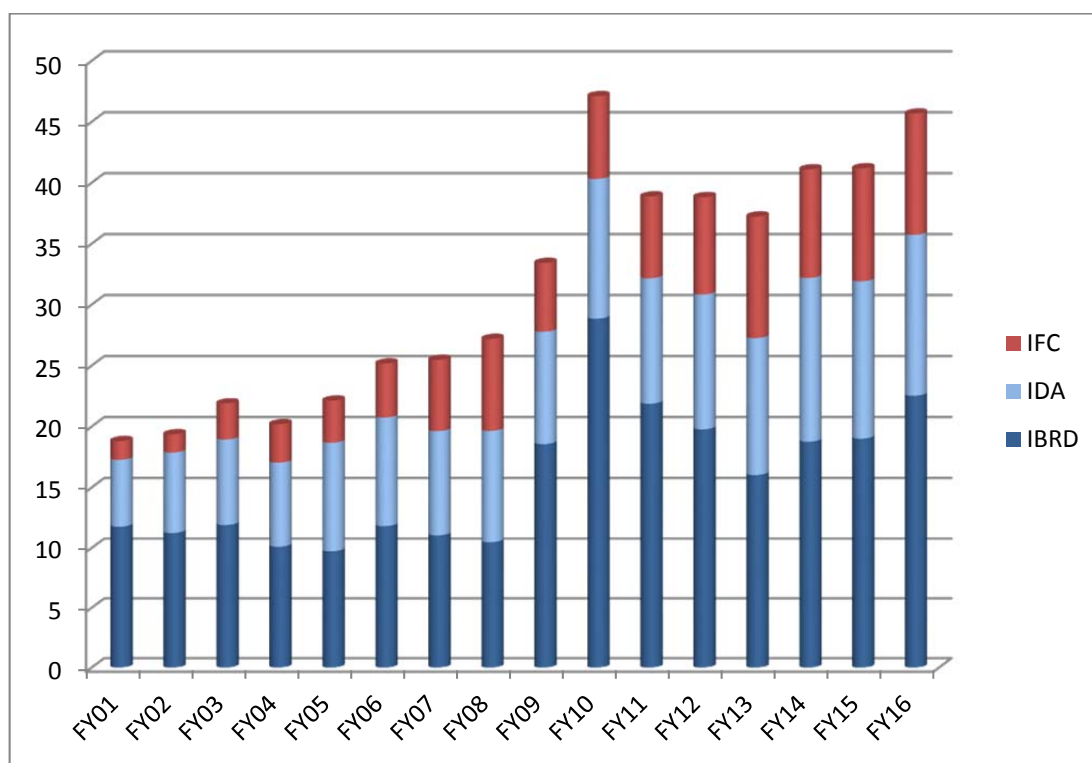


Notes: In the OECD's terminology, total 'official' flows are the sum of *official development assistance (ODA)* from bilateral and multilateral sources plus *other official flows (OOF)*; 'private' flows comprise *private flows at market terms* and *net private grants*. Data from the OECD are available from 1960 onwards for the first three types, but only from 1970 onwards for the fourth type.

Source: Author's calculations based on data extracted from OECD.Stat, International Development Statistics.

A protracted shift of relevance has also been taking shape within the World Bank Group itself. As Figure 6.2 shows, IBRD and IDA resources still dwarf the firepower of the International Finance Corporation (IFC). In every single fiscal year from 2001 to 2016, each of them disbursed more loans than the Group's private-sector entity. In FY2002, for example, IFC loan disbursements were a meagre \$1.5 billion while IBRD and IDA combined for close to \$18 billion, or twelve times more. By FY2016, this gap had narrowed enormously in relative, though not in absolute, terms. World Bank lending stood at a commanding \$35.7 billion, but it was now just over three-and-a-half times larger than the IFC's almost \$10 billion. Total World Bank disbursements a little more than doubled from a much higher starting point at the same time as IFC disbursements grew to nearly six-and-a-half times their initial volume, as shown in Figure 6.3. In FY2009, Bank lending expanded significantly while IFC lending shrank, which seems typical in crisis periods (IEG, 2008: 5, 13). But the crisis has by no means been able to reverse the long-term trend of the strong growth in IFC lending relative to IBRD and IDA lending (see Caufield, 1996: 277).

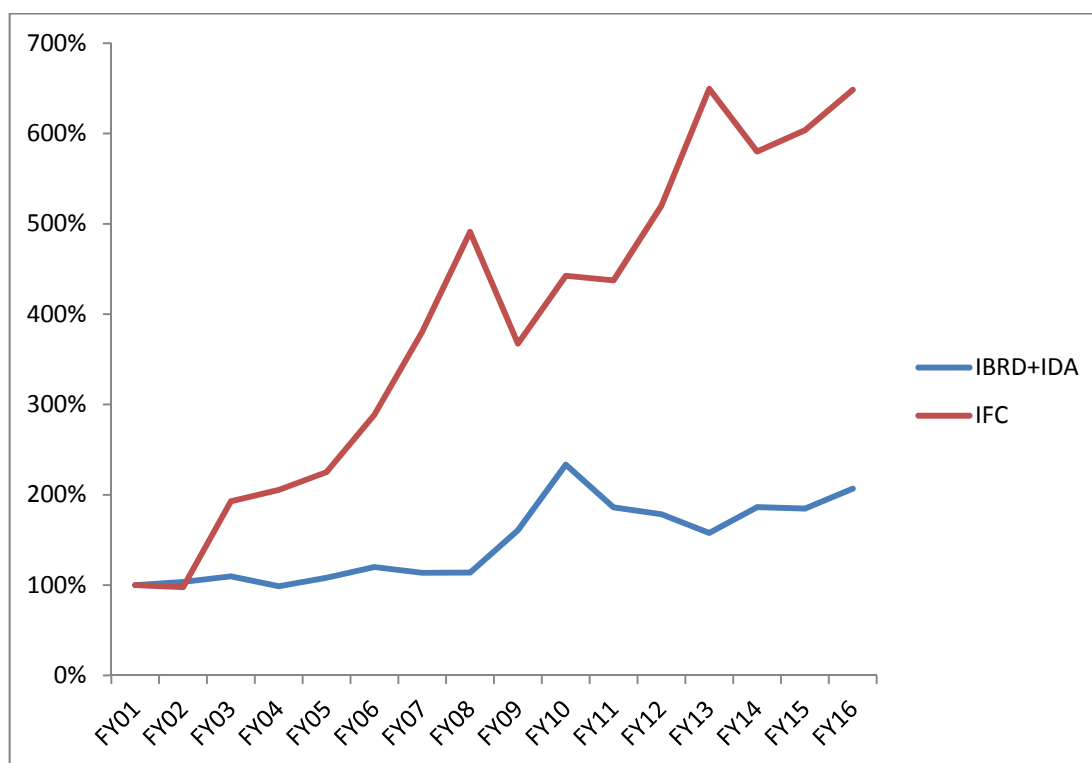
FIGURE 6.2. IBRD, IDA and IFC Gross Disbursements, FY2001–16 (in billions of US\$)



Notes: I have calculated the annual total of World Bank lending on the basis of rounded figures for IBRD and IDA lending as reported by the Bank because more accurate totals have not been consistently included in its operational summaries. IFC data, which exclude syndicated loans, are available only from FY2001 onwards.

Source: Data compiled from *IFC Annual Reports* (2005–16) and *The World Bank Annual Reports* (2001–16).

FIGURE 6.3. Relative Change in World Bank and IFC Gross Disbursements, FY2001–16



Notes: See Figure 6.2.

Source: See Figure 6.2.

These two trends combined – in development finance and within the World Bank Group –pose a direct challenge to the World Bank. In a recent high-level release entitled *World Bank Group Strategy*, the World Bank Group (2013: 16) concedes that the relative importance of its lending to countries’ economic output has been on a long downward trajectory since the mid-1980s. For IBRD and ‘blend’ borrowers, loans accounted for over 0.6 per cent of GDP in FY1986 but for less than 0.1 per cent in FY2013 (despite two unsurprising but short-lived recoveries around the Asian and the global financial crises). IDA lending started from just under 1 per cent, stayed over this threshold for most of the 1990s to decline to just over 0.6 per cent of IDA countries’ GDP by FY2013.

When prompted to identify what they saw as important future themes, several interviewees mentioned the Bank’s increasingly competitive environment, and named the AIIB and the NDB as new rivals in the provision of development

financing and, potentially, knowledge.¹⁴⁵ In the realm of infrastructure project finance, where private actors play a critical role as investors, competition is indeed stiff nowadays. Infrastructure investment demand is exceptionally strong in precisely those countries that pushed for the launch of the AIIB and the NDB in the recent past. Although the popular ‘BRICs’ label (for Brazil, Russia, India, China) has often exaggerated commonalities where differences prevailed among the thus categorised countries, in this instance it captures a feature common to all of them: a recent history of massive infrastructure investment with private actor involvement. According to the World Bank’s Private Participation in Infrastructure Database, a large share of such financing was directed to the BRIC countries from 1990 to 2015. In the ‘Featured Rankings’, Brazil tops the list of infrastructure investment inflows with over \$0.5 billion while China was the only country to have had more than 1,000 projects financed (World Bank, 2016b).

Endowed with a mandate to provide development financing to its members, both new organisations generally weaken the Bank’s ‘business case’, even though the cake of investment needs is said to be growing, rather than shrinking. According to a recent report published by the World Economic Forum (WEF, 2013: 13), demand for future infrastructure investment is projected to range between \$5 and \$5.7 annually from 2010 to 2030, depending on the scale of ‘green’ investments. The AIIB is specially designed to support infrastructure build-up and extension, and the NDB could also be requested to help finance expenditures in this area. This challenge to the Bank’s superiority in multilateral lending stems at least in part from the recognition among the leading emerging economies that their weight as shareholders still does not match their growing economic strength. It remains to be seen whether the new banks will suffer a similar fate as the regional development banks. Their establishment was fuelled by the ‘revolutionary fervor of states moving towards or celebrating independence’, but their policy approach has barely rivalled the World Bank’s position (Park and Strand, 2016b: 5).

If previous rounds of World Bank governance reforms had better accounted for the shifts that have already materialised in the world economy, these countries would already hold greater formal sway at the Board. For Parag Khanna (2014: 47), the

¹⁴⁵ Author’s personal interviews with representative of a transnational NGO, 15 May 2015; former World Bank official, 26 May 2015; IMF member country representative, 5 June 2015; long-term observer of the Bretton Woods institutions, 5 June 2015; former World Bank senior manager, 8 June 2015; World Bank member country representative, 9 July 2015.

creation of the NDB therefore sprang from a combination of ‘resentment’ at Western dominance at the existing international financial institutions and ‘a difference in philosophy over the need to prioritize physical infrastructure’. The activism of the emerging economies reaches beyond development policy. Lai-Ha Chan and Pak K. Lee (2017) argue that such high-profile projects as the AIIB or the ‘One Belt, One Road’ (OBOR) initiative enable China to shape the wider norms of global governance.

These various developments have put pressure on the Bank’s position in general and lending operations in particular. The Bank is not in crisis in the same manner as the Fund was in the mid-2000s; in many ways, the Bank has primarily failed to capture a larger share of the unrelenting global demand for economic development. Its strategic response to the mounting challenges and new opportunities directly affected collaboration with the IMF with regard to concessional lending, where the PRSP used to be the central coordinating mechanism. The next section addresses how the World Bank (Group) problematised its country engagement model against the backdrop of these broader changes.

Problematising the World Bank’s Country Engagement Model:

The 2014 Reform

In the *Strategy*, the World Bank Group (2013: 25–26) announced the contours of its new country engagement model. Most notably, the model was to do without Country Assistance Strategies (CASs) as ‘an indicative business plan for the delivery of Bank services over a particular period of time (most frequently four years)’ (World Bank, 2009a: i). In its place, the Bank adopted the new the Country Partnership Framework (CPF), which was to be developed from insights gained from Systematic Country Diagnostics (SCDs) (World Bank Group, 2013: 26). At that stage, the fate of the PRSP, which, where it existed, served a starting point for the formulation of the CAS (World Bank, 2009a: iii), does not appear to have been decided yet: it is not once mentioned in the *Strategy*.¹⁴⁶ About half a year later, the new model had taken shape,

¹⁴⁶ I draw this inference from the textual record, specifically the comparison between the *World Bank Group Strategy* from October 2013 and the *World Bank Group: A New Approach to Country Engagement* from April 2014. It may well be that concrete plans for scrapping the PRSP had been made internally by the time the former document was released, but that this intention was not

from which the PRSP was excluded (World Bank Group, 2014c: 11). In 2015, the IMF substituted the EDD for the PRSP. The sole instance in which the latter is still required is for IMF-World Bank decisions about debt relief for HIPC-eligible countries. Table 6.1 synthesises what the two reforms meant for Fund-Bank collaboration.

TABLE 6.1. Recent Reforms of Concessional Lending at the World Bank and the IMF

<i>Year</i>	<i>Reform</i>	<i>Implications for collaboration</i>
2014	World Bank: introduction of the SCD/CPF, discontinuation of the PRSP	None yet: PRSPs still used (and JSANs co-authored) for IMF concessional lending and joint HIPC debt relief
2015	IMF: creation of the EDD as a substitute for the PRSP	World Bank to assess EDDs for IMF concessional lending; PRSPs (and JSANs) only for final rounds of HIPC Initiative

Source: Author.

In this case, the decisive document was not a joint review of the PRSP but the World Bank Group's *New Approach*. Evidently inspired by and drawing from the more holistic *World Bank Group Strategy*, the document early on speaks of 'a new strategy' or, alternatively, of 'new strategic direction' (World Bank Group, 2014c: 1–2). The difference between a review, especially a joint one, and an organisational strategy is noteworthy: the impetus for change in collaboration with the Fund emanated from an internal process of revamping the Bank's country engagement model, which was built around the CAS. Aspects of PRSP were never as directly problematised as were aspects of the FSAP, as examined at length in the previous chapter. The reform discourse, in other words, was not about collaborative instruments or practices as such; the analysis therefore needs to take a detour, being able to establish at best an indirect link between the problematisations of something as general as an organisational strategy with something as specific as an instrument for inter-organisational collaboration.

That said, the *New Approach*, alongside the *World Bank Group Strategy*, found the organisation's old working model to be flawed in three major respects: (1)

immediately communicated to the public. It certainly was not communicated to the IMF, as evidenced by the statements cited in the introduction to this chapter.

evidence (or what the Bank calls a ‘results focus’), (2) risk management and (3) internal collaboration. This list reflects a difference in importance between these problematisations; the second and third ones are subsumed under the first one, as the following discussion indicates. Still, the World Bank Group’s reform agenda was framed such that all three problems needed to be addressed together and at once if genuine change were to be achieved. Its niche strategy was premised on the belief that it would offer to its members services that were informed by the latest development knowledge, proofed against excessive risks and implemented by skilled professionals from across the organisation.

Evidence. If there is a recurring and, indeed, dominant theme in the two documents, it is the stated need for the World Bank Group to render development policy more ‘evidence-based’ in order to achieve better ‘results’ in member countries. The discourse about development evidence hinges on the notion of a ‘solutions culture’, which is supposed to turn the organisation into a ‘solutions WBG’. As the *Strategy* states:

... making the shift to a systematic and rigorous development solutions approach will require the WBG to sharpen its use of knowledge, including in support of policy dialogue. Building on changes that have already been made (such as the reorganization of the IFC global industry practices in May 2013), the WBG will organize to facilitate the generation, sharing, and application of knowledge—from inside and outside the WBG—to ensure that clients benefit from the findings of worldwide research and experience, and to help build up local capacity to generate and use knowledge for development (World Bank Group, 2013: 21).

References such as the quoted one abound in both documents, in which the organisation also emphasises the importance of directing operational attention to measurable development outcomes. The *Strategy* notes in this context: ‘The use of evidence and metrics to measure, learn, and adapt stands at the core of the science of delivery as a more rigorous, scientific approach to development’ (World Bank Group, 2013: 22). The *New Approach* similarly points to ‘decades of experience of what does and does not work’, ‘an emphasis on customized solutions’ and the intention to focus on ‘engagements with measurable results that can be replicated across sectors and regions’ (World Bank Group, 2014c: 2).

The new ‘twin goals’ of squaring poverty reduction with greater equity constitute the benchmark of successful engagement. The *Interim Guidelines* describe

the SCD's contribution as 'identifying the country's priorities consistent with the goals', which may or may not culminate in plans in the CPF to offer certain services to a member in the near future (World Bank Group, 2014b: 2; see also World Bank Group, 2014c: 6). Introduced in 1990 for IDA-eligible countries and streamlined in 1992 to also cover IBRD borrowers, the CAS lacked such a diagnostic foundation. It is presented as insufficiently rigorous both in the setting of priorities and in the selection of services adequate to the country context. A major shortcoming was that it often outlined a plethora of planned development operations without articulating an overarching strategy or setting out what the operations were supposed to accomplish. Even the use of 'results-based CASS' since 2005 had apparently done little to ameliorate what was perceived as a 'lack of emphasis on outcomes' – that is, on 'the issues and interventions that are likely to have the greatest impact' (World Bank Group, 2014c: 3). The transition from one CAS to the next was plagued by limited attempts to attribute certain outcomes to the World Bank Group's involvement in a given country and to generalise from these experiences (World Bank Group, 2014c: 3).

The problematisation that the old engagement model rested on weak evidence reflects the growing preoccupation in development economics with the provision of more contextual policy advice. As an IMF official suggested, development diagnostics are in the process of supplanting country ownership as the leading principle.¹⁴⁷ For Dani Rodrik (2010: 35), '... development economists should stop acting as categorical advocates (or detractors) for specific approaches to development. They should instead be diagnosticians, helping decisionmakers choose the right model (and remedy) for their specific realities' This epistemological shift has already occurred at, and is reinforced by, the World Bank Group, for which the prominence of a diagnostic instrument such as the SCD is a prime example. Buy-in within the organisation seems to be forthcoming, with staff praising the new model for putting analysis first and avoiding cherry-picking evidence to boost lending activities.¹⁴⁸ An immediate consequence of this emergent approach has been an even stronger reliance on quantifiable forms of evidence, and a heightened awareness that prescriptions may not yield the intended outcomes under some conditions or in some contexts (Best, 2016).

¹⁴⁷ Author's personal interview with IMF member country representative, 10 June 2015.

¹⁴⁸ For example, author's personal interview with World Bank staff member, 8 March 2017.

Risk management. A second problematisation proposed that the World Bank Group had to make ‘taking smart risk’ a habit, which implies that it had previously taken either too few smart risks or too many non-smart risks (or indeed committed both errors) in its operations. The two documents do not provide a definitive answer here, except for a concern about ‘[r]isk aversion’ tendencies (World Bank Group, 2013: 23) and the pledge of ‘more attention and support to riskier programs’ (World Bank Group, 2014c: 10); these two qualifiers seem to support the view that the prevailing risk-taking attitude had been overly cautious rather than arbitrary. In this respect, the World Bank was considered a laggard compared to the IFC and Multilateral Investment Guarantee Agency (MIGA) (World Bank Group, 2013: 24).¹⁴⁹ More generally, country assistance strategies were not known for their comprehensive or quality of risk assessment. Lacking a standardised approach to classifying the assumed severity of risks, CASs also did not always outline strategies to address them in the context of country operations (World Bank Group, 2014c: 4).

The introduction of the CPF was designed to buttress a more entrepreneurial culture. While the organisation proclaimed an intention to uphold ‘its stringent fiduciary and integrity norms and its environmental and social safeguards’ (World Bank Group, 2014c: 2; see also World Bank Group, 2013: 23), the commitment to ‘smart’ risk-taking was seen as demanding continuous risk management. Again, the CAS stood for the deficient old practices from which to depart: ‘The CPF will replace the CAS’s ad hoc discussion of risk with a systematic approach underpinned by a standardized operational risk-rating tool’ (World Bank Group, 2014c: 10). More comprehensive assessments of relevant risks could be based on the SCD as the starting point for formulating Bank services. The strong degree of competition in the field, which is owed in part to the expanding aid activities of emerging donors such as China (Woods, 2008), helps to explain the World Bank Group’s emphasis on taking additional risks. Following ‘a systemic approach’ to risk assessment becomes more necessary as the organisation intends to venture into new, potentially riskier, operations to remain competitive as a global provider of development services. Improvements to the identification and handling of risks are likely to prove vital to

¹⁴⁹ The *Strategy* asserts that ‘...because IFC and MIGA clients and products are different, the institutions approach risk differently’ (World Bank Group, 2013: 24). What exactly their lead is based on is not discussed. As the argument pitches the Group’s two entities that lend to the public sector against the two that lend to the private sector, it may betray an ideological bias in favour of economic activities by the latter. Advocates of this view often claim in this context that public sector activity has a ‘crowding out’ effect on private investment.

the organisation's success in such areas as climate change or natural disasters (World Bank Group, 2013: 11–12), which have so far been located at the margins of its expertise.

Internal collaboration. The discourse about reforming the engagement model also engaged with the merits and limits of collaboration. However, the focus was not on the relationship between the IMF and the World Bank but on the interactions between the organisations of the World Bank Group. On this point, the *New Approach* document argues:

... despite strong efforts in certain countries, the engagement of IFC and MIGA in the CAS process has been varied. ... The WBG often does not set priorities for country engagements as one World Bank Group, and coordination of activities can be ad hoc (World Bank Group, 2014c: 4).

Where the same document speaks generically about retaining and integrating into the CPF the 'best elements' of the CAS, it hardly refers to the quality of collaboration within the World Bank Group despite the frequency with which CASs were drafted jointly (World Bank Group, 2014c: 2, 4). Like risk assessment, internal collaboration was considered to lack an organising principle, which is why the commitment and resourcefulness at the level of staff impacted significantly on the existence and quality of interactions (World Bank Group, 2014c: 10). An indicator for the limited extent of collaboration is that merely one in twenty IFC loans and no more than one in five IFC advisory services were carried out in conjunction with the World Bank in each year (World Bank Group, 2013: 31). In addition, units that cut across internal organisational boundaries, such as the Financial and Private Sector Development Vice Presidency, were exceptions that proved the rule that the World Bank Group consisted of several rather loosely coordinated sub-organisations (World Bank Group, 2013: 30).

For the experienced bureaucrat in a large, decentralised and multi-purpose entity, difficulties of internal organisation, such as cross-unit collaboration, may not come as a surprise. In interviews, insiders noted a strained relationship and interactions that are haphazard and piecemeal, rather than purposive and comprehensive, if they take place at all.¹⁵⁰ One attributed this pattern to a clash between public sector mentalities at the World Bank and private sector mentalities at

¹⁵⁰ Author's personal interviews with former IMF and World Bank official, 8 May 2015; World Bank staff member, 18 May 2015; Nicolas St Johnson (IFC and World Bank consultant), 9 June 2015.

the IFC.¹⁵¹ The mainstreaming of the SCD/CPF approach across the World Bank Group served to mitigate these differences, with a view to achieving greater consistency of engagement beyond IBRD and IDA: ‘All SCDs, CPFs, and CENs [Country Engagement Notes] will be joint WBG products approved by the Managements of all institutions’ (World Bank Group, 2014c: 10). As the introductory quote to this chapter evinces, the World Bank Group was keen to present itself as a well-oiled machine, all parts of which were heading in the same direction. This strategic objective is captured in the ‘One World Bank Group’ slogan, which both the *Strategy* and the *New Approach* documents embraced wholeheartedly (World Bank Group, 2013: esp. 30–32; 2014c: esp. 10).

The 2014 reform introduced new instruments for country engagement, foregrounding claims that the old model neglected the impact of development operations, tolerated poor assessments of operational risk and encouraged minimal collaboration within the World Bank Group. These claims did not come out of the blue. In keeping with the previous chapter, the next section is organised around the trajectories of the problematisations.

The Inter-Organisational Context: Origins and Trajectories of the Problematisations

It is insightful to study the trajectories of these three problematisations although the restricted availability of official World Bank documents complicates this task. Those that would best correspond with the 2013 *Strategy* and the 2014 *New Approach* are the four CAS Retrospectives since they all concentrate on the organisation’s country engagement model. Currently, only the 2009 CAS Retrospective, completed by OPCS, is accessible while the previous three (from 1998, 2000 and 2003, respectively) remain classified documents.¹⁵² To compensate for these missing documents, I include OPCS’s 2005 *Results Focus in Country Assistance Strategies: A Stocktaking of Results-Based CASs* in the analysis. For methodological reasons, direct comparisons across such different types of documents must be done with care, or avoided altogether. A ‘snapshot table’ makes sense when consecutive documents from the same series are available (as were the FSAP reviews in the previous

¹⁵¹ Author’s personal interview with World Bank staff member, 18 May 2015.

¹⁵² I have submitted a request for their disclosure to the World Bank Archives.

chapter), but here it would produce misleading inferences. Nonetheless, the analysis shows that a rationalist account of organisational reform would fail to explain why weaknesses in the country engagement model had been known inside the Bank for so much longer. The 2014 reform, which abandoned the CAS, and with it the PRSP, was not launched because Bank strategies suddenly required a stronger results focus that would make interventions more tractable; or because entirely new operational risks had arisen; or because Bank-internal collaboration had recently taken a turn for the worse.

Instead, the reform set out to resolve familiar and entrenched problems. By the time the reform was formulated and implemented, the ‘results agenda’ had occupied the Bank for more than a decade. The 2005 *Stocktaking* report cites the first CAS Retrospective from 1998 on this point:

As the main instrument for guiding Bank strategy and operations, the CAS needs to provide a framework to focus Bank activities on results on the ground and to help monitor progress, evaluate success or failure, and make corresponding adjustments in the Bank’s lending and nonlending programs (Country Assistance Strategies: Retrospective and Outlook, 30 March 1998: 32, quoted in World Bank, 2005: 3–4).

Reviewing the operational experiences with the first seven results-based CAS pilots, the *Stocktaking* report revolved around the question of how to devise services to members that had tangible development impacts. Explicit and measurable ‘CAS outcomes’ needed to align with and actively support a country’s development objectives in what the Bank then called a ‘results chain’, which connected different measures in a step-by-step fashion (World Bank, 2005: 8). The report thus announced a departure from the Bank’s deep-seated approval culture, suggesting that, from now on, choices for certain lending activities would emerge from a goal-oriented analysis of a country’s development situation. To this end, as noted repeatedly in the report, career incentives for staff would have to be altered (World Bank, 2005: 27, 30, 38) – a goal that the more encompassing ‘Strategic Compact’ reforms, initiated in 1996 by then-Bank president Wolfensohn, had at best partially achieved (Nielson *et al.*, 2006). In short, ‘the need to focus on outcomes and downplay the centrality of the lending program’ (World Bank, 2005: 17) has been perceived within the organisation for long; it did not originate recently. Bank

management and staff from the GP Poverty framed the reform around anything but a novel problem.

Logically related to the emphasis on country-specific results is the diversification of development services offered to members as relatively prosperous middle-income countries (MICs) gradually become less likely to request traditional lending, or any kind of lending from the Bank. The arrival of the ‘solutions WBG’, envisaged in the 2013 *Strategy*, implies the availability of more non-lending services. In my interviews, World Bankers acknowledged this ambition. One cited the case of China, which increasingly draws on Bank resources beyond lending.¹⁵³ Another referred to the inaugural ‘Global Knowledge and Research Hub’, which the World Bank Group (2017) established in Malaysia in March 2016 and which, as the interviewee emphasised, is not coupled to any lending activities.¹⁵⁴ The *Strategy* also prominently invokes the importance of ‘customized development solutions’ (World Bank Group, 2013: 2, 4, 13, 33) – a term repeated by GP Poverty staff in their discussion of the proposed reform early on (World Bank Group, 2014c: 1).

Again, the concerns about sagging demand for traditional loans and the proposed response were not new in 2013–14. Almost a decade earlier, the 2005 *Stocktaking* had recognised the shifting pattern of demand from MICs, and the 2009 CAS Retrospective had made that point again. Both documents embraced ‘customization’ as essential for the organisation to serve this group of members (World Bank, 2005: 23–25; 2009a: 39–40, 53, 59). Already in 2005, the Bank noted: ‘Ongoing experimentation is needed in MICs where customized approaches are likely to be the norm’ (World Bank, 2005: 37). Four years later, the Bank similarly pointed to the propensity of many MICs ‘to call on the WBG for services primarily in areas where they perceive a gap in knowledge or capacity’ (World Bank, 2009a: 40). If anything, the time of ‘customized development solutions’ had come much earlier than a reading of the 2013 *Strategy* and the 2014 *New Approach* alone would indicate. For many years, the predominant position in the Bank had been that customisation could be achieved under the CAS framework. The shift towards results-based CASs in the mid-2000s was a testament to this belief.

The willingness to take ‘smart risks’ seems to have emerged more recently. There is no mention in either the 2005 *Stocktaking* or the 2009 CAS Retrospective of

¹⁵³ Author’s Skype video interview with World Bank staff member, 29–30 July 2015.

¹⁵⁴ Author’s Skype video interview with World Bank staff member, 11 March 2017.

this idea, which gained prominence in the 2013 *Strategy*. However, in practice the Bank always has had to weigh the chances of making a productive loan against the potential for incurring losses when a borrower cannot repay it. A CAS was an important opportunity to consider what risks might materialise for Bank operations in a particular country. For example, as the 2009 Retrospective notes, CASs typically reported on the various risks associated with lending to countries exposed to conflicts without outlining the concrete measures for dealing with those risks (World Bank, 2009a: 63). More generally, CASs were to be informed by a macroeconomic assessment that included ‘a discussion of country-specific risks that may affect CAS outcomes and country development goals’ (World Bank, 2009a: 22). The increasing concentration on non-lending services for the more affluent MICs, which has been an important internal agenda since at least the mid-2000s, also suggests that new types of operational risks arise. In particular, the potential payoffs of such services tend to be more diffuse – that is, less concentrated on a particular area of intervention and a particular time period. But whereas the emphasis on results-driven development was long established in the organisation at the time of the 2014 reform, the ‘taking smart risk’ mantra represents a more explicit recognition of the World Bank Group’s role as more than a provider of development finance.

By contrast, deficiencies in internal collaboration, specifically between the two World Bank organisations (IBRD and IDA) and the IFC, had long been known to afflict the World Bank Group’s coherence and effectiveness. In 1994, both the previous and the new IFC head went on record with unflattering words about what they saw as an entrenchment of statism through World Bank interventions (Caufield, 1996: 279). On the occasion of the financial crisis, an IEG (2008: 17) publication rated the quality of engagement between the two World Bank organisations and the IFC as ‘modest in general and not any better—and sometimes worse—during past crises’. The 2009 Retrospective also identified persistent problems in Bank-IFC collaboration. Even though joint CASs had been run since 1996 (World Bank, 2009a: 12), integrating the priorities of each organisation continued to prove challenging. On this specific point, the report concluded that internal collaboration was hampered not only by the scope of the CAS exercise but also by ‘significant differences in the *modus operandi* of the Bank and IFC’ (World Bank, 2009a: 15, emphasis in original). As a remedy, the Bank had previously introduced a pilot project with the double goal ‘to enhance joint CASs’ and ‘to enhance collaboration across the Bank

Group’ (World Bank, 2009a: 13, 36). Put bluntly, the public ambition to be ‘one World Bank Group’ would have made as much sense at various points in the past as it does today.

Despite the relative continuity of key problematisations, the 2014 reform is not a straightforward ‘garbage can’ (Cohen *et al.*, 1972) story. Management and GP Poverty staff mostly built on and extended old problematisations, and then presented a new approach to country engagement. In the previous case, ideas for modular updates and, in particular, mandatory assessments could be traced back to ideas in earlier FSAP reviews. But although I could not draw on a consistent document type, the focused tracing has shown the introduction of the SCD/CPF was less radical a departure from previous World Bank Group practices than the fanfare of reform might suggest. In particular, the idea of basing services more consistently on solid analysis has existed at least since the results-based CAS was mainstreamed. Also unlike the FSAP case, the financial crisis was not critical in moving from problematisations to reform. Not only did the reform take place with a considerable time lag compared to the FSAP reforms, but the Bank had also refrained from using the 2009 Retrospective to question the CAS as an instrument in any fundamental way; a few targeted adaptations seemed sufficient.

Rather, the interplay of two other contextual factors paved the way for reform. First, the continuing perception within the Bank, noted by several interviews, that its lead role in the area of development policy is coming under increasing threat. The global trend in development finance and the more specific shift within the World Bank Group towards its private-lending arm feed this perception (see Figures 6.1–3 above). Second, the CPF reform served to set the agenda of the new presidency under Jim Yong Kim. The 2013 *Strategy* was released a little more than a year after Kim had taken office, which means that – if we factor in preparation and execution time – the management team must have started to work on the document quite promptly. In an organisation with a long tradition of proactive agenda-setting by incoming top management, Kim’s team sought to define the World Bank Group’s place in the global governance architecture early on. Under Kim, the World Bank itself displays more vigour to defend its role as an official lender by unconventional means. In late 2016, IDA announced that it would take the unprecedented step of raising additional funds from capital markets (Donnan, 2016).

Niche Rebranding and the Symbolic Politics of Organisational Reform

When we zoom out from the specific problematisations, a familiar pattern emerges. Niche rebranding by the World Bank Group led to the abolishment of the PRSP, the instrument around which Fund-Bank collaboration was structured. Yet again, the organisations found a way to maintain collaboration through a Fund-only instrument, the EDD. The World Bank Group's solo reform seemed to indicate a sharp rupture with collaborative practice, but the Bank's commitment to being consulted on EDDs ensured that the inter-organisational relationship did not depart much from the days of PRSP. Boundary reinforcement against the collaborator was not important in this constellation; rather, the World Bank Group intended to impress its stakeholders with new clarity of purpose as to how knowledge-driven development policy should be carried out (Brunsson, 2009: 2; Meyer, 1984: 190). Differentiation was aimed at those offering competing development services, especially the private sector. The IMF was the reactive part in this niche game as it certainly did not face strong environmental expectations to take the lead on matters of development policy.

As in the previous two chapters, the co-existence of niche strategies and institutionalised collaboration is striking. In the area of concessional lending (and debt relief), characterised as it is by both moderate differentiation between the organisations and strong competitive dynamics in the wider field of development policy, a distinct niche game ensued. This time, the choice for reform functioned as a signalling device for the World Bank Group: in trying to stem the rising challenge in a crowded field, it opted for niche rebranding, whereby it doubled down on its long-nurtured reputation for providing sought-after development knowledge. However, the strategic resolve for repositioning was again buffered by the mundane needs for and normative expectations of meaningful inter-organisational collaboration (especially with the Fund). Although the introduction of new instruments, which also added fancy acronyms to the organisation's dictionary, may look like a game changer, the high degree of continuity in collaborative practice suggests that niche construction encountered its limits. Organisational positioning in the wider arena of global economic governance had to accommodate the conflicting norms for differentiation on the one hand and collaboration on the other as part of the contemporary Bretton Woods script.

Niche rebranding is as much a relational practice as is niche distancing. As stated in chapter 2, these two types of policy niche accentuation differ in response to the level of competition in the respective field. Work on the sociology of professions and expertise reminds us that where actors vie for expert status – whether at the domestic, inter- or transnational level – it is essential that others accept the particular version of expertise on offer (Abbott, 2005; Halliday, 1985; Sending, 2015; Tsingou, 2015). International organisations, too, need to convince its members that there is a problem and that the organisation can address it (Hülse, 2007). Who was deemed authoritative has become more of an open question as more actors that could be entrusted with governance responsibilities, especially providers of private development finance and services, have entered the field. When the SCD/CPF reform was underway, neither the NDB nor the AIIB had been formally agreed to be established. But there were clear signs that the BRICS were making good on their intention to found their own bank, especially after the BRICS summit in Durban in March 2013 (Powell, 2013). Behind the scenes, the institutional details of the AIIB had also been hammered out since at least 2011 (Chin, 2016: 15).

Therefore, whereas the Fund undertook niche distancing explicitly vis-à-vis the Bank through two successive FSAP reforms, the World Bank Group responded to what it experienced – and anticipated – as more intense but also more dispersed competition with niche rebranding. By embarking on a new strategy that also replaced the ill-famed PRSP, it sought to stand out from the various other prominent development actors, including bilateral donors, new development banks and private foundations. The Fund was not considered a direct rival, which made strong demarcation unnecessary; instead, it remained an important complementary player from which to source valuable macroeconomic expertise that would minimise the heightened risks of concessional lending to countries with questionable creditworthiness. As a result, Fund-Bank relations have been much less antagonistic in this area than in financial sector surveillance since the 2009–10 reforms.

In contrast to the Fund's niche distancing attempts, where top management merely defended the staff's reform blueprint when it was necessary to save the reform, niche rebranding was driven by the highest echelons in the Bank from the very start. It consisted of two related steps. The first step, which effectively implied some niche widening, was to reformulate, or extend, organisational objectives

through the pronouncement of the ‘twin goals’ under World Bank president Kim.¹⁵⁵ These two objectives, ‘end extreme poverty’ and ‘promote shared prosperity’, are prominently placed in the first paragraph of the 2013 *World Bank Group Strategy* (World Bank Group, 2013: 5). Repeatedly invoking a ‘value proposition’, the *Strategy* extensively advertises the Group as possessing the technical capacity, analytical skills, practical experience, social networks, political clout and financial might necessary to do development (World Bank Group, 2013: 13–14). The ‘solutions WBG’ is the logical extension of the established ‘Knowledge Bank’ brand. Defining what counts as knowledge, or a solution, and who can furnish it is a critical source of power for a development organisation such as the World Bank (Cashmore *et al.*, 2014).

Although the Bank had long worked on the poverty front (Ayres, 1983), it had been much less concerned with distributional questions. If the rocky history of victories and setbacks in making poverty reduction its core mission is any guide, then extending one’s reputation for expertise to another, albeit cognate, area does not happen overnight. Development policy was initially deemed to *not* include poverty, but the organisation has emphatically advanced its conceptualisation and operationalisation since the 1970s (Konkel, 2014). The Bank could talk authoritatively about poverty only once it was equipped with tools to measure its prevalence. Today, a large part of the organisation’s influence is founded on its ability to track poverty rates both over time and across countries (Clegg, 2010b; Freistein, 2016). The twin goals now require the Bank to also validate its claims to expertise on prosperity among the relevant actors in its authorising environment. Not everyone will agree with the Bank’s understandings and measurement choices (for example, Galasso, 2015), but already key actors can ill afford to simply ignore them.

The second step was to translate the management’s agenda into operational practice. Such activities may lay open or even fuel substantial frictions between professional groups within an organisation. As earlier work has established, economic ideas drive operational practices at the Bank (Rao and Woolcock, 2007; Stern, 1997). David Mosse (2004: 82), for example, notes that ‘... the Bank’s anthropologists have to choose their language carefully if they are to sell “the social”’. Likewise, Antje Vetterlein (2012b: 37) highlights that ‘... social experts or

¹⁵⁵ Email correspondence with World Bank manager, 3 April 2017 (follow-up to author’s personal interview, 3 March 2017).

anti-poverty advocates needed to “sell” their expertise to the economists and turn it into actionable knowledge ...’. The drawn-out shift towards the inclusion of ‘good governance’ concerns in the Bank operations also pitched economists against non-economists, with the latter forced to make critical concessions to the former until the new agenda was established (Weaver, 2010). The ‘twin goals’, the organisation’s new credo, were equally attuned to an economist’s mindset. In an effort to fill the ‘evidence-based’ development agenda with life, the 2013 *Strategy* had publicised the planned introduction of the SCD and CPF, as well as the follow-up documentation standards. Much like the Bank had turned poverty into a numerical category a long time ago, prosperity was to be rendered measurable and comparable. The Poverty Global Practice subsequently worked out the operational details for the SCD/CPF duo to become the future centrepiece of all Bank dealings with its members, as promulgated in the 2014 *New Approach* statement.¹⁵⁶

To avoid again putting the cart (supply of services) before the horse (demand for services), the reform placed the SCDs at the heart of country engagement and derived other instruments from it. In yet another instance of rebranding, the CAS gave way to the CPF. Under the old framework, career-conscious officials had exploited the formulation of the country strategies to complete voluminous loan deals, rather than assessing whether such a loan was the best deal for the country in the first place. Under the new model, a diagnosis of a country’s ‘development challenges’ is to determine what type of services the Bank will offer. Savvy staff will, of course, still be able to game the system for the benefit of their own careers while formally complying with the new standards. The introduction of the SCD nonetheless represented a new attempt to rectify the Bank’s approval culture. The alternative of keeping and merely refining the CAS was duly avoided, just as retrofitting the PRSP with the ‘twin goals’ did not seem a feasible option for the Bank.

The once-cherished principle of ‘country ownership’ also effectively dropped from the Bank’s approach to doing development, not least because the PRSP, which officially built on this principle, was thrown onto the organisational scrapheap. The symbolic importance of this move cannot be overestimated. The commitment to ‘ownership’ has been repeatedly criticised by observers as meaningless, ineffective

¹⁵⁶ Separate email correspondence with two World Bank managers, 3 April 2017 (follow-up to author’s personal interviews, 8 July 2015 and 3 March 2017, respectively).

and, at times, even farcical (Buiter, 2007; Dijkstra, 2005). The World Bank itself came to find fault with the principle in the context of the PRSP, where many country authorities regarded it as mere diplomatic code for ‘Washington signing off’ (see several instances in the evaluation report by the OED, 2004). Stories circulate on 19th Street about PRSPs that – in sharp deviation from the ownership spirit – were conceived and written by Washington bureaucrats. A World Banker summarised the original idea behind ‘country ownership’ before sharing the following experience about an African country’s apparently ghost-written PRSP:

... the Bank staff and the Fund staff were supposed to review it, not write it. ... First of all, the font was different for the macro section ... and the spelling was American English rather than British English [as one would expect to find in a country formerly under British colonial rule] ...¹⁵⁷

Niche rebranding also demanded a fresh, whole-hearted display of coherence and consistency, as showcased in the commitment to let the relevant sub-organisations each sign off the main country documents. The preceding creation of Global Practices, some of which grouped together World Bank and IFC staff, symbolised the strategic goal to be perceived as ‘One World Bank Group’. Recall the judgement, quoted above, about the ‘varied’ CAS contributions and the predominantly ‘ad hoc’ cooperation between the entities, as well as the interviewee’s observation about the chasm between a public and a private sector mindset. Such differences do not disappear overnight and are likely to persist, if attenuated, for as long as the IFC has a purpose and clientele distinct from that of the World Bank. Catherine Caufield’s (1996: 278) pithy statement still applies more than two decades after it was made: ‘The IFC has the power to do what the World Bank can only preach—give support directly to the private sector.’ Therefore, the strategic and organisational changes were intended to send an unambiguous signal to stakeholders: development services

¹⁵⁷ Author’s personal interview with World Bank staff member, 8 March 2017. Even without offering similar accounts, IMF staff seemed to agree that the PRSPs often fell short of ownership ambitions (for example, author’s personal interviews with IMF member country representative, 10 June 2015; IMF staff member, 3 March 2017). To pre-empt any potential misunderstandings: while this example depicts Fund staff as the ghost-writers of national policy blueprints, their Bank colleagues have also been found to act in that capacity (el Ghaziri, 2007: 241). Instead, the point is that IO staff from time to time draft supposedly country-owned documents, which has contributed to the widespread impression that ‘ownership’ is just the latest development buzzword (see Naim, 2000). Such experiences corroborate poststructuralist and postcolonial critiques that contemporary ‘development’ policies perpetuate harmful colonial practices of domination by subtler means (for example, Escobar, 1988; Tan, 2007). See also the gradations of meanings of ‘country ownership’ listed by Buiter (2007: 648).

would be tailored to members' unique circumstances and delivered by teams of specialists drawn from the most apposite units.

In sum, the World Bank Group pursued a niche rebranding strategy. Key positioning moves included: announcing a new strategic direction that would allow the organisation to adjust to a changing environment without stretching its mandate too much ('twin goals'); creating new instruments that would help to meet this enlarged mandate (the SCD and the derived CPF); abandoning old instruments that were deemed to not have served or outlived their purpose (the CAS and the PRSP); and pledging to correct past shortcomings in collaboration between the entities that make up the World Bank Group, particularly between the World Bank and the IFC. Similar plans for enhancing Fund-Bank collaboration are notable for their absence from the key documents of the strategic reorientation of 2013–14; the *New Approach* paper offers only a brief discussion about how to carry out collaboration with the Fund in the future (World Bank Group, 2014c: 12, 23). The Bank's reform eventually affected collaboration on concessional lending, though not on debt relief, where the PRSP, alongside the JSANs, was to be phased out anyway as debt relief under the HIPC Initiative was wound up.

The reform across the street prompted the IMF to engineer its own transition from the PRSP. Considering the level of surprise about the SCD/CPF reform in 2014 and the lag until the introduction of the EDD in 2015, the Fund was reactive, not proactive, in this area. Put differently, had the Bank not abolished the PRSP, the Fund would probably not have been inclined towards any such transition. The Bank's decision did not exactly force the Fund's hand, but at the very least it provided an additional external impetus for reforming the PRSP. The IMF could choose between three broad coping strategies once it had learned of the Bank's decision. First, it could simply use the PRSP in the same fashion as before, preferably still with some kind of World Bank involvement. Second, it could relate its concessional lending operations to the World Bank's emergent SCD/CPF approach. Third, it could develop a new instrument that would function to satisfy the procedural rules of this type of lending.¹⁵⁸

The first two options were discarded, each for its own reasons. Leaving the instrument unchanged was ruled out quickly. Thinking about the PRSP had evolved

¹⁵⁸ Author's personal interview with IMF member country representative, 10 June 2015; Skype video interview with IMF staff member, 12 April 2017.

in both organisations – and the wider international donor community – as the vast majority of eligible countries had completed the HIPC process. An instrument originally conceived to commit all relevant stakeholders to multilateral debt relief, it no longer occupied a central place in the Fund’s or the Bank’s operational apparatus in LICs.¹⁵⁹ Moreover, the PRSP typified a distinct period and mode of Fund-Bank collaboration. It was thus symbolically sensible for the Fund to depart from the old format, as well as name, even if it were to create a comparable stand-alone instrument.¹⁶⁰ As for the second option, establishing a direct operational link between PRGT lending and the SCD/CPF was considered complicated, if not unworkable.¹⁶¹ An embrace of either option would have signalled rather weak efforts at differentiation on the part of the IMF.

The third option had the charm of doing things similarly as when the PRSP still existed. In many ways, the EDD was a close enough copy of the PRSP to grant flexibility to members and facilitate continued collaboration between the organisations by slightly different means. In short, this option best reconciled the tensions between differentiation and collaboration. At the practical level of organisation, it allowed the Fund to keep in place its procedural requirements for concessional lending under the PRGT while implementing a new documentation standard, which very much resembled the old one. As a World Bank manager observed about the IMF’s chosen approach: ‘My sense was that the main issue was that they didn’t want to change their instruments, and therefore they needed to have a tool to do this reporting.’¹⁶² The unwillingness to radically innovate collaboration is, as this study has so far demonstrated, not particular to this area of collaboration, nor is it a unique trait of the professional macroeconomists working at the Fund.

Early collaborative practices often entrench institutional paths from which it can prove politically, as well as intra- and inter-organisationally, difficult to depart. The main reason, however, is not the force of ‘increasing returns’ as ‘self-reinforcing or positive feedback processes’, which historical institutionalists highlight to account for path dependencies (Pierson, 2000: 251). In this case and the previous one, relative institutional stability after organisational reform was owed to the interplay of

¹⁵⁹ This argument was made by various interviewees, irrespective of whether they worked for the Fund or the Bank.

¹⁶⁰ Author’s personal interview with IMF staff member, 3 March 2017.

¹⁶¹ Author’s Skype video interview with IMF staff member, 12 April 2017.

¹⁶² Author’s personal interview with World Bank manager, 3 March 2017.

two competing expectations rooted in the cultural environment of the Bretton Woods institutions. Insights from the organisation studies literature can further illuminate why they devised a PRSP-like collaboration mechanism instead of just having a genuinely instrument, or simply one less, through which to collaborate. As research on the HIV/AIDS domain in Canada suggests, collaborating individuals must be able to please their own constituency and to interact meaningfully with others (Maguire and Hardy, 2005; Hardy *et al.*, 2006): ‘Multi-sector collaboration is a juggling act’ (Hardy *et al.*, 2006: 108). Finding the right balance in inter-organisational relations is a tall order, and juggling never stops. In this specific case, it continued even after one side had unilaterally taken a repositioning decision that affected the other. While stakeholders expect IOs to invest in niche accentuation wherever their distinctiveness can be boosted, they equally expect them to interact with their peers wherever synergies can be realised.

The IMF and the World Bank proved to be gifted jugglers as they administered the transition from the PRSP in a smooth, almost amicable fashion. Apart from the initial surprise and occasional bewilderment at the Bank’s unilateral move, interviewees’ recollections did not indicate much acrimony at all. In contrast with financial sector surveillance, an area in which inter-organisational relations turned fairly sour after the FSAP reform, a ‘no hard feelings’ attitude prevailed. Indeed, the organisations easily found a new, mutually convenient *modus vivendi*. While the Bank was determined to raise its profile as the world’s premier provider of development knowledge and financing, the ties to the Fund were not severed. Quite the contrary, during the interim period between the Bank’s start of the SCD/CPF approach and the Fund’s first use of the EDD, collaboration was carried out to meet PRGT documentation requirements as before: PRSPs were prepared by applicant members and JSANs written by the staffs.¹⁶³

The case adds a twist to the organisations’ long-term trajectory. According to Eric Helleiner (2009), both the IMF and the World Bank were conceived at Bretton Woods as organisations with some form a ‘development mandate’, though obviously the former less so than the latter. Development issues soon fell almost completely by the wayside in an IMF occupied with its members’ payments balances. The Fund was willing to retain a poverty reduction tool, the PRSP, which the Bank had decided

¹⁶³ Author’s Skype video interview with IMF staff member, 12 April 2017.

to do without. If the IMF harboured no development ambitions whatsoever, we would have a hard time accounting for the conversion of the PRSP into the EDD and, more generally, the considerable diversity of its current loan portfolio. In fact, it would become difficult to explain why the IMF began to offer concessional loans as early as the 1970s; or why it has invested any energy into a series of reforms of its concessional loan facilities, beginning in the mid-1990s (Clegg, 2012; Hibben, 2015). Collaboration with the World Bank on concessional lending and debt relief, dating back to the mid-1990s, likewise should have no place in an IMF that concerned itself exclusively with macroeconomic stability. The recent stepping-up by 50 per cent of PRGT access limits, which the Executive Board decided on 1 July 2015 (IMF, 2015a), just over a week after endorsing the EDD proposal, is a reminder of the organisation's multifaceted remit.

Thus, the dynamics in this area of collaboration can be summarised in the classic terms of 'old wine in new bottles'. The abandonment of the PRSP and its replacement at the IMF by the EDD did not fundamentally alter the basis for Bank-Fund collaboration. The 'new bottle' EDD still contains much of the 'old wine': For the few countries that remain in the HIPC process¹⁶⁴, PRSPs are still required and JSANs written by the staffs. In all other cases, to access IMF concessional lending, countries are obliged to submit an EDD instead of a PRSP; prior to approval, a country's proposed EDD is vetted by the Bank. Regarding collaborative instruments, while the little-loved JSANs are no longer produced (except, as noted, for HIPC operations), joint DSAs for LICs are still undertaken. Collaboration did not end with the Bank's discontinuation of the PRS process, nor is it likely to end once debt relief under the HIPC Initiative is completed. While the new division of labour is less fuzzy than the old one, institutional overlaps continue to exist. If EDDs were still called PRSPs, even the most attentive external observer might wonder if anything had changed in collaboration.

The World Bank Group's niche rebranding game combined different mechanisms of formal institutional change. To its make niche rebranding credible, the organisation embraced what institutionalists call 'displacement'. Old instruments were jettisoned and new ones crafted in both organisations, with the World Bank Group proving a considerably more frantic displacer. 'Layering' also occurred as the

¹⁶⁴ As of April 2017, the following three: Eritrea, Somalia and Sudan (IMF, 2017c: 23).

joint DSA was retained and the EDD plugged neatly into the IMF's existing PRGT lending framework (Streeck and Thelen, 2005: 22–24). What had to be negotiated was not the reform of a joint instrument, as with the FSAP, but rather the institutional design of collaboration without joint instruments. It is more difficult to identify conflicts over reform in this case: the Bank made the first move in an effort to rebrand its policy niche, but the arrangement for collaboration was modulated in a manner that apparently satisfies both organisations. Explicit demands from the authorising environment do not seem to have driven the Bank's rebranding whereas the Fund's lighter documentation requirements heeded complaints from LICs about excessive demands on their administrative capacities.

From a historical perspective, collaboration on concessional lending and debt relief has entered a new stage with institutional changes that look more radical on paper than they are in practice. With regard to the enabling role of the PRSP for collaboration, we can distinguish between three phases: (1) a short one in which debt relief under HIPC was organised without the PRSP (1996–99); (2) a longer one in which the PRSP both 'enhanced' the HIPC Initiative and was a pre-condition for concessional lending (1999–2014); and (3) the current one, in which the PRSP is used only until the HIPC Initiative is concluded but otherwise has no function (since 2014 at the World Bank and since 2015 at the IMF). In this emergent post-PRSP phase, both organisations remain officially committed to the goal of poverty reduction but now pursue it by means of separate instruments. While collaboration continues unabated with rather slight modifications, the reforms have significantly reduced, though not obviated, the need to develop common policy stances. In addition, it seems highly unlikely at this point that the role of the Bank's assessments of EDDs within the Fund will evolve to match that of the Fund's macroeconomic assessments within the Bank.

Conclusion

This chapter has argued that the World Bank's turn away from the PRPS was not motivated merely by a functionalist desire to deliver better services to its membership. Rather, it was a positioning move rife with political calculus as it promised to more credibly stake the World Bank Group's claims to expertise in knowledge-driven development policy. Expert authority is a precious organisational

quality that can begin to wilt when social validation is no longer forthcoming. How to produce relevant development knowledge is heavily contested (Kramarz and Momani, 2013; Long and Long, 1992). It rests on exceptionally shaky scientific foundations, or what Asunción L. St. Clair (2006b: 78) calls ‘facts-surrogate’, ‘a consensus among certain scientists rather than a scientific consensus’, which further complicates securing authority through expertise. Through niche rebranding, the World Bank Group sought to diffuse any potentially business-threatening impression of limited competence and present itself as possessing an unrivalled capacity to fashion the ‘customized development solutions’ praised in the glowing announcement of its SCD/CPF agenda. Niche rebranding was to tell stakeholders that none of its competitors – public or private, old or new – could yet offer such an integrated approach to development knowledge and policy. Curiously, at a time when governance expertise is becoming more ‘provisional’ (Best, 2014), the organisation holds fast to the idea that it can objectively determine development ‘constraints’ and administer appropriate policy responses.

Even if changes to the formal rules looked sweeping, the organisations balanced the competing demands for differentiation and collaboration in a way that furthered path-dependent institutional outcomes. The substance of collaborative arrangements withstood the headwinds of reform inspired by niche rebranding. A contributing factor was that the Fund did not vie for (part of) what the World Bank Group saw as its niche. Rather than playing a game of niche distancing against the IMF, the Group targeted its niche rebranding efforts at new competitors. Its accommodative, if initially secretive, style also contrasted with the more assertive one employed by Fund staff during the FSAP reform process. The agreement struck after a transitory period, during which the PRSP requirement continued to exist for all LICs at the Fund but not at the Bank, is a case in point. The foreseeable end of the shared task of sovereign debt relief did not trigger a domino effect for collaboration on concessional lending. Again, collaboration displayed some familiar features (see ch. 1): It was resilient after the World Bank Group’s 2014 CAS reform; the old inter-organisational rules, decoupled from the reform, continued to apply during the brief interregnum and familiar consultation rules were negotiated for the IMF’s 2015 EDD reform. Within the Fund, attention focused on not foregoing the benefits of institutionalised analytical input from the Bank.

Notwithstanding important between-case variation, the evidence corroborates the main argument developed across the chapters. As the starting conditions – a medium level of differentiation and high level of competition – pointed towards institutional change, this case lends the strongest support to the incrementalist perspective on collaboration: although the PRSP was displaced, collaboration evolved by different means in similar ways. Its slow ‘death’ mirrors the incrementalism typical of Fund-Bank collaboration more generally. Thus, while the World Bank Group envisaged a grand strategy to sharpen its profile, collaboration with the IMF evolved more gradually. ‘Reforms’, writes Brunsson (1989a: 219) ‘are often presented as dramatic one-off changes, and they may sometimes lead to changes. But reform in itself is more often a standard repetitive activity. Reforms are routines rather than breaks in organizational life.’ In the present case, the adoption of the World Bank Group’s ‘twin goals’ did not necessitate the design of the new engagement model; but more comprehensive change helped to communicate its commitment to, and already existing practices of, doing development in a certain way. In the niche games of global governance, the signal often matters as much as the substance of reform.

However, the dynamics of collaboration observed in this case do not preclude the possibility of diverging outcomes under similar conditions in other cases. The positioning activities of IOs, through which they signal their expertise for undertaking governance tasks, especially in emergent areas, may as well coincide with substantive changes in collaborative arrangements. How a particular niche game plays out is contingent on a number of situational factors, many of which IOs can barely influence, however well they play their favoured game. The contingent facets of a collaborative setting, such as the number and type of partner organisations, the intensity of interactions or the compatibility of organisational cultures, may relieve or aggravate this lack of control over the environment. Reflecting on general themes relating to inter-IO collaboration, the cultural underpinnings of and the use of symbols in global governance is the purpose of the concluding chapter.

7 Conclusion

We live in an age of professionalisation, formalisation and specialisation. This trait is evident not only in the diversity of engineering, medical or teaching professionals who work in and through formal organisations (Meyer *et al.*, 2006; Meyer and Bromley, 2013), but also in the world of IOs. The IMF and the World Bank employ individuals with a high level of formal education (almost always a university degree, often a doctorate) to complete a unique portfolio of tasks. We want to know whether someone speaks on behalf of the Fund or the Bank so that we can apportion blame or praise. Each IO thus operates in a sharply and visibly demarcated area for which it has expert authority, or it erodes the basis of its own legitimate existence. Having domestic bureaucracies in mind, Wilson (1989: 188) writes: ‘An organization is like a fish in a coral reef: To survive, it needs to find a supportive ecological niche.’ Niche dynamics in the coral reef of the international system are often more institutional than ecological. Institutionalised interactions between IOs offer important test cases for this proposition.

This thesis studied the interactions of arguably the two most prominent IOs in global economic governance by addressing the following question: How do the IMF and the World Bank collaborate to govern common policy challenges? As the preceding analysis has demonstrated, the activities of the Bretton Woods institutions are governed by a powerful cultural script that tolerates neither niche cohabitation nor organisational seclusion. Under the Bretton Woods script, they must conform to two standards at once: differentiation *and* collaboration. But culture is not a straightjacket. The script leaves discretion to the organisation on how to balance differentiation and collaboration. To respond to these contradictory institutional imperatives without violating either, the Fund and the Bank engage in symbolic action because stakeholders confer procedural legitimacy in a broad fashion. The tried and tested solution for both organisations is not to stop or deepen collaboration, but to engage in half-hearted collaboration. Fund-Bank collaboration continued even when reforms appeared to tilt the balance in favour of differentiation.

The central lesson from the analysis is that while the IMF and the World Bank rank among the more powerful IOs in the contemporary era, their activities are circumscribed by cultural norms. In battles over IO reforms, the interests of member states obviously matter because they can reward organisational actors who fulfil

normative expectations as much as they punish those who fail to do so. But although members may have diverging preferences about reforms blueprints, as happened in the area of financial sector surveillance, they broadly agree that neither differentiation nor collaboration can be sacrificed. Beyond expected payoffs and losses in concrete cases, member states hold fairly generic normative views about what constitutes a tolerable level of collaboration: no collaboration would be as unsatisfactory as whole-hearted collaboration. For the Bretton Woods institutions, differentiation is the flip side of collaboration.

After this brief summary of the principal argument, this final chapter concludes our journey through the past and present of Fund-Bank collaboration. It does so in four steps. First, I provide an overview of the patterns found across the three cases to discuss how much institutional change the reforms triggered. Second, to outline the central lesson of this thesis in more detail, I discuss the theoretical implications of the empirical findings for our understanding of the Bretton Woods institutions, especially the nature and extent of their power. Third, I reflect on my own role in analysing and presenting these organisations in a certain way. Fourth, I close by delineating avenues for future research on inter-IO collaboration, cultural norms and symbolic politics in global governance.

How Much Change after Reform?

My interviewees never tired of reminding me that, however routinised and selective, Fund-Bank collaboration was a thoroughly complicated undertaking. They commonly cited one of two views to justify this assessment. The first was the ‘personalities matter’ view, which states that success in collaboration depends on the cooperativeness of the people involved. This perspective ignores that the actions of these individuals are governed by the rules of their organisation. To quote Herbert Simon (1966: xv): ‘And if organization is inessential, if all we need is the man [*sic*], why do we insist on creating a position for the man?’ The second view is that the IMF and the World Bank operate according to contrasting organisational cultures, which produces tensions and inefficiencies (see again Momani and Hibben, 2015). This perspective downplays the cultural embeddedness of IOs and their collaborative endeavours. Understanding problems in collaboration as caused by either individual or organisational idiosyncrasies (personalities and cultures, respectively) leaves

unexplained certain empirical phenomena, such as the puzzling continued co-existence of differentiation and collaboration imperatives. Personalities and organisational cultures impinge upon Fund-Bank collaboration – up to a point. The task that I set for myself in this thesis was to move beyond this point and illuminate some of the constitutive macro-level forces that structure Fund-Bank interactions, especially in the wake of changes to the rules of collaboration.

Looking at the evolving practices of Fund-Bank collaboration in the three areas under study, one might be forgiven to think that they represent instances of ‘nothing much going on’. As the upper half of Table 7.1 indicates, there was quite some reform activism in two of them: the ‘module’ was added as a measure of selectivity to the Financial Sector Surveillance Program (FSAP); the Poverty Reduction Strategy Paper (PRSP) was eliminated from both organisations’ toolbox (first by the World Bank), and the IMF subsequently replaced it with the Economic Development Document (EDD). The FSAP reform was exceptionally controversial; Bank staff, some of whom years later still complained about the hard-nosed efforts of their Fund counterparts from MCM, conceded their loss only when the IMF First DMD weighed in in support of the reform plans. The reform of the Country Assistance Strategy (CAS) at the World Bank Group, which did away with the PRSP, made the Fund stop using the PRSP as a requirement for countries accessing its concessional lending operations.

Upon closer inspection, we begin to see why explanations centred on personalities and organisational cultures have limited analytical purchase. The reforms changed the format, rather than the degree, of Fund-Bank collaboration. The lower half of Table 7.1 illustrates this pattern. The overall framework for collaborative financial sector surveillance, centred on a joint FSAP, has remained firmly in place. Indeed, the Fund never planned to abolish the FSAP itself. The IMF’s EDD is very similar to its predecessor, and the World Bank is still involved as a source of expertise on concessional lending and poverty reduction policies. In one area, there has not even been a formal change of the rules of collaboration for almost three decades, which in itself points to an interesting anomaly if we assume, with Brunsson (1989a, 2009), that organisations are all too keen to launch reforms.

If the reforms were not radical, the institutional changes that resulted from them in those two areas were even less so. The changes that have materialised look conspicuously unspectacular even by the standards of institutional change, which

often unfolds gradually (Pierson, 2000). The take-up of FSAP modules has been modest, meaning that the two organisations have continued to collaborate with full teams on most assessments. The real piece of organisational reform and institutional change was the IMF's adoption of mandatory FSAPs for 'systemically important' countries in 2010. While the five-year cycle to discharge mandatory assessments clearly constrains the Fund's ability to assess countries that are not 'systemically important', collaboration with the Bank in these other cases is still common. Much to the chagrin of Bank staff, the Fund has blocked what would have been an institutional innovation to compensate for potential lags in country coverage: allowing the Bank to run stability modules when the Fund cannot commit to doing so itself at certain times. Regarding concessional lending and debt relief, interviewees from the Bank and the Fund claimed that collaborative practices had not been much affected by the discontinuation of the PRSP and the Fund's transition to the EDD. The change also did not alter the rules for collaboration on joint debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative. The end of the PRSP was thus more a matter of surprise to IMF staff than a source of antagonism.

TABLE 7.1. Patterns of Organisational Reform

	<i>Crisis lending</i>	<i>Financial sector surveillance</i>		<i>Concessional lending and debt relief</i>	
Change agents	—	IMF staff (MCM)		World Bank management and staff (GP Poverty)	
Permissive conditions	Global financial crisis More G20 resources for IMF	Global financial crisis G20 and FSB mandate		Nearing completion of HIPC Initiative	
Reform	—	Introduction of ‘modular’ FSAP (2009)		Abolishment of the PRSP (2014–15)	
	<i>No reform</i>	<i>Before reform</i>	<i>After reform</i>	<i>Before reform</i>	<i>After reform</i>
Joint programme/instrument	No	Yes	Yes	Yes	No
Joint deliverables	No	Yes	Possible	Yes	No
Collaborative procedure	World Bank consults IMF	Joint assessments	Optional joint assessment	Joint analytical work	IMF consults World Bank

Note: In the third case, the reform applied only to the PRS Initiative as such. PRSPs remain operative under the joint HIPC Initiative until the last eligible country has reached ‘decision point’; Joint Staff Advisory Notes (JSANs) are also still prepared in these few cases.

Source: Author.

In substantive terms, these patterns in fact seem to confirm that nothing was going on. In one of the cases, collaborative practices were as stable as the formal rules governing them. However, in the other two cases, collaborative practices were more stable than the formal rules. The confluence of (some) formal change and (much) informal continuity is a textbook example of dynamics that organisational sociologists label as ‘decoupling’. Announcements of organisational reform create favourable impressions of taking control, for example to halt problematic developments or remedy inefficiencies, in spite of thin evidence of such effects (Brunsson, 1989a). By the same token, the firing of a manager and hiring of a successor is justified by unrealistic expectations that the new person will turn things around (Pfeffer, 1981: 39–40). As Brunsson (2006: 254) contends: ‘Reforms are expressions of hope for a better future—a future that better corresponds to our ideals than either the past or the present does.’ While reforms may induce change, we must not expect too much of it. Arguably, reforms of inter-organisational rules fit into a similar mould as organisational reforms.

Decoupling was instrumental to conforming to the Bretton Woods script in both its differentiation and collaboration facets. Niche distancing enabled the Fund to position itself as *the* expert organisation in global economic surveillance, including both macroeconomic surveillance through Article IV consultations and financial sector surveillance through FSAPs. After the global financial crisis, this type of surveillance was in high demand because it was seen as a tool for ‘crisis-proofing’. That distancing occurred against the Bank was part of the niche game from the Fund’s strategic perspective; as the FSAP was to stay a joint programme, the best that could be done was to sharpen the division of labour under it. Niche rebranding enabled the Bank to position itself as *the* expert organisation in knowledge-based global development policy. Here distancing against the Fund, which would never have claimed this niche, was needless. With so many other competitors already active in the field or about to enter it, developing a ‘new’ brand was the Bank’s strategy of choice, which explains why collaboration with the IMF on its EDD never turned into a major issue; it was ‘natural’ to continue somewhat more informally what had been institutionalised under the PRSP.

The Bretton Woods script does not prescribe how exactly differentiation and collaboration ought to be accomplished. In some cases, collaborating IOs may proclaim a grand reform, as did the Bank when it introduced its new country

engagement approach; in other cases, they may refine existing instruments, as did the Fund and the Bank when they – at the insistence of the former – introduced the ‘modular’ FSAP; and in yet other cases, they may use symbolic action without reform, as did the Fund and the Bank when they reaffirmed the current arrangement in crisis lending through words and deeds in everyday inter-organisational practice. But in all three cases, Fund-Bank collaboration remained half-hearted as each of them had to remain distinct enough – that is, live in its own niche. Whole-hearted collaboration might have convinced stakeholders that the organisations were lacking in distinctiveness.

An argument about the constraining impact of global culture on the range of permissible IO activities must not be mistaken for a monolithic view of IOs. The preceding analysis has shed some light on who within the organisations pushed a certain niche strategy, reminding us that macroeconomist staff generally set the agenda for collaboration. At the Fund, senior staff from MCM expended considerable energy on instituting, first, the FSAP modules and, then, the mandatory FSAPs. Other departments were bystanders, but basically supported the reform plan (or were indifferent).¹⁶⁵ At the Bank, Management instigated the CAS reform process, with staff from the GP Poverty filling in the details of the new country engagement model.

These insights suggest that strategic niche games are most likely to be played at the upper end of organisational hierarchies. Management and senior staff with management responsibilities have to ensure that reforms do not jeopardise their organisation’s distinct profile. Despite the occasionally reported conflicts between individuals on mission, staff with predominantly or exclusively operational assignments have fewer opportunities and less leverage to play niche games. They are inclined to value collaboration in the field over differentiation at headquarters: ‘When people have been in the battlefield together and they find themselves again in the battlefield, it works wonderful because people know each other.’¹⁶⁶ To summarise the seven characteristic features of Fund-Bank collaboration: it is negotiated, political, rather stable at the informal level, resilient after reforms, a

¹⁶⁵ Email correspondence with IMF staff member, 3 April 2017 (follow-up to comments on author’s presentation, 10 March 2017).

¹⁶⁶ Author’s Skype video interview with World Bank manager, 14 March 2017.

matter of weighing benefits against costs, shaped by internal goals and practiced by macroeconomists (see ch. 1).

The potential effects of the changes wrought on member states by the organisations' niche strategies appear to be ambiguous. Although this study has not addressed this important question, a few conjectures can be inferred from the presented empirical material. The combination of slightly more selective collaboration with the Bank and the new rule for mandatory FSAPs signals the increased attention that the IMF has directed to HICs since the crisis. It is unclear whether the HICs and all those others labelled 'systemically important' appreciate the closer scrutiny of their financial sectors, but as the Fund itself acknowledges, resources for assessments of low-income countries (LICs) have become scarcer. During the same period, however, its lending to LICs has expanded (see Van Waeyenberge *et al.*, 2013). The implications of the Bank's reform are at least as difficult to appraise. While the Bank readily raised concerns over the Fund's diminished ability to carry out FSAPs in LICs, several interviewees indicated that it was increasingly engaging with MICs. The stronger emphasis on knowledge for development caters more to the needs of MICs, which are less dependent on traditional lending operations than LICs (for example, World Bank, 2009a: 35, 40).¹⁶⁷ If development assistance were increasingly delivered in the form of advice rather than loans, LICs might find it more challenging to access Bank services while competition with the Fund over the provision of non-lending services to MICs might intensify.¹⁶⁸

The Power (or Otherwise) of the Bretton Woods Institutions

For the IMF and the World Bank themselves, my analysis is both good and bad news – good news because it partially exculpates them from the success of certain controversial policy norms, bad news because it portrays them as somewhat powerless in adhering to overarching cultural norms. It is paradoxical that structuralist approaches of a (neo-)Marxist variety are often most critical of what the

¹⁶⁷ Author's personal interview with World Bank member country representative, 1 June 2015; Skype video interview with World Bank staff, 11 March 2017.

¹⁶⁸ Author's personal interview with IMF staff member, 10 June 2015; personal interview with IMF staff member, 1 July 2015; Skype video interview with World Bank staff member, 29–30 July 2015.

Fund and the Bank do (Cammack, 2004; Felder, 2008; Peet, 2003; Taylor, 2004). If we take structural constraints seriously – whether they are material (as in Marxist scholarship), discursive (as in Gramscian scholarship) or cultural (as in the world society approach) – IOs can act on their own account only to a limited degree. Agential constructivists, who highlight how IOs propagate ideas, norms and policy templates, also tend to overestimate the extent of IO power. The norms that IOs diffuse may look like their creations but are in fact mostly framed and provided by their environment. Their power is therefore also constrained by the norms prevailing in their cultural environment and not only by the potential interference of state actors who often share such broad norms, as we have seen. ‘Slow-moving’ cultural institutions delimit the scope for change of more ‘fast-moving’ political ones (Roland, 2004: 116–117).

In my account, the slow-moving imperatives for differentiation and collaboration shaped the propensity of the Bretton Woods institutions to launch organisational reforms. The tensions between these imperatives made symbolic reforms, through which collaborative practices could be decoupled from strategic positioning, highly appealing and effective. In ‘a culture privileging agency’, acknowledging the double role of actors as ‘creatures as well as creators of their world’ (Kim and Sharman, 2014: 444) is an important step forward. I have thus sought to avoid privileging agential capacities that would allow the IMF or the World Bank to act more or less as they, or their masters, please. But by allowing for the adoption of niche strategies for symbolic purposes, I have also sought to avoid drawing a misleading picture of structures that can compel IOs to act in predetermined ways.

These insights should prompt us to update our assumptions about the scope of and limits to IO power. An organisation that can exercise influence on societies by ‘placing boundaries on the “thinkability” of different policy options’ (Broome and Seabrooke, 2007: 580) is not at liberty to define what is ‘thinkable’. It encounters traces of the thinkable in the international system and in its more immediate environment, which includes inter-organisational settings. It is not thinkable for a contemporary IO to share its policy niche with another, just as it is not thinkable for the IMF and the World Bank to shun meaningful opportunities for collaboration with each other. In addition to having to display unique characteristics and to collaborate with select peers, the organisations face organisation-specific expectations. For

example, its stakeholders expect the IMF to approve of a country's reform plans only if it judges the reform plans to be ambitious and realistic enough (Broome, 2008; Hinterleitner *et al.*, 2016). The Fund cannot at will manipulate the prevailing understanding of policy credibility in the short run; it must work with the diffuse cultural material that is available to discern the feasible from the infeasible.

But one source of power that an IO can tap is the honing of its mandate, which requires time and patience. As Wilson (1989: 204, emphasis in original) suggests: 'The real work of the government executive *is* to curry favour and placate critics.' In this regard, niche strategies are of great use to collaborating IOs, which are more susceptible to criticisms of insufficient differentiation. Most notably, an organisation can try to influence what tasks it is assigned, as well as what type and amount of resources it is allotted to execute those tasks. Within given cultural constraints, there is considerable room for discretion on these finer points. As Inis L. Claude, Jr. (1984: 8) puts it:

... the capacities and incapacities of international bodies are not as clearly established, as fixed, or as uniform as those of cows (which may, presumably, be expected to maintain for all time their extremely minimal propensity for laying eggs) ...

At the same time, organisations that stage their appeals for political legitimation and more resources ostentatiously might be seen by their stakeholders as 'protesting too much' (Ashforth and Gibbs, 1990). What stakeholders judge to be overly dramatic depends on the context in which an organisation exists; expectations are not uniform for the IMF, the World Bank or the UN as they occupy distinct niches. Symbolic entrepreneurship then is exercised within the general constraints imposed by an IO's cultural environment and calibrated to the specific demands of the policy area(s) in which it is active.

The institutional trajectory of the international system since the Second World War nevertheless underwrites the power of IOs to an unprecedented extent. Multilateralism has increasingly become a global norm for political engagement between states. Consider the recent decision by U.S. President Donald J. Trump to exit the Paris climate change Agreement, which had been negotiated and signed by the previous administration. While many denounced Trump's move as regressive, it is interesting to note that decades ago no such agreement was in place that a national leader could have decided to not accede to or withdraw from. Global arrangements

for the protection of the environment took shape over the course of more than a century, with IOs assuming increasingly formalised responsibilities (Meyer *et al.*, 1997b). In such a highly institutionalised setting, transgressions serve to demonstrate the salience of a norm as long as the violator is met with public condemnation and, potentially, investigation (Meyer *et al.*, 1997a: 175). In the contemporary international system, the role of IOs as brokers between self-interested states is institutionalised – that is, widely accepted and expected. Only in such a system are IOs legitimated to define the conditions under which states negotiate the terms of their engagement (Kranke, 2017; Murphy and Kellow, 2013: 141–142), to sway each other’s decisions (Margulis, 2016), or to co-opt various non-state actors (and sometimes even each other) (Mattli and Seddon, 2015).

The agency of other actors is also circumscribed by cultural norms, rendering the contemporary international system relatively densely institutionalised. Where scripts define the scope of ‘proper’ statehood and IO-hood, the instances in which principals and their agents clash take on relevance in a different sense. At times, conflicts are more about ensuring compliance with abstract cultural scripts than about realising concrete material gains. We can thus learn from the empirical analysis that, for the purposes of legitimation, concerns over organisations’ policy output may be secondary to concerns over organisations’ procedural input. The anti-money laundering policies that proved costly and hardly effective still diffused so swiftly to all corners of the world because countries feared to be stigmatised as non-compliant (Sharman, 2008). How much power does a country have over policymaking if it believes that it needs to adopt a particular policy? In the same vein, how much power does an IO have over a decision in favour of collaboration if it believes that it needs to collaborate with another?

Researching and Reporting about International Organisations

Before closing, I wish to briefly reflect on how researchers present IOs. My analysis has offered a perspective on the IMF and the World Bank with which many of their officials will disagree. After all, ‘symbolic action’ and ‘decoupling’ are terms rarely used in the corridors and offices of these two organisations. These notions, moreover, could be mistaken to suggest a propensity to lie. To repeat, my argument is different: most symbols are used unwittingly as deemed appropriate to a given context. For

example, managers who stop advertising that they are ‘in control’ fail their professional role (Meyer, 1984: 202; Pfeffer, 1981: 47). But decoupling makes underperformance more tolerable (Weaver, 2008), especially when goals are vague or contradictory, as for the tricky choice between organisational differentiation and inter-organisational collaboration. Fund and Bank officials, regardless of their position, profess a principled commitment to both imperatives. They do *not* pretend to hold the belief that their organisation needs to occupy a niche and also collaborate with the other, however burdensome such interactions are; they actually hold this belief. They are individually barely aware of, let alone responsible for, the collectively produced gulf between formal and informal organisation. Their responses to my counterfactuals regarding merger or separation attested to it.

A related belief is that both differentiation and collaboration can be justified on economic grounds. Differentiation avoids excessive ‘overlaps’ and ‘duplication’, and creates ‘competition’ for the best solutions that would be absent if the two organisations were merged. Collaboration too is said to help avoid duplication, such as when the organisations coordinate their policies to rule out inconsistent policy advice to members. In short, it exploits each organisation’s respective ‘comparative advantage’: each does what can do best, but they trade with each other.¹⁶⁹ Obviously, all these explanations can make sense, but more than anything they reveal how the organisations themselves work. Many of their activities address challenges from an economist’s viewpoint. It thus does not come as a surprise that what their organisations do in collaboration should equally satisfy economic criteria, notably efficiency.

By contrast, my account has followed those who emphasise legitimacy over efficiency. Yet sociological institutionalists do not have a monopoly on the better argument. My reasoning is based on an informed belief, namely that where the Bretton Woods institutions parade their pursuit of efficiency, they do so mainly because this value prevails in their environment. IMF and World Bank officials, as well as other potential critics, may challenge my story on precisely this point: they may say that there are definitely more and less efficient ways of organising interactions. My reply would be that the evidence about what is efficient is already thin on less complex issues because a large share of the costs goes unaccounted for

¹⁶⁹ One official explicitly referred to the liberal economist David Ricardo to make this point (author’s personal interview with IMF staff member, 15 June 2015).

when efficiency cannot easily be quantified. Understandings of efficiency shift once a critical mass of authoritative people agree on including these costs, or ‘internalising’ the ‘externalities’. For example, today we no longer find it efficient if a paper factory saves production costs by emitting pollutants into a nearby river (a textbook example in economics). Economic rationalisations are yet more unlikely to explain decisions about something as multifaceted as inter-organisational collaboration. If differentiation and collaboration can equally foster organisational efficiency, justifications become arbitrary. We cannot reliably measure the costs and benefits of more or less collaboration between organisations. If we could, reforms would not need to be contested.

That the arguments of IOs often gain enough traction with their members to persuade them of certain policies has a lot to do with epistemic investments. In their classic study of the production of scientific knowledge, Bruno Latour and Steve Woolgar (1986: 257, emphasis in original) remark about the credibility of their account: ‘The only difference is that *they have a laboratory*.’ Facts, in other words, stick better and longer when they have emerged, through vetting and sorting, from projects endowed with ample resources. On this count, more resourceful IOs can better support their views with facts that are likely to be judged by many others as ‘objective’. In a figurative sense, the Fund and the Bank also have ‘laboratories’, in which they produce and disseminate views on economic policy as factual knowledge (on the Bank, see Broad, 2006). Above all, each organisation employs a large number of economists, many of whom conduct institutionally backed research; and a fair number of communications specialists, who can put the ‘right’ spin on a story. Their flagship reports grab the attention of policy elites around the world. Finally, their near-universal membership infuses them with an air of impartiality (see Hurd, 2002: 47–48). Most projects, including the present one, cannot draw on such a formidable level of resources. One additional contribution of research on cultural scripts in global governance could therefore be to demystify economistic takes of IOs on their own undertakings, collaborative or not.

IMF-World Bank Collaboration and Beyond

The findings reported in this thesis raise challenging questions for IO scholarship. Zooming out from Fund-Bank collaboration, I discuss some implications for three

interconnected research agendas: collaboration between IOs in general, including between the IMF and the World Bank; the cultural underpinnings, or scriptedness, of IO activities; and symbolic politics in and by IOs. I do not present these broader lessons and open questions in any particular order but instead link them, as I have done throughout this study in developing my claims.

In general, more empirical work is needed on the underexplored phenomenon of inter-IO collaboration. In addition to the three areas examined here, Fund-Bank collaboration on tax issues is nascent, which extends to a multi-IO partnership with the OECD and the UN under the Platform for Collaboration on Tax (Hibben, 2017). An IMF staffer expressed dissatisfaction over the agreed division of labour, claiming that the Fund should have taken the leadership or even sole responsibility. The OECD, as a club of advanced economies, lacked the appeal of universal membership, which was considered essential to achieve lasting progress on tax evasion issues.¹⁷⁰ This stance suggests that as collaborative activities reach beyond organisational dyads (Biermann, 2008), differentiation concerns might become even more pronounced. Each cases of Fund-Bank collaboration exhibited unique inter-organisational and field properties. Future case studies of Fund-Bank collaboration in other areas could explore the missing combinations of inter-organisational differentiation and field competition. For instance, if both factors were strong, I would again expect symbolic action to be targeted not at the collaborating IO but at other actors seen as competitors for an IO's niche. The case of crisis lending, where the degree of differentiation between the Fund and the Bank is high (and the degree of competition low), suggests that, under such conditions, distancing efforts between collaborators are secondary, if not unnecessary.

For the Bretton Woods institutions, being powerful implies being watched closely. As I have pointed out earlier, they have again and again drawn the ire of the political left and right. The fundamental difference between the two camps of critics is whether one believes that the organisations trust market mechanisms too much (the position of the left) or too little (the position of the right). Instruments of collaboration have also come under fire in the academic world from those two sides. In broad terms, one can, like Celine Tan (2007, 2014), interpret the PRSP and the HIPC Initiative as a further disempowerment of countries that cannot compete on

¹⁷⁰ Author's personal interview with IMF staff member, 15 March 2017.

world markets; or one can, like William Easterly (2002, 2006), see the same instruments as incentivising countries to pursue ‘unsound’ economic policies. Against this background, we may hypothesise that the more prominent and visible an IO is, the greater will be its reliance on symbolic politics to legitimate itself. Collaborative global governance is irreducibly political not only because IOs fight over responses to common policy challenges and over bureaucratic turf. Collaboration also touches on vital normative questions about the legitimacy of IOs, the governance arrangements in which they are enmeshed, more generally, ‘the contemporary expansion of global governance’ (Brassett and Tsingou, 2011: 2).

The FSAP case has highlighted the potential for inter-agency strife, but we should also take seriously the possibility of internal conflict about collaborative activities. Like other IOs (Müller, 2013), the IMF and the World Bank are adept at producing an outside appearance of internal concord. An IMF staff member explicitly pointed to the politics within the organisation, where coalitions form and fall apart, and where internal divisions are papered over by the conciliatory language of public documents.¹⁷¹ For example, did actually all IMF departments support MCM staff in their advocacy for FSAP reform? Did certain units within the World Bank side with MCM, rather than their own colleagues in Finance and Markets, in this controversy? Such patterns did not emerge from the interviews although I have sought, to the extent possible, to locate agency behind niche construction efforts within each organisation. Furthermore, the frequent conflicts within the World Bank Group between the World Bank and the IFC have yet to be explored in detail through case studies that focus on their engagement in certain policy areas or certain countries. As insiders attribute many of the tensions to competing worldviews about whether public or private sector activities more effectively serve economic development, survey-based research could establish the extent and impact of these differences.

As I stated at the outset, the Fund and the Bank make an odd couple in the IO universe. Like a few others, the two organisations are too big and powerful to be representative of the population of IOs (Sharman, 2011), and their collaboration seems equally atypical for its level of formal and informal institutionalisation (despite all the difficulties that I have discussed). It will thus be critical to test my

¹⁷¹ Author’s personal interview with IMF staff member, 10 March 2017. See also Béland (2013).

argument that institutional imperatives for collaboration are culturally scripted in other settings. Future work could specify how much inter-organisational and field properties vary from one set of collaborative episodes involving certain IOs to the next involving different IOs. For example, large-n studies could employ inferential statistical methods to establish the strength of association between the two features and an IO's positioning strategy, as well as the reverse direction of causality in the long run: How do niche strategies change inter-organisational relations and field properties? Moreover, such analyses would be helpful in testing the importance of power differentials between collaborators: Does power equality actually engender collaboration based on 'institutionalized schemes of permanent co-governance instead of clear-cut sectoral separation' (Gehring and Faude, 2014: 481)? My empirical analysis of collaboration between the Fund and the Bank, two similarly influential IOs, lends tentative support to this prediction, but again it is important to probe the institutional consequences of power dynamics beyond this unique dyad.

These and related questions call on researchers to grapple with the thorny issue of operationalising IO power. Indicators to be considered would include, but are not limited to, the level of funding, number of staff members and position in governance networks (called 'centrality' in social network analysis). Considering the ideational and material advantages of the IMF and the World Bank over most other contemporary IOs, we might predict that comparatively powerless IOs cannot engage in collaboration as often and as comprehensively as their more powerful peers. On the other hand, overcoming resource shortages may be the very motivation for less well-resourced IOs to enter into collaborative agreements. For example, the concept of 'orchestration', or 'global governance through intermediaries' (Abbott *et al.*, 2015), implies that IOs search for ways of leveraging their limited resources to achieve their goals. Yet resource scarcity is ultimately a matter of perception: even Fund and Bank officials frequently cited a lack of resources as a motivation for collaboration, suggesting that larger IOs shoulder more tasks or more resource-intensive tasks. Either way, knowledge of how size/power interacted with the propensity for collaboration and for differentiation through niche strategies would advance our understanding of inter-IO collaboration.

Moreover, it will prove insightful to test the salience of institutional imperatives in cases of IOs that have ceased to exist or never came to fruition. The League of Nations is an example of an IO that did not achieve longevity, and the

International Trade Organization (ITO) one of an IO that was planned but not created. Can the historical record tell us something interesting beyond great power politics? To what extent did the League of Nations and the embryonic ITO fail in terms of differentiation, or did they ignore more specific institutional imperatives? In what ways was the UN designed to avoid the mistakes of its predecessor? More generally, what explains the extremely high survival rate of IOs (if they make it past the blueprint stage)?

Such questions can be better answered with knowledge of the spatial and temporal variations of the cultural underpinnings of IO activities. One of the foremost tasks would be to trace changes in cultural norms across different fields. In global health governance, for example, actors advocated harmonisation from the 2000s onwards after decades of living with a fragmented architecture (Holzscheiter *et al.*, 2016). Such analyses could provide fruitful insights into the stability, or otherwise, of norms that regulate the activities of governance actors in a particular area. For theory-building purposes, it was useful to begin with a high-profile dyad with sustained interactions – a ‘most likely’ constellation for inter-IO collaboration – so that we could comprehend the institutional limits to collaboration across different policy areas. For theory-testing purposes, it will be useful to reverse this logic so that we can survey the institutional limits to no collaboration. If the concurrent stabilisation of key norms in weakly connected areas demonstrates the pervasiveness of cultural scripts (Kim and Sharman, 2014: 419), a good test case would be one with ‘least likely’ characteristics in this respect: IOs that keep a low profile in the international system and also have as little direct interaction with either the Fund or the Bank as possible. If the pattern that I have identified travelled well to different dyads or networks of collaborating IOs, we could be more confident that the script had universalistic features.

A related task is to spell out scope conditions for the scriptedness of IO activities. The formulation of scope conditions can contribute to the incremental refinement of theoretical propositions (Harris, 1997). Why, for example, are niche games more prevalent during some periods than others? My analysis permits first glimpses into the strength of the differentiation and collaboration imperatives at particular points in time: When IOs launch a new joint initiative, collaboration, rather than differentiation, is the order of the day; as interactions around the initiative mature, differentiation concerns gain in relative importance. When the IMF and the

World Bank institutionalised multilateral debt relief in the mid-1990s and financial sector surveillance a few years later, the margin for differentiation tactics was still small. At that stage, the organisations' officials knew neither whether the new collaborative instruments would be seen as diminishing the distinctiveness of each, nor how competitive the field would turn out to be once the instruments had been rolled out. Gradually, the emphasis shifted towards ensuring sufficient distinctiveness, as the FSAP case has most clearly demonstrated. The exploration of temporal effects in inter-IO relationships could ultimately provide critical insights into the factors that shape the termination of collaborative arrangements. The empirical analysis undertaken in this thesis could not investigate this aspect because collaboration was alive and kicking in two of the selected areas, and alive in the third (financial sector surveillance).

Not everywhere will collaborative arrangements between IOs display similar dynamics. Because sociological institutionalist scholarship often departs from an assumption of institutional isomorphism, rather than assessing what produces convergent, as opposed to divergent, institutional processes (Beckert, 2010), it is crucial to specify case parameters. Where IOs have been established to govern transboundary problems, the conditions for relative convergence are generally propitious. The existence of formal organisation beyond the national level indicates a strong degree of institutionalisation of what John W. Meyer et al. (1997b: 632) call 'worldwide concerns'. In areas as diverse as economic development, the environment and human rights, the activities of transnational actors, including IOs and NGOs, help to define universalistic objectives that states formally espouse (Meyer *et al.*, 1997b: 645–646). Other IOs may therefore indeed experience pressures to comply with similar institutional imperatives, but their existence cannot be assumed a priori. At best, this study of Fund-Bank collaboration has yielded findings that encourage other IO scholars to think through what is representative and what is unique about their own cases. While some researchers may choose to unearth, as I have done here, the cultural roots of organisational activities, they should duly account for contextual factors concerning the IOs involved.

Finally, there is considerable promise in investigating the demand for and supply of symbols in world politics. We already know that states cherish the legitimating symbols that an IO furnishes (Hurd, 2002); that IOs sometimes make decisions for largely symbolic purposes without intending to take action (Cox and

Jacobsen, 1973: 9–10); and that transnational advocacy groups use symbols to invest their change platforms with meaning (Keck and Sikkink, 1998: 22–23). I have further opened up this research agenda to consider governance relationships less studied, such as those between IOs.

If cultural scripts, as I have argued throughout this thesis, delimit the realm of the thinkable, we will benefit from taking a closer look at the meanings that symbols lend to a range of global governance activities. Especially where normative imperatives diverge, closer attention to symbols can improve our analytical purchase on how actors deal with the inconsistencies. My findings specifically underline the need to explore the symbolic politics of IOs, which encompasses various techniques of impression management employed in a diversity of intra- and inter-organisational contexts. There are exciting conversations to be had between IO researchers, organisation sociologists and everyone else who takes a genuine interest in how organisations really function.

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Appendix

TABLE A.1. Author's Interviews (in chronological order)

Interviewee number	Interviewee label	Interviewee name (if anonymity waived)	Interview date(s)	Interview mode
001	Former IMF and World Bank official	—	8 May 2015	Personal
002	IMF staff member	Dimitri G. Demekas	8 May 2015	Personal
003	Former U.S. government official	—	11 May 2015	Personal
004	Former World Bank staff member	—	13 May 2015	Personal
005	World Bank member country representative	—	14 May 2015	Personal
006	Former World Bank official	—	14 May 2015	Personal
007	NGO representative	—	15 May 2015	Personal

Interviewee number	Interviewee label	Interviewee name (if anonymity waived)	Interview date(s)	Interview mode
008	World Bank staff member	—	18 May 2015	Personal
009	Former World Bank staff member	—	18 May 2015	Personal
010	Former U.S. government official	—	18 May 2015	Personal
011	IMF staff member	—	19 May 2015 3 March 2017	Personal Personal
012	IMF staff member	—	19 May 2015 8 March 2017	Personal Personal
013	IMF staff member	—	19 May 2015	Personal
014	IMF staff member	—	20 May 2015	Personal
015	Former U.S. government official	Edwin M. Truman	20 May 2015	Personal

Interviewee number	Interviewee label	Interviewee name (if anonymity waived)	Interview date(s)	Interview mode
016	Former IMF and World Bank staff member	—	20 May 2015	Personal
017	World Bank staff member	—	21 May 2015	Personal
018	World Bank staff member	—	22 May 2015 8 March 2017	Personal Personal
019	Former World Bank staff member	—	26 May 2015	Personal
020	Former World Bank official	—	26 May 2015	Personal
021a, b, c	IMF staff members	—	27 May 2015	Personal
022	Trade union representative	—	27 May 2015	Personal
023	IMF member country representative	—	28 May 2015	Personal

Interviewee number	Interviewee label	Interviewee name (if anonymity waived)	Interview date(s)	Interview mode
024	Former World Bank staff member	David Dollar	28 May 2015	Personal
025	World Bank staff member	—	28 May 2015	Personal
026	Former IMF staff member	Mark Allen	29 May 2015	Personal
027	IMF member country representative	—	29 May 2015	Personal
028	World Bank member country representative	—	1 June 2015	Personal
029	IMF staff member	—	1 June 2015 15 March 2017	Personal Personal
030	Former IMF staff member	—	1 June 2015	Personal
031	Former IMF member country representative	—	2 June 2015	Personal

Interviewee number	Interviewee label	Interviewee name (if anonymity waived)	Interview date(s)	Interview mode
032	Former World Bank staff member	—	2 June 2015	Personal
033	World Bank consultant	—	2 June 2015	Telephone
034	World Bank staff member	—	3 June 2015	Personal
035	World Bank member country representative	—	4 June 2015	Personal
036	World Bank staff member	—	4 June 2015	Personal
037	IMF member country representative	—	4 June 2015	Personal
038	IMF member country representative	—	5 June 2015	Personal
039	World Bank member country representative	—	5 June 2015	Personal

Interviewee number	Interviewee label	Interviewee name (if anonymity waived)	Interview date(s)	Interview mode
040	Long-term observer of the Bretton Woods institutions	—	5 June 2015	Personal
041	Former World Bank senior manager	—	8 June 2015	Personal
042	IFC and World Bank consultant	Nicholas St Johnston	9 June 2015	Personal
043	World Bank staff member	Michele Ruta	9 June 2015	Personal
044	World Bank member country representative	—	9 June 2015	Personal
045	Former World Bank staff member	—	10 June 2015	Personal
046	IMF member country representative	—	10 June 2015	Personal
047	IMF staff member	—	10 June 2015	Personal

Interviewee number	Interviewee label	Interviewee name (if anonymity waived)	Interview date(s)	Interview mode
048	IMF staff member	—	10 June 2015	Personal
049	IMF member country representative	—	12 June 2015	Personal
050	World Bank staff member	—	12 June 2015	Personal
051	IMF staff member	—	15 June 2015	Personal
052	Network Director of the Global Initiative for Fiscal Transparency (GIFT)	Juan P. Guerrero	16 June 2015	Personal
053	IMF member country representative	—	16 June 2015	Personal
054	World Bank member country representative	—	17 June 2015	Personal
055	Former IMF staff member	Desmond Lachman	17 June 2015	Personal

Interviewee number	Interviewee label	Interviewee name (if anonymity waived)	Interview date(s)	Interview mode
056	Former World Bank senior manager	—	18 June 2015	Personal
057	IMF member country representative	—	18 June 2015	Personal
058	World Bank staff member	—	18 June 2015	Personal
059	Former World Bank official	—	19 June 2015	Telephone
060	IMF staff member	—	24 June 2015	Personal
061	Former World Bank staff member	—	24 June 2015	Personal
062	Former IMF staff member	—	25 June 2015	Personal
063	Former World Bank staff member	—	25 June 2015	Personal

Interviewee number	Interviewee label	Interviewee name (if anonymity waived)	Interview date(s)	Interview mode
064	Former World Bank Executive Director	Per Kurowski	26 June 2015	Personal
065	IMF staff member	—	30 June 2015	Personal
066	IMF staff member	—	30 June 2015	Personal
067	IMF staff member	—	1 July 2015 10 March 2017	Personal Personal
068	World Bank staff member	—	2 July 2015	Personal
069	World Bank manager	—	2 July 2015	Personal
070	World Bank manager	—	2 July 2015	Personal
071	IMF staff member	—	7 July 2015	Personal

Interviewee number	Interviewee label	Interviewee name (if anonymity waived)	Interview date(s)	Interview mode
072	World Bank member country representative	—	8 July 2015	Personal
073	World Bank manager	—	8 July 2015	Personal
074	World Bank member country representative	—	9 July 2015	Personal
075	IMF staff member	—	10 July 2015	Personal
076	IMF member country representative	—	13 July 2015	Personal
077	Former IMF and World Bank official	—	14 July 2015	Personal
078	World Bank staff member	—	29–30 July 2015	Skype video
079	World Bank staff member	—	4 August 2015	Telephone

Interviewee number	Interviewee label	Interviewee name (if anonymity waived)	Interview date(s)	Interview mode
080	World Bank staff member	—	5 August 2015	Telephone
081	World Bank manager	—	13 August 2015 3 March 2017	Telephone Personal
082	World Bank staff member	—	20 August 2015	Telephone
083	German Ministry of Finance official	—	23 January 2017	Personal
084	World Bank staff member	—	11 March 2017	Skype video
085	World Bank manager	—	14 March 2017	Skype video
086	IMF staff member	—	15 March 2017	Personal
087	World Bank staff member	—	7 April 2017	Skype video

Interviewee number	Interviewee label	Interviewee name (if anonymity waived)	Interview date(s)	Interview mode
088	IMF staff member	—	12 April 2017	Skype video
089a, b, c	World Bank staff members	—	19 April 2017	Skype video
			Interviewees (total)	93
			Interviews (total)	95

Notes: 021a–c and 089a–c indicate group interviews with three officials each, bringing the total number of interviewees to ninety-three; the total number of interviews includes six follow-up interviews. For the sake of simplicity, Skype calls without video function are listed as telephone interviews.

Source: Author.

TABLE A.2. Current IMF and World Bank Officials by Position within Department/Unit

	<i>IMF</i>	<i>World Bank</i>
Director	2	
Deputy Director	5	
Assistant Director	3	
Vice President		2
Manager		4
Chief Economist		4
Other	11	16
Total	21	26

Notes: The breakdowns exclude member country representatives (see Table A.3 below). It is important to note that while the term ‘management’ in the Fund (usually referred to as ‘Management’ with a capital M), management positions are far more common in the Bank, even relative to its size. Bank managers sometimes identified as ‘staff’ or, more generally, as ‘officials’. Regardless of the negotiated labels (see Table A.1 above), which serve to prevent identification, for this breakdown I categorise interviewees based on available information about their formal position within the organisation.

Source: Information was obtained from conversations with interviewees, their business cards and internet research (especially on the social networking platform LinkedIn).

TABLE A.3. Current IMF and World Bank Officials by Department/Unit

<i>IMF*</i>		<i>World Bank**</i>	
AFR	1	East Asia and Pacific	2
FAD	6	ECR	1
HR	1	Finance and Markets	3
IEO	1	IEG	2
MCM	4	Latin America and Caribbean	2
MENA	1	MENA	2
RES	2	MFM	1
SPR	5	OPCS	5
		RES	1
		Trade and Competitiveness	1
		Other	6
Total	21	Total	26

Notes: Departments are listed in alphabetical order. For the Bank, the category ‘other’ includes advisors, consultants and all those working in more specialised units.

* IMF Departments: AFR = African; FAD = Fiscal Affairs; HR = Human Resources; IEO = Independent Evaluation Office; MCM = Monetary and Capital Markets; MENA = Middle East and North Africa; RES = Research; SPR = Strategy, Policy and Review.

** World Bank units: ECR = External and Corporate Relations; IEG = Independent Evaluation Group; MFM = Macroeconomics and Fiscal Management; OPCS = Operations Policy and Country Services (MENA and RES as before).

Source: See Table A.2.

TABLE A.4. Current IMF and World Bank Member Country Representatives by Position

	<i>IMF</i>	<i>World Bank</i>	Total
Executive Director	7	5	12
Alternate Executive Director	0	2	2
Advisor	2	1	3
	9	8	17

Notes: This breakdown excludes those who, at the time of the interview, no longer served as member country representatives (that is, interviewees #031 and #064). Together, the interviewed country delegates represented most of the major world regions although the response rate to my interview requests was clearly uneven. A breakdown by region would not be accurate because some chairs combine members from more than one region.

Source: See Table A.2.

TABLE A.5. Cross-Organisational Experiences of Current and Former IMF and World Bank Officials

	<i>Yes</i>	<i>No</i>
Current (<i>n</i> =47)	9	38
Former (<i>n</i> =18)	5	13
Total	14	51

Notes: This breakdown includes staff members, managers and consults, but it excludes member country representatives. The labels ‘current’ and ‘former’ describe the interviewee’s status at the time of the interview.

Source: See Table A.2.