Background: Despite the role of global governance little attention has been paid to ‘development’ agencies. “If the ‘global’ in ‘global governance’ is to mean anything substantial attention must be paid to how developing countries are incorporated into regimes of global governance, and development agencies are likely to play a large part in this” (Williams, 2008, p. 213).

- Traditional International Relations (IR) and Development Studies (DS) aren’t integrated.
  - IR: Views the poorest states as “data” to confirm IR theory/ OR they look at these states as the source of problems (AIDS, Terrorism, refugee flows etc…) IR in academics sees the practical problems in the developing world as distant. There needs to be less emphasis on power relationships and more on their actual governance (Williams, 2008, p. 215).
  - DS: Like IR is insular. DS has not focused on the international political implications of development. Are these global development projects about development at all?

Thesis: “The evolution of World Bank policies and practices in this area demonstrates how the World Bank has become an important instrument of global governance” (Williams, 2008, p. 213).

Global Governance concepts and definitions explained:

1) “At the very broadest level, global governance refers to ‘efforts to bring more orderly and reliable responses to social and political issues that go beyond capacities of states to address individually’ (Gordenker and Weiss, 1996, 17)” (Williams, 2008, p. 213).
2) “Global governance implies an absence of central authority, and the need for collaboration or cooperation among governments and others who seek to encourage common practices and goals in addressing global issues (Gordenker and Weiss, 1996, 19)” (Williams, 2008, p. 214).
- Global governance by “governments” suggests that governance is fragmented or dispersed. Governance is composed of a private side consisting of NGOs, consultancies, academics, business groups can be characterized as ‘networks’ which involve a variety of governing practices.

Hypothesis: “Given the significant policy-making role that the World Bank has in many countries, it seems likely that it will be a significant vehicle for the extension of global governance to developing countries” (Williams, 2008, p. 216).

Case study-- World Bank (WB) and Financial Sector Reform

1) Structural Adjustment and Liberalization
- Lending to prevent gov’t intervention and rely on market mechanisms. Many didn’t experience sustained growth. 1980s WB addresses financial sector reform citing the financial systems as constraining.
- Governments had intervened too much into private sector (controlled interest rates, directed credit allocation, and supported inefficient financial institutions). WB solution was liberalization.
- No mention of International and domestic ties and is looked at as a domestic issue.

2) Governance and Regulation
• 1990’s WB raised issues with government and governance. The quality of governance and types of institutions were crucial for development (legal environment, banking supervisions, accounting, auditing, and information provision).
• Asian Financial Crisis caused shift to broader global governance. “As a World Bank document put it, ‘the Asian crisis... gave urgency to supporting financial sector reforms as well as for obtaining more timely information on financial stability’ (World Bank, OED, 2005, 12)” (Williams, 2008, p. 218).

3) Security and transparency
• New Issues: Terrorism and money laundering especially after 9/11
  · “UN Security Council resolution 1368 that requires all members to adopt enhanced efforts to fight money laundering and the financing of terrorism. In January 2002, the Bank’s Board accepted that that anti-money laundering (AML) and countering the financing of terrorism (CFT) activities were within the Bank’s mandate” (Williams, 2008, p. 220)
  · Financial Action Task Force (FATF) established in 1989 by G7 to combat money laundering.
• WB began working closely with FATF
  · 250 criteria to combat AML and CFT
  · For example customer due diligence
• Assessment now integrated between WB and IMF
• WB Expanded technical assistance to countries to fight AML/ CFT which included grants and workshops

Conclusion
1) The WB has become instrument of global governance
2) WB’s financial sector reform activities raise question of how creation of governance is to be explained.
   • Is this just for western interests? Some say there is a congruence of values others say it’s industrial capitalism. Many diverse global governance with western states well-being in mind.
3) The bank has moved far past financial sector liberalization
• The Bank has moved past development in some countries.
• The incorporation of developing countries into regimes of global governance is a project— ongoing, expansive and reflexive.
• “It seems much more plausible to suggest that the financial sector reform activities the World Bank is engaged in are really about constructing global governance regimes in those issues and those areas that represent a threat to western states” (Williams, 2008, p. 225).
• Development was seen as a way to reduce threats but now governance could replace development.