

The World Bank and Emerging Powers: Beyond the Multipolarity-Multilateralism Conundrum

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The discrepancy between the increasingly multipolar world economy of the recent decades and the stubbornly limited representativeness of the organisations mandated with its governance causes much strain in global politics. Some scholars suggest that this chronic mismatch will undermine existing multilateral bodies, while others expect the present architecture to persist. This article contends that the outcomes of this challenge are institution-specific. In settings where significant operational realignments are possible within existing mandates and governance structures, the multipolarity-multilateralism conundrum could be partly mitigated. The argument is based on a thematic analysis of all IBRD-IDA loan commitments between 2002 and 2015 in the World Bank's seven all-time top borrowers: Argentina, Brazil, China, India, Indonesia, Mexico, and Turkey (collectively, the Big Seven). The key finding is that while these emerging countries remain the Bank's biggest clients, the terms of their engagement have shifted precisely along the lines where they had already differed from the rest of the Bank's clientele: away from politically onerous governance and institutional reforms, and towards developing physical and market infrastructure while attaining social sustainability. This implicit realignment is facilitated by the Bank's diverse policy repertoire, which allows considerable inter-regional and intra-regional variation in lending patterns to accommodate member preferences.

Keywords: World Bank; emerging powers; multipolarity; multilateralism; development policy

INTRODUCTION

The accelerated narrowing of the income gap between the global North and the leading economies of the developing South has been a defining feature of our time. But a dense web of international organisations once put in place and still largely controlled by the old great powers continues to hold sway over the global institutional landscape. The outcome is a chronic mismatch between the increasingly multipolar world economy of the recent decades and the stubbornly limited multilateralism of the agencies mandated with its governance (Wade 2011; Laidi 2014).

Some scholars have suggested that this mismatch, if unchecked, is set to undermine existing multilateral bodies and might nurture 'an ambiguous new order' in which 'multilateral institutions have only a limited role to play' (Woods 2010: 60). Such a bleak prognosis is consistent with expectations of entropy in the system (Schweller 2011). Others disagree, citing rising powers' structural dependence on the existing multilateral framework (Stephen 2014) and the opportunities for contestation from within (Morse and Keohane 2014). At a juncture where 'there are not really any good alternative options' (Ikenberry 2015: 412), the present architecture is likely to persist, perhaps with modifications.

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This article contributes to this debate by examining emerging countries' evolving relationship with a core organisation of Western multilateralism, the World Bank. It argues that, although the pessimistic scenario of weakening multilateralism is not unfounded, some of the organisations in question might prove more adaptable than they appear. In settings where ideational and operational realignments are possible without formal adjustments to organisational mandates or governance structures, the challenge posed by the multipolarity-multilateralism conundrum can be partly mitigated. Inbuilt mechanisms of institutional adaptability can bolster the resilience of some components of the current order.

The argument builds on evidence from recent Bank lending in its seven largest all-time borrowers: Argentina, Brazil, China, India, Indonesia, Mexico, and Turkey. Collectively, I call them the 'Big Seven'. Despite their declining combined portfolio in recent years, these countries still remain the biggest clients of the Bank, reinforcing its financial as well as institutional viability. Beneath this persistently strong lender-borrower relationship I find dynamic reorientations in the scope of Bank projects in the way to alleviate the policy burden of borrowing from the Bank while accommodating countries' strategic preferences. Facing an increasingly competitive environment, the Bank adapts relatively well at the operational level to the constraints posed by a changing global political economic context.

Empirically, lack of prior comparisons of Bank lending in emerging countries renders a fact-finding mission crucial for examination of basic trends. Using the Bank's project database, I conduct a weighted-thematic analysis of all International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA) commitments to the Big Seven between 2002 and 2015 (fiscal years-FY), for a total of 721 operations. Looking at seven specific project themes, and making comparisons between the pre-global crisis (FY2002-08) and post-global crisis (FY2009-15) periods, I establish that emerging countries' engagement with the Bank has evolved along a path of 'bounded diversity.' On the boundedness side is a family resemblance of changes in borrowing patterns: there is more demand for funds towards physical infrastructure and market development; countries have embraced the Bank's human development and social sustainability agenda; and the appetite for policy-heavy governance and institutional reforms has waned in most places. Although these trends are consistent with Bank lending across its clientele, the effect has been more pronounced in the Big Seven. Meanwhile on the diversity side, regional and cross-country comparisons reveal that the Big Seven differ considerably in their borrowing patterns both amongst themselves and within their respective regions. This diversity appears to parallel countries' specific constraints and strategic preferences. In short, engaging with the Bank has become less onerous and more rewarding for its biggest clients, thanks in part to the organisation's operational flexibility and diverse policy repertoire.

These shifts in lending patterns tell us something important about the multipolarity-multilateralism conundrum: that this mismatch may play out in complex and unexpected ways. Between steady decay and sticky persistence, between institutional displacement and institutional stasis, there are third options available to the current architecture, including tacit co-adaptations by governments and organisations to attenuate the severity of the imbalances between economic power and political representation in the global system. The lending patterns identified in the analysis also expose the extent of the pressures upon the dominant, Washington-based development policy advice even within the Washington institutions themselves. Although yet unfolding, the paradigmatic consequences of these pressures seem overwhelmingly in line with evolving borrower preferences. These points are elaborated in the penultimate section, after the evidence for the changing composition of commitments in the Big Seven is presented. But first, let us examine the persistence of consistently high Bank lending in emerging countries.

THE WORLD BANK AND EMERGING POWERS: AN ANACHRONISTIC RELATIONSHIP?

The continuation of a strong lender-borrower relationship between the World Bank and rising powers is counterintuitive at first glance. For emerging countries the Bank provides a vivid illustration of the multipolarity-multilateralism conundrum. Characteristic of a fading postwar hierarchy, rich shareholding members retain majority voting rights in the Bank, although its work is concentrated in developing areas (Vestergaard and Wade 2013). Its unique position in multilateral lending, combined with its vast expert bureaucracy and research presence, has also accorded the agency formative influence over development norms, which typically mirror dominant proclivities in the North, in particular the Anglo-American core (Broad 2006; Park and Vetterlein 2010). No wonder then that the BRICS nations, frustrated with the Northern bias in the organisation's governance and policies, moved to establish a rival body, the New Development Bank (NDB). Given their open discontent, why should emerging countries reinforce the Bank's viability in the global system by remaining its biggest clients?

The relationship could be considered problematic from the Bank's perspective as well. After all, should it not use its resources to finance members in greater need? The Bank already classifies Argentina a high-income country, with Brazil, Mexico and Turkey approaching the threshold (annual per capita GDP of \$12,476 for 2015). Even with its growth deceleration, China might join them in a decade. For an institution that makes the eradication of poverty its top priority, isn't throwing billions of dollars each year at economies where extreme poverty has been marginalised a wasteful choice?

Reasonable though these objections may seem, scholarship on both the Bank and on rising powers suggests that, currently, a close lender-borrower relationship remains feasible as well as desirable. Before explaining why, let us glance at gross trends in the volume of lending to these countries (Figures 2.1 and 2.2).

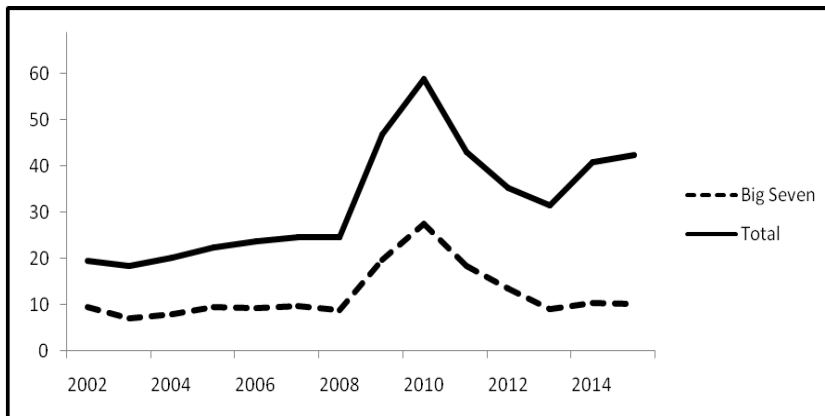
Bank commitments to the Big Seven have been consistently high, although two qualifications need to be made. First, the Big Seven tend to absorb a higher proportion of the Bank's overall commitments in hard times. In FY2002, when Brazil, Argentina and Turkey were still reeling from the tail end of the 1990s' string of emerging market financial crises, the Big Seven accounted for more than 48 per cent of Bank commitments. This ratio fell under 40 per cent in the fat years of 2003-2007, but shot back up during the heyday of the global crisis to nearly 47 per cent in 2010, only to decline again.

Second, since FY2013, commitments to the Big Seven have plateaued at historically low levels, comprising only a quarter of total IBRD-IDA lending. Does this mean that the pessimistic prognosis of emerging country avoidance of Western institutions is slowly ringing true with the Bank? It is hard to tell. On the one hand, lending to middle-income countries (MICs) as a whole has declined from its post-crisis peak. In FY2013-14 total IBRD lending even fell short of allocations by the IDA, the Bank's concessional lending arm to low-income members. On the other hand, Country Partnership Strategy (CPS) documents do not signal an exit in these countries. If anything, the Bank has recently raised the Single Borrower Limit by \$2.5 billion each for Brazil, China, India, Indonesia and Mexico (World Bank 2014a). Consequently, there is strong evidence of an elite group of MICs remaining the Bank's most valuable clientele, although recent figures must be watched carefully as they may harbour the onset of an important change.

Putting this caveat aside, why does the Bank continue lending to these countries? One justification is that most of the world's poor reside in MICs. But financial imperatives provide a more straightforward answer. The centrality of large MICs to the Bank's bottom line cannot be overemphasised. With the IDA focused on concessional lending, it is up to the

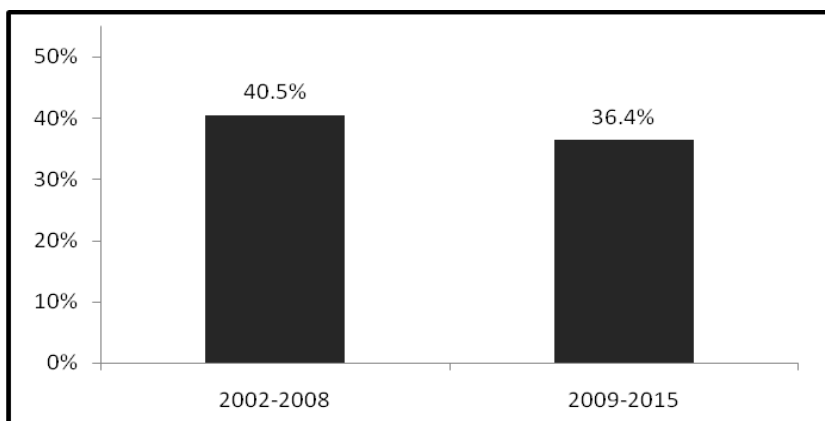
IBRD to retain the lucrative clients to generate revenue for the organisation’s sizeable administrative and research expenditure. Besides, maintaining a strong presence in systemically important countries sustains the Bank’s privileged status as an international organisation, justifying continued donor and political support for its operations.

Figure 2.1 IBRD-IDA Commitments: Total versus Big Seven (2002-2015) (US\$ Billions)



Source: World Bank Annual Reports; World Bank Project Database (author’s calculations)

Figure 2.2 IBRD-IDA Commitments to the Big Seven Before/After the Global Crisis (% Total Commitments)



Source: World Bank Annual Reports; World Bank Project Database (author’s calculations)

The literature on international organisations (IOs) would also offer a favourable assessment. One line of scholarship, inspired by the principal-agent perspective, stresses member preferences. This line of inquiry has produced abundant insight into the International Monetary Fund (IMF) and the World Bank, whose governance structures are dominated by powerful states. Themes commonly explored include US influence over lending (Andersen et al. 2006; Kilby 2009) and the impact of collective preferences (Lyne et al. 2009; Copelovitch 2010). From this vantage point, there is little ground for external political resistance to Bank support for the Big Seven. Indonesia, Mexico and Turkey are long-time US allies, whereas Brazil, China and India are strategically significant to the US. As for the wider Northern

membership of the Bank (consider the G5 countries that include France, Germany, Japan, the UK and the US), there is no reason to withhold funds from systemically important economies. Note also that, unlike IMF agreements, Bank loans are seldom large enough to be wielded as leverage over big countries.

A second line of scholarship builds on a constructivist outlook, focusing on intra-organisational dynamics (Barnett and Finnemore 2004). The key insight is that institutional design and bureaucratic culture influence organisational behaviour. The Bank has inspired much research along these lines, with scholars emphasising staff subcultures and internal debates (Chwieroth 2008), the Bank's economisation and quantification tendencies (Vetterlein 2012), its preference for 'better governed' borrowers (Winters 2012), and how its 'disbursement imperative' and reliance upon 'blueprints' condition its operations (Weaver 2008). From this standpoint, too, lending to historically largest clients represents an attractive option. The organisation has a long history in the Big Seven (going as far back as to 1949-50 in Brazil, India, Mexico and Turkey), where it also retains substantial field presence via large country offices. All seven are endowed with experienced bureaucracies, and have repeatedly proved capable of successful programme completion. Their recent loan portfolios also reflect the gamut of the Bank's repertoire from infrastructure investment to institutional reforms and poverty reduction projects, meaning a large pool of approved blueprints and country-tailored templates. In short, the Big Seven offer the Bank a familiar operational environment where it can lend with relative ease and confidence.

How about the borrower side? Why would emerging countries borrow from the Bank? Here again, financial considerations deserve mention. Although large MICs have increased opportunities for external financing, Bank loans are still cheaper. This would be significant for volume borrowers such as India. In fact, emerging countries have been looking to expand their financing options in particular for infrastructure investment—an important motive driving initiatives such as the NDB and the Asian Infrastructure Investment Bank (AIIB) (Chin 2014). In addition, technical assistance is a factor. The Bank offers a wide array of technical expertise, which could entice countries that are otherwise unlikely to be attracted by price considerations (China comes to mind). An active loan portfolio would include demonstration projects and considerable knowledge transfer, assuring unbroken access to the organisation's analytical and advisory activities (AAA).

One problem with these interest-centred explanations is that it is difficult to assess whether they are sufficient to offset rising powers' discontent with Western multilateralism. Despite perennial reform attempts, little has been achieved to improve the representation of developing countries in the organisation's governance (Vestergaard and Wade 2015). The recent shareholding review of 2015 also sets out a very gradual reform path, with developed members retaining majority voting power beyond 2018 (World Bank 2015). Another tension concerns the ongoing transformation of the development cooperation landscape, which has seen leading MICs expand their ties with low-income countries as 'emerging donors' (Mawdsley 2012; Quadir 2013). Their role as engines of South-South cooperation, their rejection of hierarchical patterns of 'conditional aid', and their emphasis on horizontal partnerships and non-interference pit them against the Bank normatively and on the ground.

Yet how rising countries articulate their ambitions paints a differentiated picture—one in which there is no discernable payoff from a diminished engagement with the Bank. After all, the neo-realist prediction that the rise of new powers was bound to be a conflict-ridden process has not come true. Instead, as players in what Hurrell (2006: 10) calls 'the game of institutionalised hierarchy', emerging powers' distributive negotiating strategies (Narlikar 2013) entail acceptance of existing multilaterals. Besides, cross-country differences preclude coordination. China refuses to commit to a grand strategy, while India positions itself as a

veto-player (Breslin 2013; Narlikar 2011). Framing itself as a bridge between ‘North and South’ (Burgess 2013), Brazil often prefers a strong engagement with Western IOs.

A more practical set of concerns relate to policy sovereignty. Borrowing from the Bank, especially in the form of programme lending, is known to exact a hefty policy and political burden. The Structural Adjustment Loans (SALs) of the 1980s and 1990s, infamous for their rigid neoliberal content, were the prime example of this tendency (Peet 2009). Granted, some observers might suggest that the Bank has come a long way since the Washington Consensus decades. They will point out that the post-Washington Consensus (PWC) agenda of the 2000s, given its dual emphasis on good governance and regulatory upgrading on the one hand, and social protection and human development, on the other, softens the Bank’s orthodoxy (Rodrik 2006; Serra and Stiglitz 2008). Nevertheless, despite its social content, to many scholars the PWC represents anything but a clean break (Fine et al. 2001). Besides, its institutional reform dimension has drawn considerable criticism (Evans 2004; Goldsmith 2007), and is often afflicted with severe problems of bureaucratic and political feasibility (Güven 2012a).

Why should emerging countries subject themselves to such constraints? One answer is that there are instances where PWC-style institutional reforms, however intrusive, prove genuinely popular, as in Indonesia and Turkey in the early and mid-2000s. Likewise, Brazil uses Bank-led reforms to upgrade and harmonise its administrative and fiscal systems across subnational governments.

The findings presented in this article highlight another possible factor: Although large emerging countries continue to borrow heavily from the Bank, the policy burden of their engagement has decreased due to the evolving nature of the projects on the ground. It is true that the PWC agenda dominated Bank lending in the immediate aftermath of the global crisis, especially through Development Policy Loans (DPLs), the successor to SALs. Yet reform-heavy DPLs were concentrated in Central and Eastern Europe and in sub-Saharan Africa, and often accompanied IMF programmes (Güven 2012b). By contrast, many large MICs, as shown in the following sections, use Bank funds selectively, shielding themselves from the burden of difficult institutional reforms. This, ironically, is an unintended consequence of the paradigm broadening brought about by the PWC: the Bank’s operational repertoire has diversified so widely that clients can resort to Bank loans in a decidedly *à la carte* fashion. Strict policy constraints are no longer destiny, especially for large MICs.

To conclude, neither IO scholarship nor emerging country strategies offer convincing reasons to expect a radical step back from Bank lending to large MICs. To the contrary, there are several motives for a reinforced engagement. This, however, does not entail a static persistence of existing lending patterns.

ANALYTICAL FRAMEWORK

What does the World Bank do on the ground in large MICs? How much support does it provide to what types of projects? How did these lending patterns evolve in recent years? I address these questions through an analysis of all IBRD-IDA loans (n= 721) to the Big Seven from 2002 to 2015 (fiscal years; note that the Bank’s fiscal year runs from 1 July to 30 June).

A word on case selection: I chose these countries not only because they are all-time top borrowers. Rather, each is (i) a current large borrower (ii) that is also clearly an emerging country. Other major borrowers (#8 Pakistan, #9 Bangladesh and #10 Colombia) cannot be comfortably classified as emerging powers. Vietnam (#11), Philippines (#12) and Poland (#14) come perhaps closer. By contrast, the Big Seven are all members of the Group of Twenty (G20), the high-level negotiating table for global economic governance. In fact, they

are the only ‘developing’ G20 members that borrow heavily from the World Bank: Russia and South Africa have small portfolios, whereas Saudi Arabia and South Korea are not current borrowers (note that South Korea and Russia used to be heavy borrowers, and are all-time #13 and #15, respectively).

The Bank uses two main categories to classify the content of its lending—sector data and theme data. The former covers areas of economic activity: agriculture, education, finance, and so on. Sector data is of limited use for my purposes: it offers little clue about the policy content of lending. Instead, I focus on the Bank’s theme-based classification, which consists of eleven major themes and, under these, 74 themes. The Bank’s Project Database contains theme information for every project approved since FY1990.¹ For each project, up to five themes are given a percentage share to indicate their financial weight in the project.² Although not a precise metric, this thematic classification, when analysed for a large number of projects, provides a comparable measure of Bank support for a wide range of development objectives temporally and geographically.

As a testament to the significance of this classification, World Bank Annual Reports include aggregate theme data. They state what percentage of the Bank’s annual commitments through its IBRD-IDA line is allocated to which major themes; also, a thematic breakdown of commitments is provided for each of the six geographic regions where the Bank operates. The problem is that no country-specific figure is published. For instance, the Bank does not report how much of its commitment to Brazil in 2014 was allocated to ‘human development’. Calculating this figure requires examining all projects for Brazil in 2014 in a three-step methodology: (i) for every project, determine the Bank’s commitment to the twelve themes that comprise the human development major theme; (ii) add these figures to work out total commitment to the human development major theme in Brazil in 2014; (iii) compare this final figure against total commitment to Brazil in 2014 to calculate the percentage weight of the human development major theme for that year. This figure is then comparable to regional and worldwide figures already supplied by the Bank. This is what I have done for FY2002-15 for the seven countries examined, for a total of 721 projects. I derived theme data annually for each country, and then calculated weighted aggregates for two seven-year periods: 2002-08 and 2009-15.

These periods are selected for two reasons. First, each period provides a large pool of data to compare general trends—\$62 billion committed via 324 projects for 2002-08, and \$108 billion committed via 396 projects for 2009-15. Second, and more important, the global crisis that erupted in 2008 represents a watershed event for the world economy as well as the World Bank, and is useful for a before/after analysis in search for variations in lending patterns. The years that preceded the crisis marked the biggest growth spurt in the world economy in decades. These fat years helped emerging countries greatly augment their share of the global economy. Bank lending throughout this period was steady, around \$20-25 billion annually. The lean post-crisis years ushered in a different context. While most emerging economies weathered the storm better than their Northern counterparts, the Bank responded to the crisis vigorously as IBRD-IDA lending shot up to \$47 billion in FY2009 and \$58.5 billion in FY2010. And despite a marked decline in recent years, total lending by FY2015 was still above \$40 billion. These dramatic fluctuations in lending volume in response to a major disruption to the international economy prompt an examination of possible shifts in lending patterns, both geographic and normative.

How to make sense of these patterns by using theme data? I maintain that seven out of the eleven major themes the Bank uses can be classified into three clusters that correspond to three successive (and cumulative) generations of development policy wisdom advocated by the Bank: building physical and market infrastructure; attaining social sustainability; and improving governance.³ The seven themes I subsume under these three categories are:

- (i) Environmental and natural resource management
- (ii) Financial and private sector development
- (iii) Human development
- (iv) Social development, gender and inclusion
- (v) Social protection and risk management
- (vi) Public sector governance
- (vii) Rule of law

‘Environmental and natural resource management’ and ‘financial and private sector development’ are the two major themes that reflect the World Bank’s conventional concern with domestic capitalist development and industrialisation, dating back to the ‘capital fundamentalism’ of the 1950s (King and Levine 1994). The aim was resolving what Waldner (1999) once called the ‘Gerschenkronian dilemmas’ of development. This focus has expanded over decades to encompass facilitating not only infrastructure investment, but also various types of resource management projects as well as financing private investment and strengthening market-based arrangements in key sectors, the hallmark of the Bank’s pro-market orientation as often associated with the Washington Consensus paradigm. Currently, these two major themes fetch a high percentage in Bank financing towards energy (especially sustainable development) projects; waste management; dam, highway, railroad construction; small and medium enterprise supports; and programmes to improve business climate, from competition policy to corporate governance and financial standards. *Physical-market infrastructure* is the term I employ to classify commitments to this theme cluster.

From the late 1960s onwards, in particular under McNamara’s presidency (1968-81), social conditions in developing countries began to draw considerable attention, with poverty reduction and human development incorporated into the Bank’s repertoire of development objectives for the first time. The ‘basic needs’ approach of the 1970s built on this novel policy orientation (Streeten 1979), later also establishing linkages with the bottom-up development and empowerment scholarship of the 1980s. The emphasis on social conditions gained further traction in the 1990s as evidence mounted about the severe social dislocations associated with Washington Consensus policies. The social liberalism of the PWC agenda acknowledged that challenge and assigned a strategic role to poverty alleviation and social protection. The three major themes ‘human development’, ‘social development, gender and inclusion’, and ‘social protection and risk management’ capture this re-orientation, with a tremendous range of items from health and education to targeted transfers, disaster management, and civic engagement. I aggregate commitments to these major themes under the *social sustainability* category.

Finally, paralleling the ‘institutional turn’ in development thinking (World Bank 2000; Przeworski 2004), the PWC has highlighted the centrality of a market-enhancing institutional framework for high-quality growth, as reflected in the Bank’s good governance and anti-corruption (GAC) agenda. Although the Bank’s interest in public institutions is not new, the reforms currently on the table are comprehensive and highly interventionist in scope, and thus unpalatable for increasingly sovereignty-conscious emerging country governments. To indicate Bank commitments to this agenda, I group ‘public sector governance’ and ‘rule of law’ major themes under the shorthand *governance*. Themes in this category include items such as administrative reform, anti-corruption, public financial management, tax policy, and property rights.

EVOLVING PATTERNS OF LENDING I: BIG SEVEN VERSUS THE REST OF THE WORLD

This section focuses on the Bank's lending patterns in the Big Seven relative to the remainder of the organisation's clientele ('rest of the world'). To do that I subtract annual Big Seven figures from the Bank's total commitment towards each theme, and then offer weighted percentages for each of the three-cluster theme classification for the two periods examined. The numbers tell a simple story: All Bank lending is moving roughly in the same thematic direction, although the trend is more pronounced in the Big Seven.

There are two fundamental differences between the Big Seven and the rest in terms of tapping Bank resources: Large emerging countries consistently place more emphasis than others on conventional instruments of capitalist development and consistently less emphasis on governance reform. This trend holds for both pre-crisis and post-crisis years, and even drags the remainder of the Bank's clientele with it: smaller borrowers also seem a tad more interested in *physical-market infrastructure* since the crisis and, importantly, have far less appetite for burdensome *governance* reforms.

Figure 4.1 Big Seven versus Rest of the World: Physical-Market Infrastructure

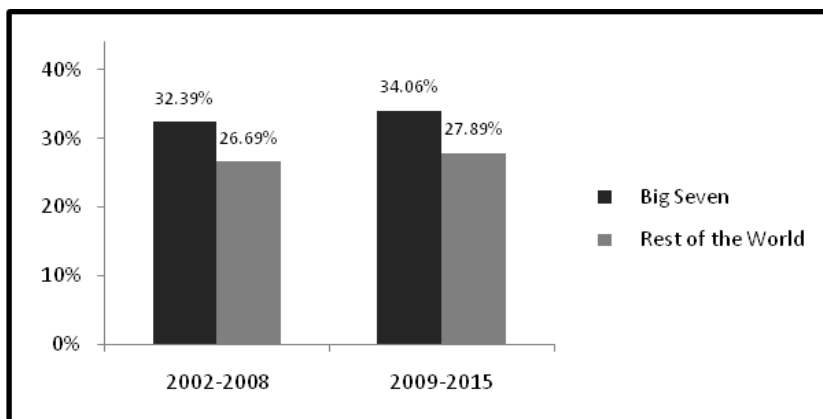


Figure 4.2 Big Seven versus Rest of the World: Social Sustainability

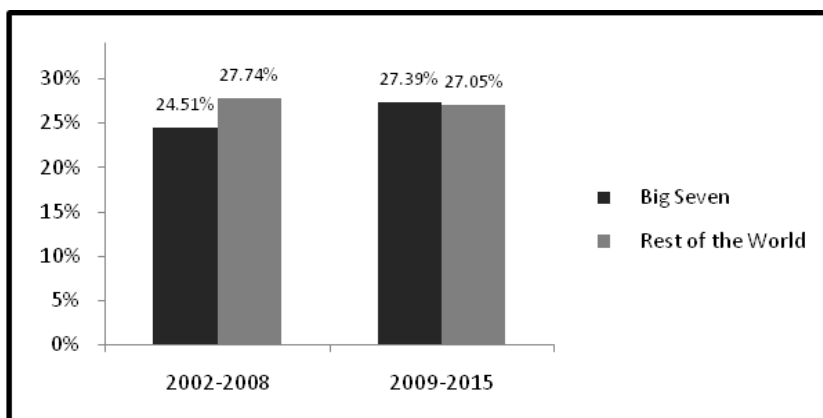
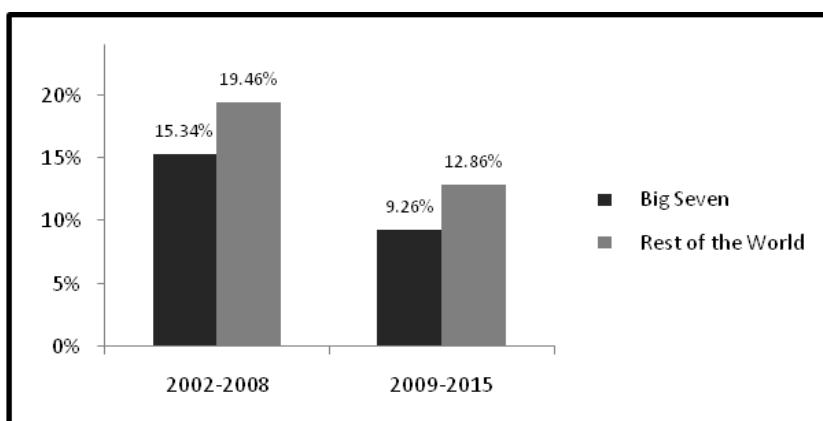


Figure 4.3 Big Seven versus Rest of the World: Governance



However, for the Big Seven, the increase in commitments to conventional capitalist development is more conspicuous. It is worth noting that the difference stems from the ‘environmental and natural resource management’ major theme, whose share in the Bank’s commitments to Big Seven jumped from 10.5 per cent before the crisis to 13.5 per cent after. It is more the focus on physical (rather than market) infrastructure that accounts for the variation between the larger and smaller borrowers in this category; in the ‘rest of the world’ this accounts for only 7.5 per cent of total commitments.

For governance reform as well, although the scale of decline is comparable in both groups, it seems a qualitative change has occurred in the Big Seven in recent years as Bank commitments to the *governance* category slid well under 10 per cent of commitments. In fact, and as we will see later, the figure would have been lower had it not been for Brazil and Indonesia, because the rest of the Big Seven, especially India, Mexico and Turkey, now completely refute the onerous institutional reform agenda.

In contrast, the *social sustainability* agenda has been firmly embedded across Bank membership. One minor mystery is that, given the devastation caused by the crisis, one would expect a sharp increase in the share of commitments to social themes in recent years, which does not appear to be the case. The answer is straightforward, and is again related to varying theme trends that make up this cluster: Although in both groups of countries ‘social protection and risk management’ themes—including items such as social safety nets and poverty strategy—recorded a respectable jump, indicating a strong response to the crisis, these gains were offset by a sizeable universal decline in commitments to ‘social development, gender and inclusion’. ‘Human development’ themes, meanwhile, have recorded a slight increase in share in the Big Seven and a slight decrease in the rest.

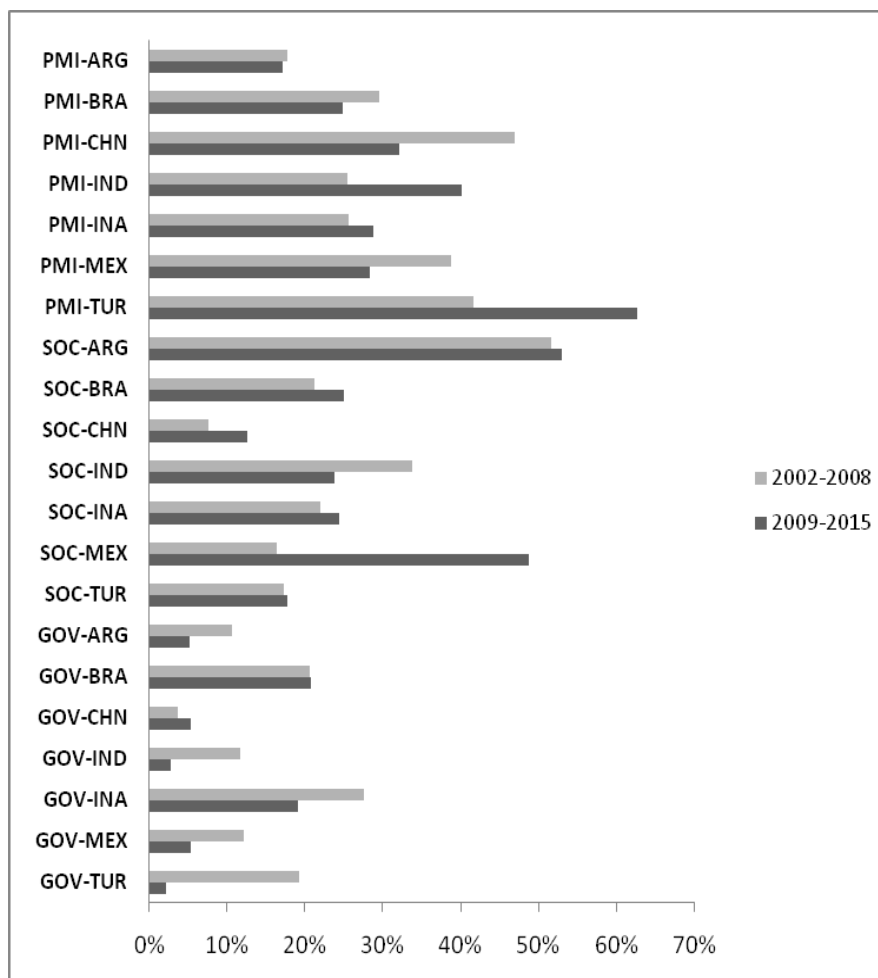
The comparisons drawn here reveal a clear tendency. Although large developing countries remain the biggest borrowers of the Bank, the terms of their engagement have shifted in recent years—precisely along the lines where they had differed from the rest of the Bank’s clientele in the first place. They now demand even less governance and institutional reforms and more funding towards traditional instruments of capitalist development and industrialisation. Commitments towards social programmes have caught up with the rest, reflecting the consolidation of the social sustainability dimension of the PWC agenda. These trends apply to the remainder of the Bank’s clientele as well, although they are more accentuated in the Big Seven, where the preference towards physical infrastructure and aversion to governance reforms remain decisively stronger. Despite these trends, it is important to note that the Big Seven do not display congruent borrowing patterns. Country and regional data presented in the next section paint a variegated picture.

EVOLVING PATTERNS OF LENDING II: COUNTRY AND REGIONAL TRENDS

Figure 5.1 illustrates the diverse borrowing patterns of the Big Seven across the three theme clusters: physical-market infrastructure (PMI), social sustainability (SOC), and governance (GOV). Even a cursory look at this chart offers country-level confirmation of our aggregate findings: conventional concerns of capitalist development continue to receive the most attention with healthy or rising commitments; social programmes display a similarly vibrant trajectory, although with a typically smaller share of commitments; and the promise of fixing public governance via external compulsion is in generalised decline. Yet individual variations across and deviations from these trends should not be overlooked, such as the massive jump in infrastructure commitments in India and Turkey, and the uncharacteristically steady demand for governance projects in Brazil and to some extent Indonesia.

These country trends will be briefly discussed below—in their proper regional context. Regional data is useful to make sense of shifts in Big Seven borrowing patterns for two reasons. The first is the continuing significance of regions in Bank operations and reporting (despite restructuring efforts since 2013 that emphasise thematic ‘global practices’). Second, regional trends also offer a more meaningful comparative basis than worldwide trends against which to evaluate shifts in individual borrowers.

Figure 5.1 IBRD-IDA Commitments in Big Seven According to Themes Clusters
(% Total Commitments)



Before moving onto country data, let us glance at overall trends for the regions home to the Big Seven: East Asia and the Pacific (EAP), Europe and Central Asia (ECA), Latin America and the Caribbean (LAC), and South Asia (SA) (Table 5.1). The picture is one of continued divergence in some items and relative convergence in others. In *physical-market infrastructure*, East Asia and South Asia have converged at around 30 per cent of total commitments, while Latin America and Europe continue to define the lower and upper ranges, respectively. In *social sustainability*, East Asia has converged on European levels, but both regions still occupy the low end of this category. In *governance*, East Asia, Europe and Latin America have now converged around 13 to 15 per cent; South Asia is the obvious outlier, the phenomenal decline in which is solely India's doing.

Table 5.1 Regional Trends in IBRD-IDA Lending by Theme Clusters
(% Total Commitments)

	Physical-Market Infrastructure	Social Sustainability	Governance
East Asia & Pacific			
2002-2008	42.01%	16.74%	14.10%
2009-2015	28.85%	21.29%	13.73%
Europe & Central Asia			
2002-2008	36.59%	19.69%	20.15%
2009-2015	35.39%	23.71%	12.78%
Latin America & the Caribbean			
2002-2008	25.18%	31.25%	18.04%
2009-2015	22.03%	38.28%	15.49%
South Asia			
2002-2008	24.88%	33.55%	15.26%
2009-2015	31.79%	30.88%	5.52%

Source: World Bank Annual Reports (FY2002-FY2015)

Country data will divulge more. The Bank already provides annual theme aggregates for every region; with individual country data already at hand, it is thus possible to isolate region-wide figures exclusive of the country in question for a more revealing comparison.

Argentina (n = 57)

The Argentine portfolio is the smallest in our sample for 2002-15, with just over \$12.5 billion. The country broadly fits the Latin American trends, and has recorded a slight decrease in infrastructure investment, a declining appetite for governance reforms, and a substantial focus on social themes. Still, it represents amplified versions of these trends, that is, much lower governance and infrastructure loans and much higher social loans than the rest of LAC. Note especially that Argentina, along with Indonesia, is one of only two Big Seven countries that received lower infrastructure commitment compared to the rest of its region, and also has the lowest overall figures in this category amongst the Big Seven. By contrast, its social borrowing tops all others, accounting for more than half its commitments.

Figure 5.1a Argentina versus the Rest of LAC: Physical-Market Infrastructure

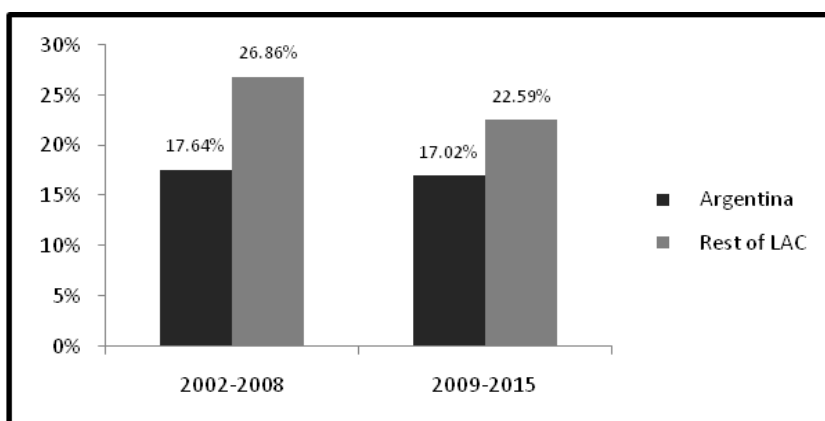


Figure 5.1b Argentina versus the Rest of LAC: Social Sustainability

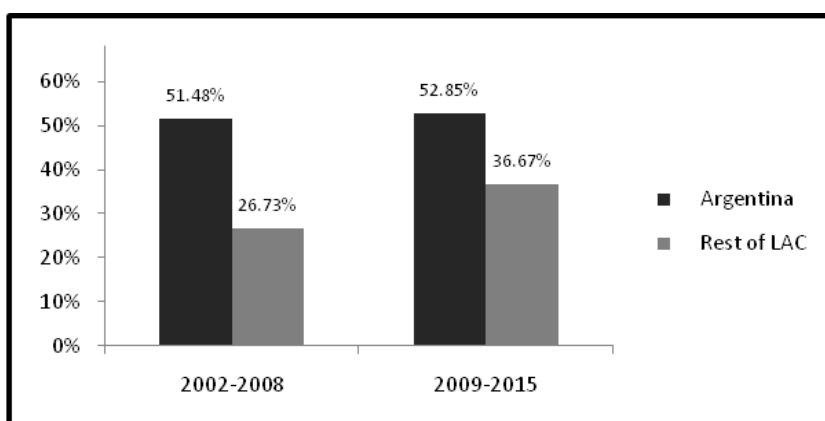
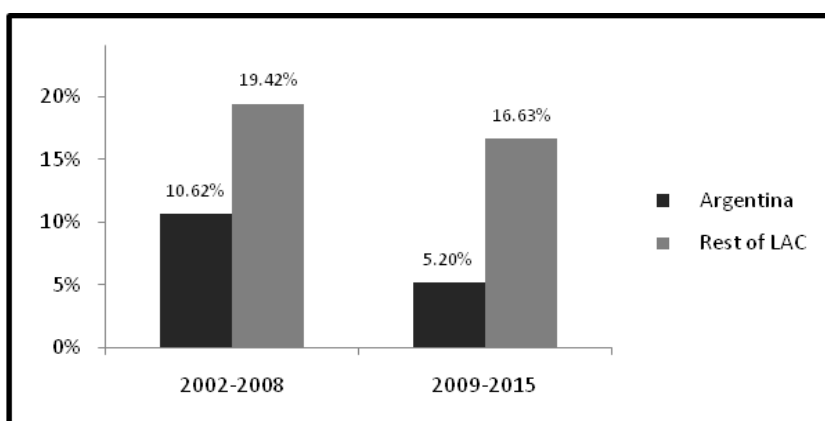


Figure 5.1c Argentina versus the Rest of LAC: Governance



Argentina did not request new Bank loans for three years in FY 2012-14, and did not have a CPS in place either (that is, no formal discussion of future borrowing). This was because, with a per capita income exceeding the Bank’s high-income threshold as of 2011, the country was a candidate for ‘graduation’ from IBRD—meaning capability of sustaining its development without recourse to official external financing (Knack et al. 2011). However, given its stagnating growth and default scares in 2014, Argentina resumed borrowing from the Bank in FY2015 with a focus on social programmes, such as rural education and youth

unemployment. The 2015-2018 CPS projects \$1 to \$1.2 billion new lending annually, built on a three-pronged strategy of employment creation (i.e. support for private investment), asset availability (i.e. access to public services), and environmental and natural resource management (World Bank 2014b: 32-4). Meanwhile, there will be a ‘cross-portfolio’ approach to governance (ibid: vi), with explicit reference made only to procurement practice at the project level, meaning no comprehensive, bureaucracy-wide reforms. These plans are consistent with emerging Big Seven trends.

Brazil (n = 141)

With total commitments of \$28.5 billion, Brazil is the Bank’s second largest client for 2002-15. However, its borrowing patterns somewhat contradict both regional and Big Seven trends. Commitments to physical-market infrastructure in Brazil declined in the 2010s. The share of social programmes recorded a moderate increase, though remained well below regional levels. Governance and institutional reforms, meanwhile, still carry considerable weight, at a level higher than not only Latin America but all other regions.

There is a different story to Brazil, though. First, it has the most varied project portfolio amongst the Big Seven, and exploits the entire thematic range of Bank operations. Second, Brazil’s borrows only at state and municipal levels as opposed to federal projects. These factors render some themes examined in this research more visible than others, and call for a closer look.

Figure 5.2a Brazil versus the Rest of LAC: Physical-Market Infrastructure

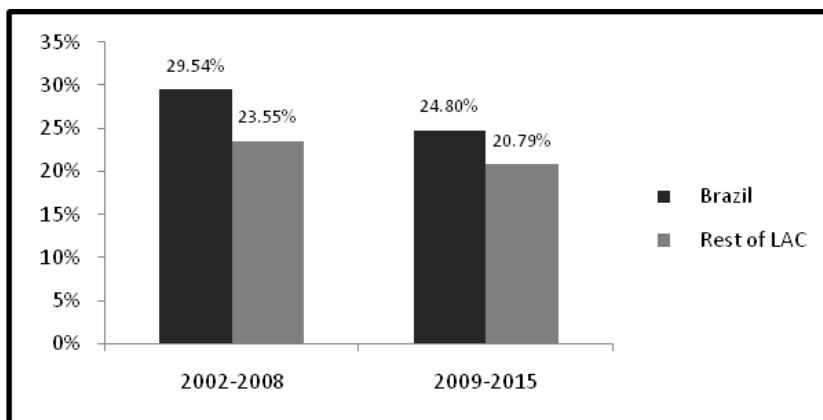


Figure 5.2b Brazil versus the Rest of LAC: Social Sustainability

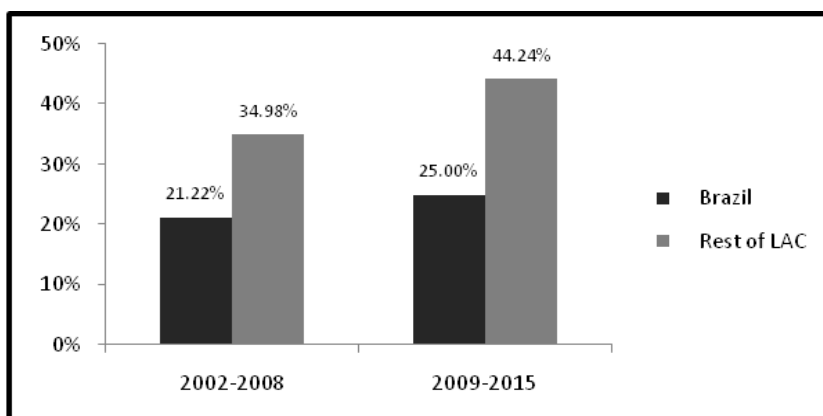
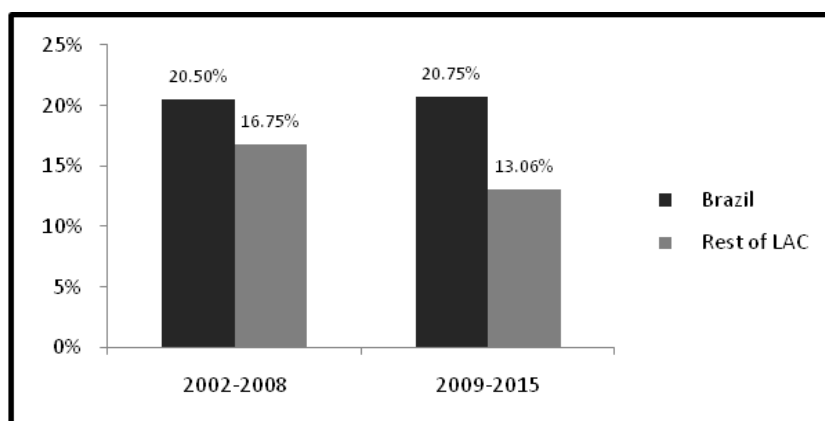


Figure 5.2c Brazil versus the Rest of LAC: Governance



A significant portion of Brazil’s infrastructure borrowing, for example, is allocated to rural and urban development projects, and therefore do not feature amongst the themes included in our dataset. Many such projects have substantial social components. Besides, since the global crisis, commitments to the ‘environmental and natural resource management’ major theme have risen significantly to 17.5 per cent of total commitments—well above rest of the world (7.5 per cent), rest of LAC (12 per cent) and indeed Big Seven (13.5 per cent).

The uncharacteristically high share of governance themes is also partially explicable with the decentralised borrowing profile. Unlike other cases with high governance loans (say, Indonesia), in Brazil governance themes are not packaged as part of nation-wide DPLs. Instead, they target subnational governments, and are quite comprehensive in scope (e.g. sweeping programmes in Pernambuco, Sergipe, Rio State, Minas Gerais, Acre and Amazonas, all in FY2013-4). In that sense the Brazilian recourse to governance themes does not pose a reform burden on the central government. Rather, it allows central rulers to deploy Bank funds to incentivise subnational governments into undertaking administrative reforms. In fact, the FY2012-15 CPS openly states that ‘the Bank retained a strong partnership with the Federal Government...*often acting as an agent of the Federal Government* in its efforts to improve sub-national fiscal sustainability and improve implementation of national policies’ (World Bank 2011: 12, emphasis added).

China (n = 154)

Given China’s global position as the ultimate emerging power, one may imagine two opposing scenarios to characterise its engagement with the Bank. The first would have China borrow very little, if at all, from the Bank. As the main financier of new multilateral initiatives such as the AIIB, the country obviously has no tangible borrowing needs. The opposite scenario might take into account the continued MIC borrowing from the Bank as underlined in this paper, and expect China to have a large portfolio given its size.

Both predictions would be wrong. In actuality, China has a very peculiar way of tapping Bank funds: it consistently borrows around \$1 to \$2 billion annually, primarily to finance medium-scale physical infrastructure projects. In the 1980s and 1990s technical assistance (read, AAA) was suggested as a motive for Chinese borrowing (Bottelier 2006). Many would no longer find this an acceptable theory as the country invests more abroad in similar types of projects for which it seeks financing from the Bank at home (such as railways). This oddity of Chinese borrowing has led some observers to label it ‘a game of mutual “make believe”’. The World Bank pretends to lend money to China, and China

pretends to borrow money from the Bank’ (Huenemann 2014: 251-252). Still, it is possible the AAA imperative remains strong with pilot projects regarding green growth and social inclusion provincially (World Bank 2012a: 13-17).

Figure 5.3a China versus the Rest of EAP: Physical-Market Infrastructure

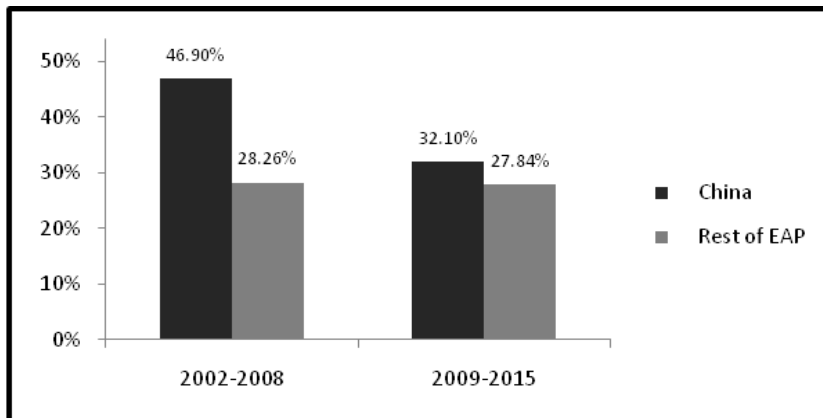


Figure 5.3b China versus the Rest of EAP: Social Sustainability

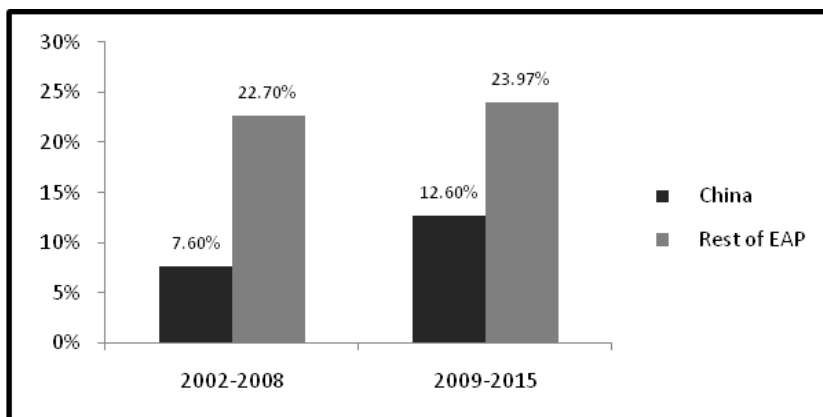
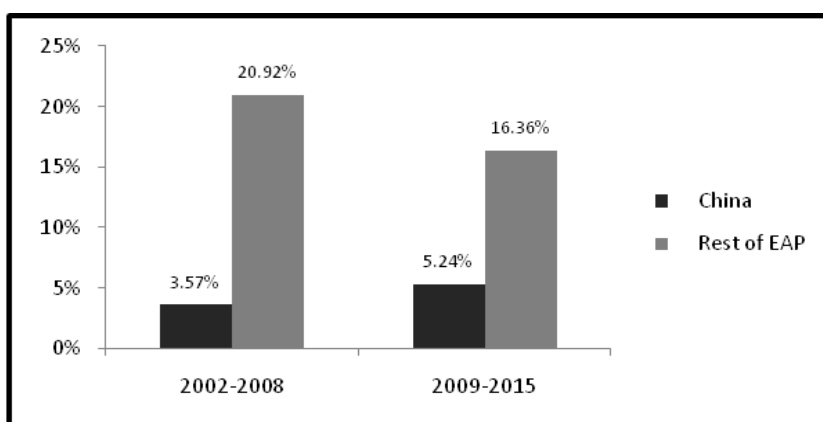


Figure 5.3c China versus the Rest of EAP: Governance



As for the data, qualifications are in order. In apparent contrast with Big Seven trends, it would seem the Chinese focus on infrastructure has weakened, and the country is becoming

slightly interested in governance projects. But consider, first, that there are a few misleading classifications in recent years. For example, two \$300 million loans to railway projects in Guiyang Guangzhou (April 2009) and NanGuang (June 2009) were classified largely under the ‘public expenditure’ theme, inflating the share of governance loans while deflating that of infrastructure. Second, note that China, like Brazil, undertakes numerous urban and rural infrastructure projects that do not appear in our methodology. Once these irregularities are taken into account, the apparent trends in infrastructure and governance can be dismissed: China is not shying away from infrastructure loans, nor is it developing a genuine interest in IFI-led institutional reforms. It is true, however, that there has been an increase in human development projects, especially in vocational training and rural health, reflecting growing Chinese concerns with social sustainability.

India (n = 168)

India is the Bank’s largest client with a total commitment of more than \$45 billion for 2002-15. Because India’s per capita income has only recently moved into the middle-income level, for several years of this period it was categorised as a ‘blend’ country, meaning it was able to request both concessional loans from the IDA from which it was graduating, and near-market loans from the IBRD for which it recently became eligible.

Figure 5.4a India versus the Rest of SA: Physical-Market Infrastructure

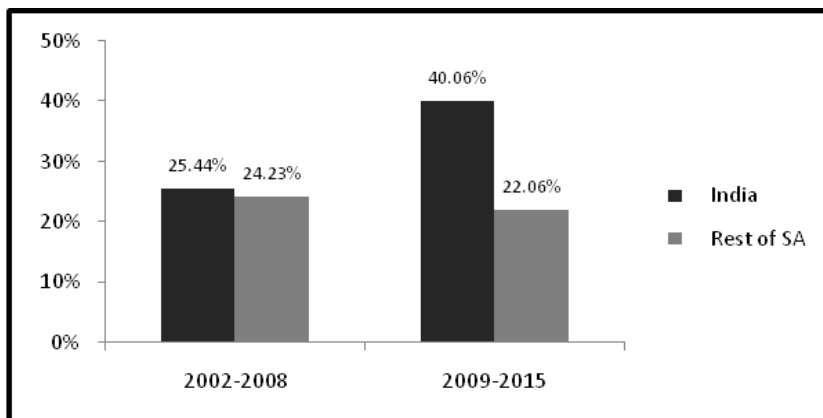


Figure 5.4b India versus the Rest of SA: Social Sustainability

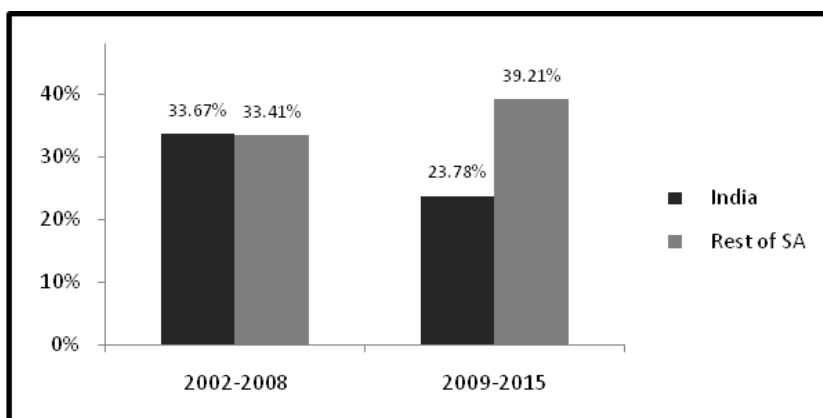
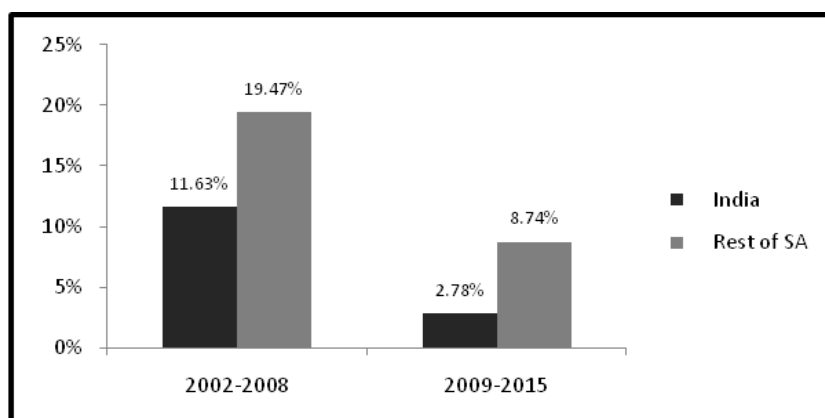


Figure 5.4c India versus the Rest of SA: Governance



India's borrowing pattern over the past decade typifies the aggregate Big Seven trend, except for the share of social programmes, which has declined in recent years. This, however, is misleading. Nominal commitment to social themes actually increased from about \$5.2 billion in 2002-08 to \$7.2 billion in 2009-15. The decrease in its weight in total commitments is the result singularly of the phenomenal rise in physical-market infrastructure projects, which more than tripled to \$12 billion, due mainly to increases in 'financial and private sector development' themes. Meanwhile the decline in governance themes is quite real, with the nominal figure halved since the crisis. As such, India is the archetypal Big Seven: the demand for conventional instruments of capital fundamentalism is soaring; concerns of social sustainability are embedded; and there is much aversion to externally-guided institutional reforms.

What is interesting in the Indian case is the regional impact of these trends. As the regional giant, India absorbs a disproportionately high portion of the Bank's physical-market infrastructure commitment in South Asia, its share having risen from 55 to 70 per cent since the crisis. Three billion-dollar-plus loans in 2010, which included a power system project and the replenishing of the funds of the India Infrastructure Finance Company, are cases in point; and the \$1.5 billion rural road project of December 2010 is not even showing in our methodology. In return India seems to have traded in funds in other areas, especially in 'social development, gender and inclusion.'

Indonesia (n = 80)

Indonesia's involvement with the Bank has proceeded along the lines of collective Big Seven trends: a modest increase in the share of physical-market infrastructure and social programmes, and a sharp decline in the share of governance themes. And in yet another example of greater intra-regional than inter-regional variation, none of these trends are an exact match with those in the rest of East Asia.

Nominal figures and individual project data furnish a different perspective. Indonesia (along with Mexico) saw a far more prominent increase in commitments than other emerging countries in recent years: from just under \$5.2 billion in 2002-08 to \$16.5 billion in 2009-15. As such, the physical-market infrastructure figure is indeed more impressive than the slight bump in its percentage share suggests—a rise from \$1.4 to \$4.7 billion. In this category, Indonesia is similar to India and to some extent Argentina and Turkey in that much of that increase stems from commitments to 'financial and private sector development'; by contrast,

in China, Brazil and Mexico, ‘environmental and natural resource management’ themes dominate the category.

Figure 5.5a Indonesia versus the Rest of EAP: Physical-Market Infrastructure

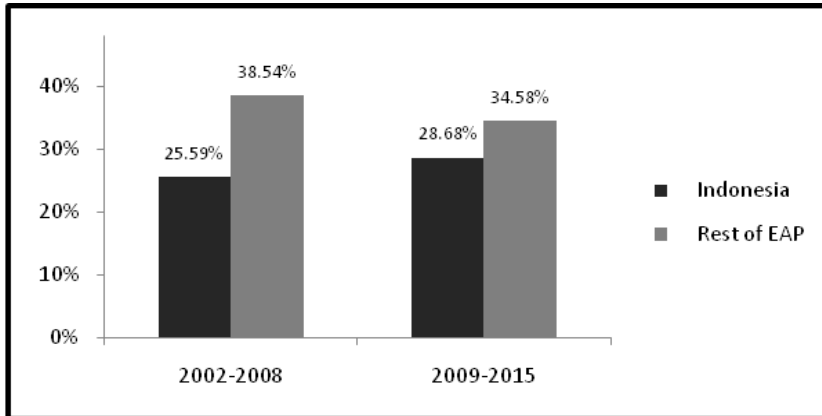


Figure 5.5b Indonesia versus the Rest of EAP: Social Sustainability

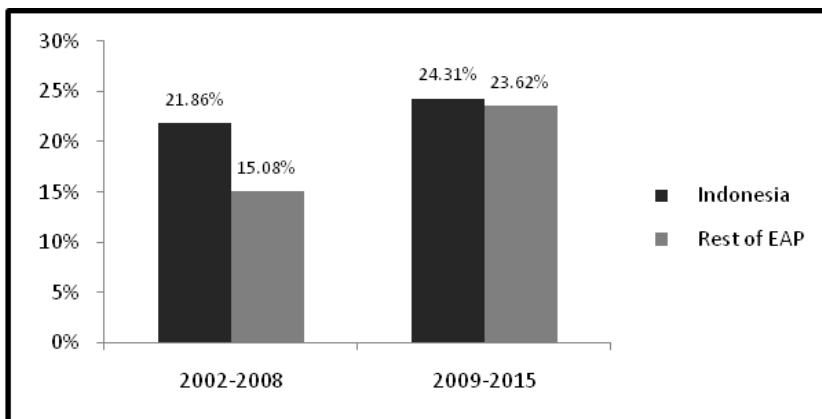
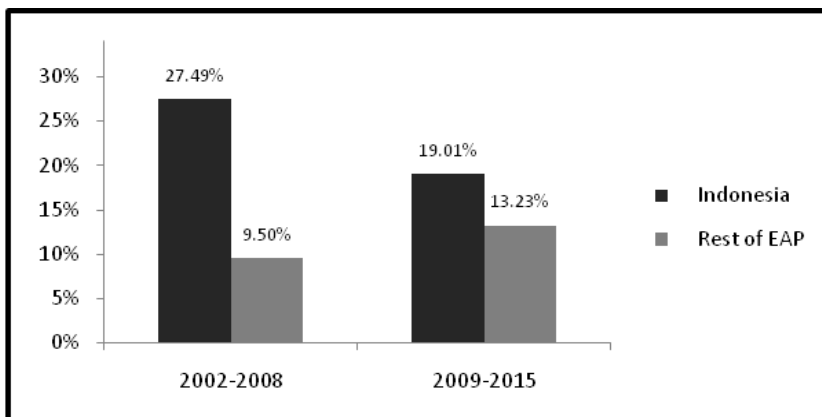


Figure 5.5c Indonesia versus the Rest of EAP: Governance



Nominal figures also indicate a country where the PWC agenda in its entirety is in full swing. The rise in social commitments has been phenomenal, quadrupling to \$4 billion in 2009-15 (compare that to India’s \$7 billion, with almost 5 times the population). Far more

important is the nominal rise in commitments to governance, which more than doubled to \$3.1 billion. As such, the decline in its share is illusory. And compared to Brazil, the only other Big Seven country with continued real demand for this category, Indonesia implements several nation-wide programmes dedicated to governance and institutional reform. The period under examination includes nearly a dozen DPLs heavy on governance reform along with numerous programmes regarding tax administration, accountability and transparency, public financial management, and even a highly unorthodox 2011 programme to train future institutional reformers. Indonesia therefore comes as a reminder that the recent unpopularity of the Bank’s governance agenda is primarily demand-driven.

Mexico (n = 60)

Mexico is similar to Indonesia in that the post-crisis increase in total commitments (from \$5.5 to \$15.3 billion) is so massive that it compels one to look beyond theme shares to accurately evaluate trends on the ground. Seen this way, the decline in the share of physical-market infrastructure indeed represents a doubling of commitments in nominal terms. And even with a sizeable decline in share, the weight of this category still remains considerably larger than the Latin American average.

Figure 5.6a Mexico versus the Rest of LAC: Physical-Market Infrastructure

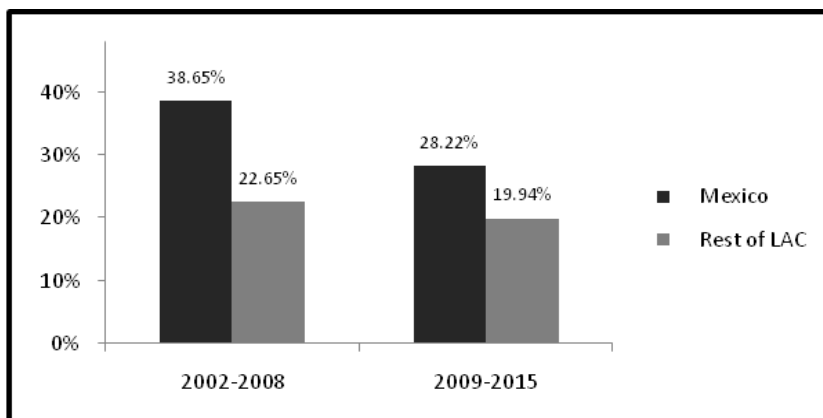


Figure 5.6b Mexico versus the Rest of LAC: Social Sustainability

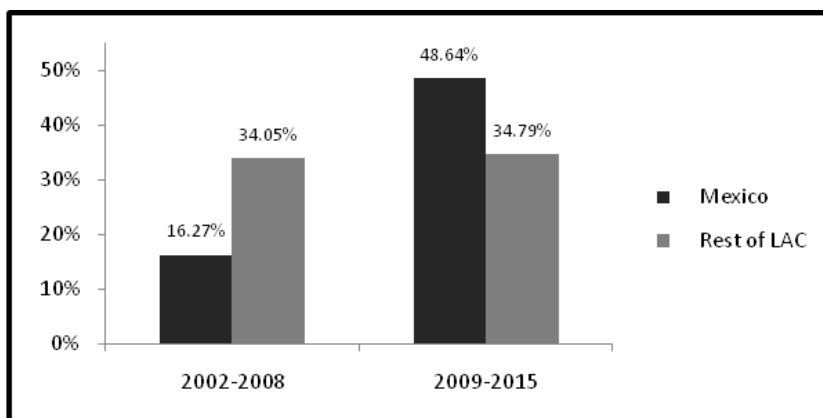
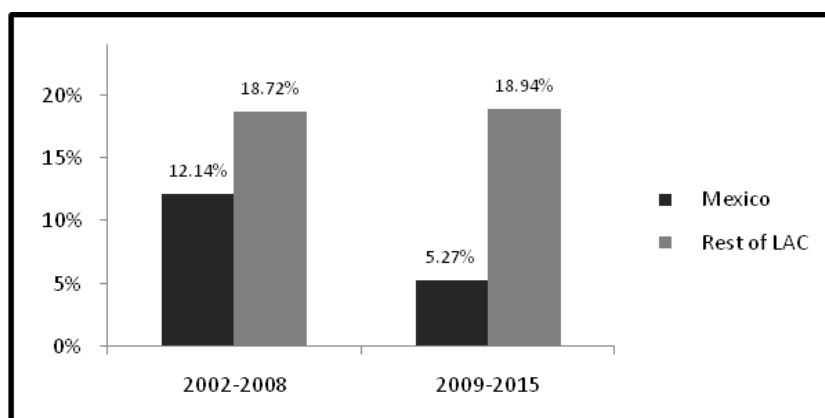


Figure 5.6c Mexico versus the Rest of LAC: Governance



The decreasing share of governance parallels the overall trend in the Big Seven, but what is most remarkable about Mexico is the eight-fold nominal increase in social programmes, with commitments exceeding \$7.4 billion for 2009-15. Mexico's own brand of conditional cash transfer scheme (Oportunidades) alone received a \$2.75 billion injection 2009-10—although as an enormous item of recurrent spending this programme may have also been chosen for the Bank to offer Mexico budget support in hard times. Other areas of focus have been education, health, and environmental initiatives.

Thus, if Indonesia reminds us that governance reforms are alive and well in some places, the Mexican case suggests that the PWC's social sustainability agenda thrives even further in the emerging world. Not a single country in our sample recorded a nominal decline in social programmes, whereas the majority (Argentina, Brazil, Indonesia and Mexico) indicates remarkable increases in commitments to this category.

Finally, the scope of Bank projects in Mexico clarifies a divide amongst the Big Seven: On the one side are the three largest borrowers, India, Brazil and Indonesia, respectively, which take advantage of the Bank's wide repertoire and implement an extremely diverse range of programmes. On the other side are China, Turkey and Argentina that focus on a select few domains (though still covering a broad range compared to ordinary borrowers). With the moderate diversity of its portfolio, Mexico occupies the middle place.

Turkey (n = 53)

Turkey represents an amplified version of Big Seven trends. However, it is unique in that its portfolio slightly shrank since the crisis, from \$11.1 billion in 2002-08 to \$10.3 billion in 2009-15. This was because Turkey's financial collapse in 2000-01 had led to massive borrowing from the Bank, producing an exceptionally large portfolio for its size in 2002-08—much larger indeed than Brazil and China. With nominal figures consistent over the two periods, changes in the share of each aggregation become a good indicator of Turkey's evolving borrowing patterns.

Loans towards physical-market infrastructure already had a respectable share; after 2008, they surpassed 60 per cent, well above all other borrowers. Meanwhile, despite stagnating since 2011, human development and social protection schemes remained stable for the period, paralleling the global reinforcing of the PWC's social agenda. The most dramatic change, however, was in governance themes, which went nearly extinct in Turkey.

Figure 5.7a Turkey versus the Rest of ECA: Physical-Market Infrastructure

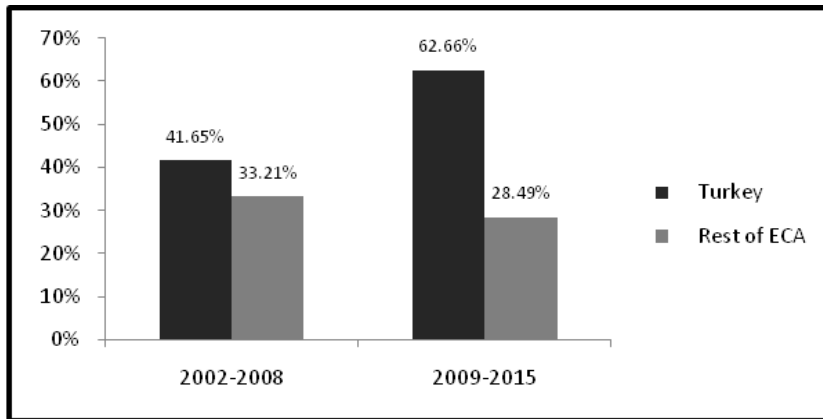


Figure 5.7b Turkey versus the Rest of ECA: Social Sustainability

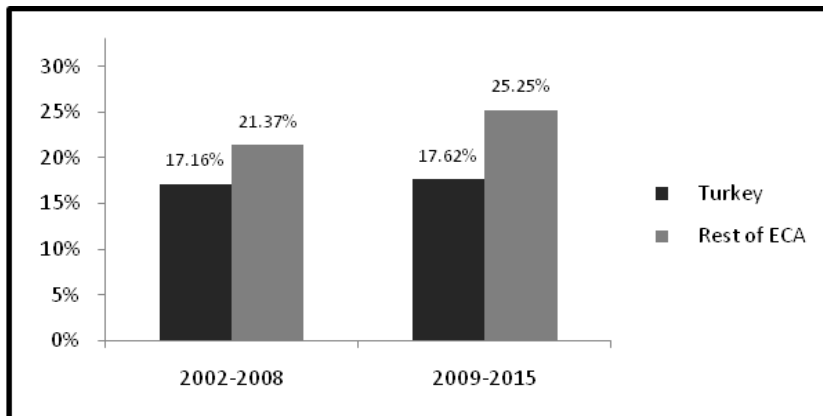
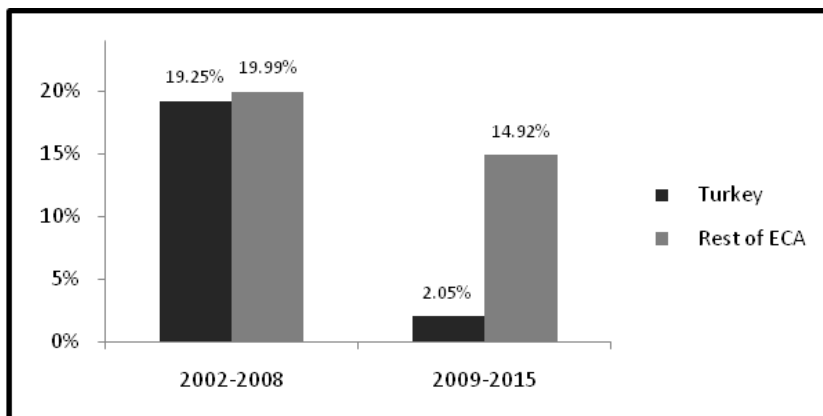


Figure 5.7c Turkey versus the Rest of ECA: Governance



The dominance of physical-market infrastructure loans and the utter rejection of the governance agenda have two implications. First, both shifts contradict patterns in the rest of ECA, providing another example of intra-regional diversity. Second, and more important, the Turkish portfolio constitutes a prime instance of how much freedom emerging countries have in shaping their engagement with the Bank. High current account deficits are a debilitating problem for the Turkish economy, stemming in part from the country's energy dependence and weak export competitiveness. In turn, an overwhelming majority of the increase in the

physical-market infrastructure projects are related to these domains—renewable energy, power sector development, and export financing. The rejection of the governance agenda is not surprising either given Turkey’s increased sense of policy independence in recent years; case in point is its refusal to approach the IMF during the global crisis despite being hit very hard (Öniş and Güven 2011). Sweeping institutional reforms were wrapped in large DPLs administered in tandem with consecutive standby programmes in FY2002-05. With the IMF long gone from the policy scene, Turkey has little interest in such reforms despite weakening regulatory and institutional quality in recent years (Güven 2016).

INSTITUTIONAL AND IDEATIONAL REALIGNMENTS

In terms of the content of their borrowing from the World Bank, large emerging economies have differentiated themselves both as a group from the rest of the world and often individually within their respective regions. Still, the evidence presented has limitations when it comes to answering some important questions. First, it cannot tell us how instrumental evolving patterns of lending are in facilitating persistently high levels of demand for IBRD-IDA loans. While it is only logical to assume that members’ ability to freely choose from a large product range constitutes an incentive to borrow, measuring the effects of changing lending patterns on lending volume would require a different exercise. Second, we do not know precisely why these changes have occurred. The obvious hypothesis is an overlap between shifts in lending patterns and borrowers’ strategic preferences; I have presented evidence for this link in relation to several cases in the preceding section. However, a convincing answer would require a different approach: that is, talking to Bank and country officials on the ground about individual projects and country strategies, while also looking at a wider set of variables ranging from fiscal constraints to alternative sources of financing, including other multilateral borrowing. Finally, while borrowing patterns of large MICs often differ from aggregate trends in their regions, a different quantitative analysis is needed to examine variations between larger and smaller borrowers.

What, then, do we learn from this analysis of Bank lending to the Big Seven? What is the significance of these evolving patterns of engagement? Our findings have two major implications. One concerns rising countries’ relations with core institutions of Northern multilateralism. The other concerns the Bank’s specific output, that is, development policy.

Changing patterns of emerging country-World Bank relations are important because they provide insight into the way actors and organisations respond to the multipolarity-multilateralism challenge. Seeing how painfully slow the western-dominated multilateral organisations are to accommodate the accelerated shifts in the global balance of economic power, many observers have suggested that large MICs can be expected to bypass these arrangements and, if possible, replace them with alternative constructs. In the case of the World Bank, the threat seems quite real given the slow pace of its governance reforms (Vestergaard and Wade 2015) and the emergence of new, MIC-led development banks such as the AIIB and the NDB, which promise to offer formidable rivalry (Reisen 2015).

But in exploring how the multipolarity-multilateralism challenge plays out, we should be mindful of not only variations in country strategies but also organisational differences. This article therefore parallels recent analyses that stress the significance of the institutional setting in the way global disparities of economic power and political representation are manifested (e.g. Kaya 2015). Findings presented here indicate that the Bank is unlikely to be undermined so easily by such disparities thanks in part to its organisational peculiarity: the institution remains a convenient resource for large MICs because it offers them a highly diverse product line at competitive prices. This means borrowers have considerable discretion

to restructure their portfolio and can therefore implicitly renegotiate the terms of their engagement with the organisation—as most large MICs have done over the past decade. As such, the Bank has a built-in flexibility not all multilateral institutions possess. Without formal adjustments to its mandate or governance structure, it can accommodate changing client preferences and adapt its operations to shifts on the ground. It is not impervious to the multipolarity-multilateralism conundrum, but it has a reasonable defence against it.

The main analytic upshot is that students of international organisations must engage more effectively the literature on institutional evolution and change (cf. Moschella and Vetterlein 2014). Particularly relevant to the Bank's discreet adaptability are notions such as 'institutional conversion' and 'institutional redeployment', whereby existing institutions would be put in the service of either new or former tasks without fundamental changes to institutional design (Streeck and Thelen 2005). The insight is that institutional persistence can be a dynamic process. The World Bank obviously has significant adaptive efficiency to pragmatically protect its client base, but this may also cause unintended shifts in its core functions or the creation of new ones. The present analysis, for example, provides evidence that the Bank now accords emerging countries extra room for manoeuvre within an important corner of the governance architecture created and still dominated by incumbent powers—a point beyond this article's remit.

In the background of this institutional adaptability is an important ideational realignment. The Bank has long been at the forefront of creating and disseminating development norms; as such, the strategies it supports in its biggest clients matter. The lending patterns identified in this study suggest that in large MICs the Bank has strayed from some constitutive elements of the post-Washington Consensus, its dominant policy bundle since the late 1990s. Social programmes have proved universally viable, but the standalone governance and institutional reforms have now become an 'optional' component in large borrowers, and is allowed to dwindle away in countries such as Argentina, India, Mexico and Turkey. By comparison, conventional concerns of capitalist national industrialisation have regained traction in Bank lending everywhere, but more so in the Big Seven.

These demand-driven changes ultimately reflect the responsiveness of the Bank's output to shifting sensibilities elsewhere and within the organisation. As of the mid-2000s the GAC agenda already stood out as exceedingly intrusive. The IFIs' own emphasis on country ownership (Best 2007) and the 'aid effectiveness' initiative especially since the 2005 Paris Declaration rendered it increasingly unpalatable for Northern actors to impose uniform policy and institutional frameworks upon developing country governments. The Bank's internal reviews also cast doubt on the achievements of governance reforms (IEG-World Bank 2006; 2011). One way the Bank has dealt with these growing criticisms was to 'mainstream' governance-related measures into implementation of all projects.⁴ This might in part account for the generalised fall in the share of this theme in Bank commitments, although it would not explain why the decline is more pronounced in larger MICs. Nor do we know the extent of compliance with the mainstreamed GAC principles.

The rise in commitments to physical-market infrastructure reflects a similar dynamic of interaction between the policy priorities of the Bank and its borrowers. While there are doctrinal correlates of this shift inside the Bank (e.g. Lin 2012), much of this recalibration is rooted externally in borrower preferences, as manifested in the revival of national developmentalist proclivities and industrial policy in MICs (Aggarwal and Evenett 2012; Khan and Christiansen 2011). The normative direction thus unmistakably represents a move away from policy instruments that reflect otherwise popular current Western analyses of the South's developmental pitfalls, such as an institutional failure (e.g. Acemoglu and Robinson 2012). Borrower appetite for infrastructure development is especially relevant; lack of sufficient financing for physical infrastructure is the main gripe of emerging countries in

seeking to erect new institutions of multilateral lending such as the NDB and the AIIB (Chin 2014). The Bank's recent update of its infrastructure lending strategy, which now places special emphasis on private sector financing, suggests that these borrower sensibilities are resonating strongly with the organisation (World Bank 2012b).

The increased visibility of infrastructure lending, taken alongside the decline in commitments to governance reforms in our sample, is consistent with contemporary observations of 'borrower empowerment' in recent Bank operations, as in the new Program-for-Results instrument (Cormier 2016). It is thus tempting to read the realignments identified in this paper as elements of a broader act of global political rebalancing (Pieterse 2011), especially if one takes rebalancing as an extension of the 'emerging power' narrative.

We must not push this interpretation too far, though, in particular on the normative front. While these trends in lending patterns apply to the rest of the Bank's clientele as well, there are good reasons for pause before declaring them portents of a conclusive paradigm shift. Earlier research on the organisation's post-crisis lending documented that politically onerous institutional reform programmes prevailed in low-income members and in countries that were simultaneously pursuing IMF programmes (Güven 2012b). Meanwhile, 'public sector management and institutions' still constitute one of four clusters of criteria used to calculate country policy and institutional assessment (CPIA) scores that impact the allocation of IDA loans (Van Waeyenberge 2009). The governance and institutional reform agenda remains an integral part of the Bank's policy arsenal as well as policy rhetoric.

This perhaps is the crux of the matter. So diverse has its policy repertoire grown and so fluid and inclusive has its lexicon become over the years that the Bank is now capable of prescribing and justifying a stupendous variety of policy advice across its clientele.⁵ Surely there are policy areas where new ideas have displaced pre-existing ones. But overall, the Bank has operated in a non-Kuhnian paradigmatic universe in which each new generation of development norms is layered upon existing ones with relatively minor adjustments—much like the evolution of human rights norms. In seven decades, it has accumulated a vast array of policy instruments tied together with a generally market-oriented outlook but nevertheless derived from different (though sometimes partially intersecting) families of development ideas. Technically, these instruments can be deployed in any combination at which client demands and the Bank's discretion overlap. It appears for large emerging countries the scope of that discretion is currently quite wide, allowing for considerable flexibility. This should not, however, lead us to ignore the clear shift this flexibility represents for the Bank's policy advice here and now: away from Western ideas of the deep causes of development failure, and towards instruments that resonate strongly with endogenous policy and economic elites.

CONCLUSION

Emerging countries' current engagement with the World Bank is shaped by a condition of bounded diversity. On the boundedness side, all three country aggregations examined in this article (the Big Seven, 'the rest of the world', and the four emerging regions of the world) indicate broadly similar changes in borrowing patterns: demand for funds to build physical and market infrastructure is on the rise; countries increasingly accept the Bank's broad agenda of social sustainability; and politically burdensome governance and institutional reforms are increasingly avoided. On the diversity side, while these trends are more accentuated in the Big Seven than elsewhere, the countries that comprise this group still differ considerably in their borrowing patterns both amongst themselves and within their respective regions. This diversity tends to echo countries' specific constraints and strategic preferences, such as China's efforts to attain a more balanced development, India, Indonesia

and Turkey's emphasis on energy and infrastructure deficits, and Argentina, Brazil and Mexico's growing commitment to social and environmental sustainability.

These findings suggest that an implicit realignment of the operational relations between the World Bank and its largest borrowers has taken place over the past decade. Large MICs draw on the organisation's wide repertoire of development instruments in an increasingly selective fashion that accords them considerable policy autonomy. I have argued that a major implication of these evolving patterns of engagement is the relative safeguarding, for now, of this one institution and policy domain from the severe strains associated with the mismatch between multipolarity and multilateralism in contemporary global governance. That the Bank already has a vast array of instruments at its disposal, and that these instruments can be deployed fairly liberally to accommodate borrower preferences without strict adherence to an overly restrictive set of normative priorities facilitate this process. Institutional and domain-specific differences matter in the way countries and organisations internalise and respond to the multipolarity-multilateralism challenge.

Whether the patterns identified in this article might represent the new normal for the Bank and its largest borrowers will primarily depend on economic performance globally and in emerging countries. At the time of writing, global prospects are lacklustre, and large MICs are experiencing significant growth decelerations, although few would surmise a global collapse is imminent. These trends will sustain the lending patterns described here, with competitors such as the NDB and the AIIB pushing the Bank towards a default stance of appeasement. Yet any major deviation from this 'poor performance without crisis' scenario will spur incentives to revise current patterns. A severe global downturn may compel the Bank to tighten up its normative stance and look for a coherent alternative to the ageing PWC agenda. Meanwhile, a return to the high growth years of the half-decade before the global crisis will rapidly drive several Big Seven countries (Argentina, Brazil, Mexico and Turkey) over the Bank's high-income threshold, at which point they will be expected to soon graduate from the IBRD. Though unlikely, this indeed represents the best scenario for both emerging powers and the World Bank, opening up possibilities for more genuine initiatives to fix an increasingly dysfunctional multilateralism and rethink development cooperation.

Notes

¹ All project data in this article is taken from the World Bank's project database, available at <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,menuPK:51563~pagePK:95873~piPK:95910~theSitePK:40941,00.html> (permanent URL: <http://go.worldbank.org/KPMUDAVVT0>).

² For instance, if the theme 'regulation and competition policy' is given a 20 per cent weight in a \$400m DPL, we should understand that \$80 million of the total commitment for this project is earmarked for this theme, which is classified under the major theme 'financial and private sector development.' This thematic weight is usually calculated at the Washington headquarters and may in some cases appear problematic, but it still offers a good comparative basis provided that aggregate observations are checked against individual projects (as in the Chinese portfolio discussed later).

³ A clarification on the four major themes that are not examined here: 'Economic management', 'rural development', 'trade and integration' and 'urban development' are excluded only because each consists a rather heterodox range of themes difficult to subsume under just one of our three theme clusters. For example, 'rural development' includes themes that relate to not just physical-market infrastructure ('rural services and infrastructure'), but also social sustainability ('rural non-farm income generation') and governance ('rural policies and institutions'). Conversely, each of the seven major themes analysed here comprise themes that could be fairly directly associated with a single family of development ideas.

⁴ Since 2012 every project has to include a GAC analysis and recommended measures for dealing with GAC issues. One danger is the reduction of this analysis into 'something of a tick-box exercise', especially in strong, strategic clients where country officials would not welcome exposure of potential irregularities by a major international organisation (Interview with anonymous World Bank governance specialist, 9 June 2016).

⁵ This also distinguishes the Bank from its sister organisation. The IMF exists in an operational environment where rupture and continuity in policy norms is often clearly identifiable, as different norms tend to have mutually exclusive prescriptive implications, e.g. countercyclical versus procyclical fiscal policy, the acceptable scope of capital controls, and so on; for a recent assessment, see Ban and Gallagher (2015).

⁶ Such accommodations on the ground do not mean there can be open discrimination in the application of environmental and social safeguards to favour some clients over others.

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