The World Bank and the financing of education – A thirty-year retrospective

Expansion of educational support

The past thirty years have seen a remarkable expansion of the World Bank's programme of educational support. During this period the Bank has established itself as the largest financier of education in the developing world (World Bank 2018). In this article we examine the trends in World Bank education funding, its research and strategy from 1990s until today. These are placed in the context of successive global advocacy campaigns and of international agreements on education policy targets.


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However, at various points over this thirty-year period it would be imprecise to speak of a World Bank „policy on education". As with any large bureaucracy, there are different forces at work, shaping operations, research, funding priorities and public commitments, which do not always coalesce around a single strategy. These influences include the Bank president and senior leadership, the cadre of Bank professionals in education, economics and other fields; and the 189 governments that collectively own the institution, dominated by the United States and other large shareholders. As one veteran World Bank education specialist put it, „...attempting to reach consensus in [such] a large organization, and sheer personal fear of endorsing a „bad" policy, makes the task of tracing Bank education policy extremely difficult" (Psacharopoulos 2006, p. 330). Nonetheless, we can identify certain trends and major commitments that have shaped World Bank education policy over recent decades.

It is important to note the origins of the World Bank's work in this field if we are to understand the recent past. When the World Bank was founded in 1944 there was no mention of education or any other social policy in its mandate. Its primary concern was the reconstruction of post-war Europe. It was several years before it even considered its first education loan and many more before it became a key factor in the sector. When the World Bank first cautiously entered the education sector in 1962, investment was limited to training the skilled professionals, such as engineers and technicians, necessary for a borrower country to build, maintain, and run the infrastructure the World Bank regarded as essential to development and was funding (Jones 1992). Such „manpower planning" directed Bank investments to technical, vocational and higher education to the detriment of other forms of education. In fact, the lending programme prohibited assistance to faculties of pure science and of the humanities (Heyneman 2003, p. 317). Investments were also focused on capital improvements, such as schools, laboratories and workshops. Neither the Bank nor borrower countries were interested in loans for recurrent costs such as teachers' salaries. Education was a 'soft' sector, seen as having a limited role in economic development and poverty alleviation. It was only in the 1970s that this was to change, and attention turned to education as an effective means of reducing poverty.

1990 – 2000

1990 is an apt point of departure for our analysis as it marked the acceleration of change from the policy adopted in the previous two decades. During the 1980s and 1990s the World Bank expanded its financing of education radically, changed the form of those commitments, and evolved a clearer rationale for making them (Mundy 2002, p. 483). Bank education lending doubled between 1985–89 and 1990–94. By the early 1990s the World Bank had emerged as the leading external source of finance for education in developing countries, with annual commitments averaging around $2 billion (Burnett 1996, p. 215). It had also moved away from the use of manpower planning as a means of justifying investments in education, allowing for involvement in a far broader range of education sectors (Heyneman 2003, p. 317). This has also been described as a period in which the Bank moved decisively away from a 'bricks and mortar' approach to educational investment and made an ambitious effort to place education sector reform and effective educational management at the core of lending activities (Mundy 2002, p. 493).

Investment in primary education was ignored in the early years of the Bank and it took several decades of research, evidence and internal debate for Bank policy and lending to change. This shift was confirmed in 1990 when the World Bank joined UNESCO and UNICEF in sponsoring the World Conference on Education for All. The heads of several international organizations, aid agencies, and leaders of 155 countries, came together in Jomtien, Thailand, to declare their commitment to universal primary education, launching the Education for All (EFA) initiative. The Bank's participation was by no means assured and it was made possible in large part by a section of the institution's staff who mobilized politically seeing the conference as an opportunity to create an important external legitimacy for the Bank's education work (Chabbott 2003). World Bank investment in primary education grew steadily with primary and pre-primary education lending rising to 36 percent of the Bank's education lending in 1990–1994 (Mundy 2002, p. 493). At the same time, a new model for educational reform and investments was being institutionalized across Bank programmes. Almost all of these came to include components of decentralization, cost-recovery, and the privatization of higher education.

General review of the education sector

By the mid-1990s education had grown to nearly 10 percent of the Bank's total lending portfolio, up from 4 percent in 1985 (Burnett 1996, p. 215). This led the World Bank's Board of Executive Directors to request a general review of education in 1995. This was „Priorities and Strategies for Education" (World Bank 1995) the Bank's first general review of the education sector for fifteen years. This report summarized a very different set of experiences and borrower needs from those that the Bank had faced in the past. This included how to support educational development across a much more diverse set of borrower countries, now including new borrowers from the former Soviet Union and Eastern and Central Europe. The report was produced comparatively quickly over eighteen months; including consultations with various governments, international organizations; and with the UNESCO „Commission on Education for the Twenty-First Century", chaired by Jacques Delors.

The review reinforced the priority of basic education, while suggesting that higher and vocational education and training was best left to private providers. Although many of the report's observations were informative and non-contentious, others met with criticism from partners outside the World Bank and triggered a substantive debate within the institution (Heyneman 2003, p. 329). This included debate on the effectiveness of loan conditionalities, especially in relation to privatization, and the need to break from a reliance on standardized solutions with a better understanding of local conditions and dynamics.

2000 – 2010

The new millennium brought with it a greater global focus on debt sustainability, country ownership of programmes, poverty alleviation and donor coordination. The UN Millennium Summit tried to exemplify this, when all 191 UN Member States and twenty-two international organizations, including the World Bank, backed the Millennium Development Goals (MDGs). These global goals provided a unified framework behind which the World Bank, IMF, UN and other aid agencies came together, including the subsequent MDG 2, on achieving universal primary education.

As the World Bank was redoubling its commitment to primary education, it was also revisiting its views on higher education and how it should be financed. World Bank support for the sector had tapered off in the mid-1980s in favour of investments in basic education. However, increased support for basic education from other donors and the renewed focus on competitiveness in the 2000s contributed

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to a re-evaluation of World Bank policy toward higher education. Given the mixed reception to „Strategies and Priorities for Education", a joint „Task Force on Higher Education and Society" was set up by the World Bank and UNESCO. The Task Force report (World Bank 2000) marked a historic turning point in the framework for post-secondary education of the World Bank, although critics of its policies remained (Goodman 2005). The use of human capital rates-of-return analysis was given less emphasis, while promotion of the public interest was given greater prominence. This allowed more World Bank support for higher education and by the time it was published, the framework advocated by the Task Force was already apparent in official policy documents (Post et al. 2004, p. 213).

2011 – 2020

The present decade has seen a new World Bank education strategy emerge, with high-quality research; and a global campaign to influence political decision making regarding investments in education. These developments illustrate fresh World Bank priorities for education – a greater focus on education systems, measuring and tracking inputs and performance to inform decision making and incentives, and a sharper focus on the quality of education.

The World Bank's current education strategy, summed up in „Learning for All: Investing in People's Knowledge and Skills to Promote Development" (World Bank 2011), has pioneered new areas for the World Bank. It redefined the „education system" to include learning wherever and whenever it occurs and can be organized – from early childhood education to adult literacy, and all those who provide education and training – public, private, charitable and non-profit (Heyneman 2012, p. 57). It commits the Bank to focusing on whole system reform and to enlarging its role as purveyor of policy knowledge and expertise. It also signalled a shift from a focus on school enrolment to quality of education. The emphasis on learning was based on the difficult realization that access to school does not necessarily result in learning outcomes. The Bank would no longer prioritize „access for all" but would instead focus on „learning for all" (Shafiq 2012).

Lifelong learning opportunities for all

Similar trends were seen in international education targets during this period. In 2015 the deadline for achieving the MDGs was reached. Significant progress had been made, including for education, but serious gaps remained. World leaders met again in New York and agreed a plan to build on the progress of the MDGs and guide development action for the next fifteen years. The resulting Sustainable Development Goals (SDGs) include an ambitious seventeen goals and 169 associated targets to be achieved by 2030. This includes SDG 4 that calls for access to quality education and lifelong learning opportunities for all.

The World Bank has published an annual flagship „World Development Report" (WDR) since 1978. This undergoes extensive internal and external review and is one of the key outputs of the Bank's Development Economics unit and is an important barometer of the institution's thinking. Although various editions have touched on education, the „WDR 2018 —Learning to Realize Education's Promise" (World Bank 2018), was the first to be devoted entirely to it. As did the World Bank's education strategy of seven years earlier, the report identified a global „learning crisis". Despite massive global gains in access to education, many children around the world were leaving school unequipped with even foundational literacy and numeracy skills, let alone the higher-order skills needed for the 21st century. The report offered three policy actions to address this: assess learning to make it a serious goal, act on evidence to make education benefit all learners, and align actors to make the whole system promote learning.

The Human Capital Index

The findings of the WDR underpinned the next major education initiative of the World Bank, the Human Capital Project (HCP). The HCP is an effort to help create the political space for national leaders to prioritize transformational human capital investments. The Bank leadership felt that the most effective tool to do this was a comparative ranking, like the controversial World Bank „Doing Business Report" that ranks countries on everything from taxation levels to contract enforcement. A Human Capital Index (HCI) was developed and released in 2018, ranking 157 countries according to health and the quantity and quality of education which a child born today can expect to achieve by the age of eighteen. The Index uses „learning adjusted school years", the first international measure to directly incorporate student learning into an overall index. The policy implications are potentially significant. By putting investments in human capital in financial terms, the HCP is aimed at Ministers of Finance – the World Bank's government counterparts, with the intention of incentivizing countries to invest more in their human capital. This approach is not without its critics. Some advocacy groups, development agencies, and academics voiced concerns about focusing on the economic argument that governments should invest in education simply because of its financial returns, rather than taking a rights-based approach.

The HCP was championed by Jim Yong Kim, the former global health official who was president of the Bank from 2012. It benefited from his strong personal backing which helped ensure it received the necessary internal support, resources and early acceptance from governments. Kim's early resignation in early 2019 drew the long-term support for the project into question, but the signals are that the HCP is continuing as a pillar of the Bank's current education programme.

Conclusion

The past thirty years have seen the World Bank establish its position as a global player in education policy and development. In 2018 it provided $4.5 billion to education programmes, technical assistance, and other projects designed to improve learning, the institution's highest level of education lending in a non-crisis year and the second highest ever (World Bank 2018). Some analysts question whether this trend should continue, an objection that comes from regular critics of the World Bank but is also based on sober analysis of the future of international development and the multilateral system (Ahluwalia 2016). Although it is very unlikely that the World Bank will withdraw from its important role in education, the future is likely to see further changes to the World Bank's approach to the sector, driven both by forces within the institution itself and by the larger international trends and aspirations of the people it aims to serve.

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