THE WORLD BANK, THE INTERNATIONAL FINANCE CORPORATION, AND PRIVATE SECTOR PARTICIPATION IN BASIC EDUCATION: EXAMINING THE *EDUCATION SECTOR STRATEGY 2020*☆

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ABSTRACT

The World Bank's new Education Sector Strategy 2020 (2011) points to an important role for private actors in the development of high-quality, high-equity education systems that effectively address poverty alleviation in low and middle-income countries. This chapter asks whether this emphasis on private participation is new, focusing in particular on Bank policies, research, and operations in K-12 education. It also explores some

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surprising disjunctures between the World Bank Group's official policies promoting privatization and its operational practices. To do so, the chapter draws on a separate research project for which we completed a review of the Bank's current portfolio of projects in K-12 education and a series of interviews with World Bank staff. We also look at the expansion of Bank activities beyond its traditional arms – the International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA) lending facilities – by including a brief a review of the educational activities of the International Finance Corporation (IFC), which directly supports the private sector in education.

INTRODUCTION

The World Bank Group[1] is the largest external provider of funds and expertise to education in the world. With approximately 5 billion US dollars in loans, credit, and grants to low- and middle-income countries in FY10, the Bank's education sector operations and research include varied issues such as early childhood education, teacher training and accountability, adult education and literacy, gender equity, and HIV/AIDS education programs, to name a few (Jones, 2007; Mundy, 2002; World Bank, 2011).

The Bank's central mandate is to increase the social and economic development of the world's poorest countries and populations. It does so directly, via the provision of financial resources, advice, research, and training, and indirectly, by acting as a leader in international poverty alleviation initiatives, coordinating various multi-donor activities and trust funds, and by helping to develop poverty reduction strategies at the country level (Jones, 2007; Marshall, 2008; Weaver, 2008). Apart from a few regional and thematic initiatives, almost all lending operations are conducted via country governments.

The Bank's new *Education Sector Strategy 2020* (2011) points to an important role for private actors in the development of high-quality, high-equity education systems that effectively address poverty alleviation in low- and middle-income countries. This chapter asks whether this emphasis on private participation is new, focusing in particular on Bank policies, research, and operations in K-12 education. It also explores some surprising disjunctures between the World Bank Group's official policies promoting privatization and its operational practices. To do so, the chapter draws on a separate research project for which we completed a review of the Bank's current portfolio of projects in K-12 education and a series of interviews with World Bank staff.[2] We also look at the expansion of Bank activities beyond its traditional arms – the International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA) lending facilities – by including a brief a review of the educational activities of the International Finance Corporation (IFC), which directly supports the private sector in education (IFC, 2001, 2009).

BACKGROUND: THE EVOLUTION OF BANK SUPPORT FOR PRIVATE ENGAGEMENT IN EDUCATION

Since the 1980s, the World Bank has held a strong interest in strengthening the private sector of developing nations. While the two main arms of the World Bank (IBRD and IDA) do not work directly with the private sector, scholars have argued forcefully that the Bank's work in the 1980s era of structural adjustment was shaped by "interlocking conditionalities" between Bank lending operations and the policies and prescriptions of the IMF. Together, the two institutions pushed governments to reduce expenditures and increase private sector involvement in the provision and financing of traditionally public sector activities (Mehrotra & Delamonica, 2005; Miller-Adams, 1999). During the 1980s, and well into the 1990s, the Bank remained responsive to pressure from the US government to expand its focus on the private sector and development, establishing a Private Sector Development Review Group in the late 1980s. This group designed and released the Private Sector Development Strategy in 2002, which endorsed the expansion of bank support for privately provided educational and other basic services (Alexander, 2001, p. 287; Kessler, 2003).

However, in education, the nature of Bank support for private sector roles shifted considerably between 1980 and 2000. In the 1980s, in the context of structural adjustment policies, the Bank focused on parental participation in the funding of schooling and on cost-recovery measures that could shift public finance from higher to lower levels of educational systems. This became what has been termed the Bank's "Edlib" era (Colclough, 2000), where the Bank argued for the inclusion of market mechanisms in schooling at all levels, and comfortably promoted the raising of resources through fees, in order to "improve economic efficiency as well as raise revenue" (World Bank, 1988a, 1988b, p. 131).

The most controversial aspect of the Edlib era was the Bank's approach to school fees or the private financing of education (Vavrus & Kwauk, 2011). Such fees were largely framed by the Bank as unfortunately necessary, because the State was seen as unable to meet demand. As late as the 1995 education sector policy paper *Priorities and Strategies in Education*, private, fee-charging K-12 schools were portrayed as freeing up resources for poor students, by diverting rich students away from the public sector (p. 54). Charging fees was also presented in many World Bank policy documents as inherently desirable because parental contributions increase their stake in schools and accountability (Hinchliffe, 1993). Specifically, the Bank advocated what it termed "community participation," by which it meant raising resources for schools from families. As described in the *World Development Report* of 1988: "In education … fees induce students, their parents, and administrators to scrutinize costs" (p. 136). Much of the emphasis on fee charging and private education during the 1980s and 1990s was in fact not on primary education but on higher education, where it was believed that private participation was crucial for innovation and could allow for more government funding to target basic education (Samoff & Carrol, 2004).

In the 1990s, the Bank gradually shifted its education policy emphasis from a focus on fees (private financing) to the potential of private delivery (private provision) to improve the efficiency of K-12 educational systems. In its 1986 *Financing Education in Developing Countries: An Exploration of Policy Options*, the Bank argues that "easing restrictions on private and community school operations, as well as channelling subsidies through parents and students, increases competition among schools. In turn, competition is argued to increase the numbers of educational services, lower costs, and give parents or students a wider choice of schools. Increased competition within the system means higher efficiency through greater managerial accountability" (p. 36). The role of choice and competition in improving quality of services was taken up even more forcefully in the Bank's 1995 policy paper *Priorities and Strategies in Education*, where these terms appear frequently (p. 122). In addition to arguing for increased roles for private actors in textbook production and school-level governance, the 1995 strategy argued strongly for the value of publicly financed but privately managed institutions, through vouchers or other forms of subsidy, and linked private provision to greater school autonomy and accountability for learning (p. 13).

The Bank's formal emphasis on private provision remained relatively stable in its policy documents and research products after the 1995 paper, despite the Wolfensohn presidency of the World Bank (1995–2005) during which the Bank became increasingly supportive of the rapid expansion of free primary education and the abolition of school fees (Chabbott, 2003; Jones, 2007; Vavrus & Kwauk, 2011; World Bank, 1999; World Bank & UNESCO, 2006). The Bank's 1999 *Education Sector Strategy*, for example, describes changing public/private roles as one of five key ''drivers of change'' (p. 2) in education and first used the term ''partnering'' to describe solutions that create more diversity and completion in K-12 education. It identified as viable partners ''not-for-profit groups, community-level organizations, and corporations with public commitments'' (p. 18). The 2005 *Education Sector Strategy Update* summed up the Bank's position on private participation in education as follows:

> Public provision of good-quality primary education at no cost to parents or children is the cornerstone for achieving the Millennium Development Goals, but there is room and need – in low- and middle-income countries alike – to promote increased private participation in education. (p. 34)

Alongside these sector strategies, over the past decade, the Bank has released a series of knowledge products – published by the World Bank press and authored by staff – which are evidence that a good deal of Bank intellectual resources have been channeled into private sector engagement in education. Such knowledge products published since 2000 include *Trends in Private Sector Development in World Bank Education Projects* (Sosale, 2000), *Enhancing Accountability in Schools: What can Choice and Contracting Contribute* (Patrinos & Laroque, 2007), *Public-Private Partnerships: Contracting Education in Latin America* (Patrinos, 2006), *Mobilizing the Private Sector for Public Education: A View from the Trenches* (Patrinos & Sosale, 2007), *The Role and Impact of Public-Private Partnerships in Education* (Patrinos, Barrera-Osorio, & Guaqueta, 2009), and *Emerging Evidence on Vouchers and Faith-Based Providers in Education* (Barrera-Osorio, Patrinos, & Wodon, 2009). The Bank's knowledge mobilization efforts have also included a series of biannual conferences on public-private partnerships (PPPs) in education. More recently, the Bank has sponsored new work on the role of private provision in expanding secondary education, particularly in Africa (Verspoor, 2008).

Several authors have noted how these knowledge products have promoted an expanded role for the private sector in education, for example, by invoking evidence of inherent problems with public schools; providing evidence that is biased toward cases where private provision can be shown to have improved education outcomes on standardized tests; and neglecting counterfactual evidence of positive outcomes from publicly provided services (Menashy, 2011; Verger, 2011). For instance, the widely disseminated report by Patrinos et al., *The Role and Impact of Public-Private Partnerships in Education*, proposes that "The private sector can compete for students with the public sector. In turn, the public sector has an incentive to react to this competition by increasing the quality of education that it provides ..." and goes on to argue that PPPs are "likely to increase efficiency in the delivery of services" (2009, p. 4). Even the Bank's claims that the private sector is expanding rapidly in the K-12 education space can be disputed (since there is significant evidence that in many countries, such as Brazil, the ratio of public to private provision is moving in the opposite direction, while in others, it has remained static for decades). In these documents, the Bank can be described as playing the role not of policy analyst, but of policy advocate.

Finally, it is worth noting one discernable rhetorical shift in the Bank's official policies for private participation in education since 2000, centering on increased use of the terms "partnering" and "partnership" (as opposed to the early use of the terminology of choice and competition). For instance, while the 1995 *Priorities and Strategies* only contained 4 instances of "partner" or "partnership," in the 1999 Strategy, the use of "partner" rose to 86 times, including a full chapter dedicated to "Partnering: A World of Opportunities." The 2005 *Update* continued this rhetorical trend with 98 instances of the term "partner," "partnering," or "partnership." Defined by the Bank as a means of joining together the public and private sectors so as to complement each sector's strengths in educational provision, the concept of partnership engenders a softer tone than that of privatization, allowing the greater emphasis on collaboration, not competition, and implying that private and public actors have shared values and goals (Draxler, forthcoming, 2012).

PRIVATE SECTOR PARTICIPATION IN THE *EDUCATION SECTOR STRATEGY 2020*

The current *Education Sector Strategy 2020* (2011) replaces the Bank's 1999 *Education Sector Strategy* and its 2005 *Education Sector Strategy Update* as the premiere statement of the Bank's approach to aiding education in low- and middle-income countries. The new strategy trumpets two central shifts in the Bank's approach to education: a new focus on the achievement of learning for all and an emphasis on the Bank's central role in strengthening education systems. Presented as a novel departure for its education activities, the Bank's new systems approach includes a commitment to expanding the Bank's work on private participation in education.

To justify this expansion, early on, the new strategy points to the positive impact of private actors in education, noting that the past decade has seen "great educational advances" in access, and that "[g]overnments, civil society organizations, communities, and private enterprises have contributed to this progress" (2011, p. 2). The Bank also presents the growth of the private sector as "sparked by the limited ability of many governments to meet growing demand" (p. 24) and carefully documents the growth of private sector provision and the mounting diversity of providers in many educational systems. It notes that "nonstate provision of education services at all levels has increased dramatically across the world" (pp. 34–35). Furthermore,

> Although it is often assumed that the private sector serves mainly students who can afford to pay, private entities are important providers of education services to even the poorest communities, especially in areas that governments do not reach. In many countries, governments subsidize or contract nonstate organizations to provide education but cover much of the cost. (p. 35)

Building on its analyses of a growing role for private participation, the strategy then argues that the Bank has been too tightly focused on "formal schools that are funded and/or operated by governments," ignoring the significant learning opportunities in the nonstate sector. It calls for "a system approach [that] can broaden the potential agenda for action in education policy, enabling governments to take advantage of a greater number of service providers and delivery channels" (p. 34). Thus,

> At the country level, the Bank Group will focus on supporting reforms of education systems … In this strategy, "education system" includes the full range of learning opportunities available in a country, whether they are provided or financed by the public or private sector (including religious, nonprofit, and for-profit organizations). It includes formal and nonformal programs, plus the full range of beneficiaries of and stakeholders in these programs – teachers, trainers, administrators, employees, students and their families, and employers. It also includes the rules, policies, and accountability mechanisms that bind an education system together, as well as the resources and financing mechanisms that sustain it. *This more inclusive concept of the education system allows the Bank Group and its partner countries to seize opportunities and address barriers that lie outside the bounds of the system as it is traditionally defined.* (p. 5, emphasis ours)

As a first plank in its new focus on education systems, the Bank promises to use its lending to help governments to carry out results-oriented, country-level system reform. The second plank in its systems approach is a commitment to building a more robust knowledge base for education systems reform. In both dimensions, there is significant attention to private participation. We are told, for example, that "better information about the private education market can help policy makers assess supply shortages and financing deficits, design appropriate expansion plans, and inform reforms of secondary or higher education levels where there are typically more private providers," and thus that the Bank is committed to "the expansion of the knowledge base through data collection, impact evaluation and the development of a system assessment and benchmarking tool for the private education policy framework" (p. 42). Private provision of education is still identified as one of seven core policy domains for Bank supported efforts to reform educational systems (p. 61); as a focal area for the development of SABER tools (System Assessment and Benchmarking for Education Results) (p. 73); and "leveraging the private sector" is also named as one of four focal areas for Bank funded impact evaluations. The strategy refers to programs involving private provision as examples to demonstrate how lending operations can become more results and innovation oriented. As well, there is a cautious nod to projects that utilize performance based contracting out to private providers.[3]

Despite claims to novelty, key tenets from previous World Bank thinking on the private sector are amply present in this document. First, the Bank argues that private providers are key to meeting system expansion needs (p. 42). Second, it emphasizes the role that private providers play in meeting the needs of the poor (p. 35). Third, it returns repeatedly to vouchers and scholarships for use at private institutions as preferred "demand side" interventions that produce higher levels of schooling for the most marginal populations. Thus, "vouchers that enable poor students to attend private educational institutions have been especially advantageous for raising girls' educational enrolment in rural areas" (p. 17). However, in this document, vouchers are primarily presented as a way of tackling major gaps in accountability in educational systems. Thus the strategy notes, "One aspect of this is the importance of greater autonomy at the provider level; together with competition for resources (e.g., through the use of performance incentives or vouchers), this autonomy can generate strong provider motivation to improve service delivery" (p. 29).

Nonetheless, this document shifts the Bank's framing of private provision in several ways. First, it gives new emphasis to governmental roles in regulating the quality of private education providers. Thus,

> Recognizing the value of private sector involvement does not mean abdicating government responsibility: governments typically have to pro-vide appropriate regulation and oversight to ensure the quality and relevance of privately provided services, as well as access for disadvantaged students. (p. 35)

The strategy also softens several aspects of the Bank's rhetorical advocacy for private provision, as compared both to earlier education strategies and to recent World Bank publications on public-private partnerships (Patrinos et al., 2009). Thus, the document generally avoids using the language of the market. References to the role of "competition" and parental "choice" in enhancing learning outcomes are virtually absent from the document (apart from the one short reference, mentioned above). The *ESS 2020* uses the term "nonstate actors" more frequently than earlier strategies and continues to elide nonprofit, religious organizations together with for-profit providers and employs the language of partnership.[4] Examples of areas where private participation is required are focused on private provision at secondary and postsecondary levels, not on the more controversial elementary level.

Most surprisingly, this strategy makes no strong claims made about the superiority of learning outcomes derived from private (rather than state) provision in K-12 education. Though private provision is (as noted above) framed as one of several mechanisms through which school-level autonomy and accountability might be expected to enhance learning, no evidence or strong statements about this advantage is included in the final strategy. Such arguments – made forcefully in the Patrinos et al.'s (2009) report and in previous sector strategies – are now only to be found in the draft background documents being prepared for the benchmarking and systems analyses tools being developed as part of the Bank's SABER initiative. Although the SABER Scale and Framework for engaging the private sector are intended to act as diagnostic tools to assist governments to better regulate private sector provision, they explicitly frame the Bank as an advocate for the expansion of private provision. Thus, the SABER scale presents a graduated framework for "maturity" in governmental approaches to private participation, treating as most evolved those systems that "reflect international best practice, or full engagement with the private sector" by way of liberalized markets for the entry of private providers (Lewis & Patrinos, 2011; World Bank, n/d). The SABER Private Sector Scale argues that "the private sector when engaged properly provides governments with an effective means to increase education quality and equity" and treats as a given the need for competitive markets in education.

To summarize, the *ESS 2020* pays considerable attention to the private sector in education, where nonstate actors are inextricably involved in the

Bank's education systems approach. The Bank claims to have broadened its definition of this system in an effort to include the private – a group of actors ranging from nonprofit, for-profit, faith-based to community organizations – who serve various functions. The private sector is argued by the Bank to have the potential to contribute to equity via increasing the inclusion of the poor and marginalized groups and increases in accountability, but is more cautious than in the past about arguing that private provision enhances educational quality. The *ESS 2020* is by no means the first education policy document by the World Bank that emphasizes the private sector's role in education: a simple word count suggests that the Bank's attention to private provision has been remarkably consistent over its last four education sector policies.[5] Yet, among the major changes in this strategy are a clear decision to soften direct advocacy for the expansion of private provision and a downgrading of references to the importance of competitive markets in education.

ENTER THE INTERNATIONAL FINANCE CORPORATION

> Within the Bank Group, the World Bank and IFC will work together to improve knowledge about the private sector's role in education and to help countries create policy environments and regulatory structures that align the private sector's efforts with national education goals. (World Bank, 2011, p. 9)

> The main focus of the IFC's education strategy is to: finance larger network providers, who have the ability to invest across borders and go down-market to reach poorer populations … [and to] provide financing for education to small and medium enterprises, which typically target poor populations …. (World Bank, 2011, p. 50)

In the *ESS 2020*, the work of the International Financial Corporation is presented as a central component of the Bank's overall strategy for achieving "learning for all." While the idea of enhancing the role of the IFC in education is not new to the Bank, a striking shift in the treatment of the IFC occurred during the drafting of the *ESS 2020*. This, as well as controversial claims about the IFC's contribution to the poverty mandate of the Bank's work in education, warrants further examination.

Formed in 1956, the IFC is the private sector financing arm of the World Bank Group. It has the task, distinct from the World Bank's other four branches, of supporting the private sector in emerging markets. IFC education sector activities have grown substantially from a few small initial projects in the mid-1990s to the adoption of education as one of the organization's five ''strategic pillars'' in 2004. Today, the IFC describes itself as the world's ''largest multilateral investor in private health care and education in developing countries'' (IFC, 2010, p. 23). IFC investments in education are varied, but can be subdivided into two main groupings: at the postsecondary level, the IFC provides direct financing for institutions, holds equity in individual companies, and also supports student loan facilities. In K-12 education, the IFC invests directly in private schools and school franchises and provides credit guarantees to local banks to encourage them to provide financing to private schools.[6] As of March 2011, the IFC reported cumulative investments of over $500 million to 63 education projects in 31 countries, with a total project value of $1.5 billion (IFC, 2011b).

Inclusion of the IFC was not initially a prominent feature of the Bank's *ESS 2020*: the December 2010 consultation draft of the strategy contained only 5 mentions of the IFC (World Bank, 2010). Attention to the IFC only came after direction from the most senior levels of Bank management: its Board of Directors and President (Interview #8, World Bank; Interview #1, IFC). From the perspective of the IFC, its inclusion in the sector strategy is beneficial, for it demonstrates Presidential approval for increasing collaborative operations between the two education departments: ''The new education sector strategy gives us a lot of impetus by saying, look, it's now in the strategy, so now we have a strong impetus to get involved in things. So [Bank President] Zoellick and folks say we need to work more closely together'' (Interview #1, IFC).

Only the final document (with 18 IFC mentions) promises to accelerate the complementarity between IBRD/IDA and IFC activities, bringing *ESS 2020* into line with pledges made in earlier Bank education sector strategies, which recognized ''the growing understanding of the actual and potential roles of private sector involvement in education'' and argued that ''IFC support for private investment in education can complement the Bank's aim of having public monies targeted more on helping the poor gain access to quality basic education'' (1999, p. 19).

Despite these claims, collaboration between the World Bank and the IFC over the past decade has been extremely uneven (Mundy & Menashy, 2011). On the one hand, there has been an active effort to develop a common ''community of practice'' between the two organizations since 1999. World Bank staff played an important role in framing and conceptualizing IFC work, the drafting the IFC's first education strategy, and preparation of the 2001 *Handbook on Public Private Partnerships* (EdInvest/IFC, 2001). After 2000, staff from the IFC and key figures in the

Economics of Education group in the World Bank launched biannual conferences on PPPs in education and the established the EdInvest web site (World Bank, 1999, p. 35). Subsequent joint activities included the publication of "The evolving regulatory context for private education in emerging economies" (Fielden & LaRoque, 2008; World Bank, 2009); a recent impact evaluation of the Africa Schools initiative in Kenya (Barrera-Osorio & Zable, 2011); and a new program on technical vocational education in the Middle East (IFC, 2011a; World Bank, 2011). Convergence of beliefs about the value and role of the private sector in education were reflected in routine references to IFC projects in Bank education publications promoting public-private partnerships (Patrinos et al., 2009, p. 58; World Bank, 2009, p. 8; World Bank & IMF, 2009, p. 103).

In practice, very little formal engagement has occurred at the country or regional levels between the IFC and the World Bank (Mundy & Menashy, 2011). Collaboration with the IFC is absent in virtually all World Bank education sector projects and could be described (in the words of one staffer) as still at a "very nascent stage" (Interview #8, World Bank). Although a conceptual division of labor was agreed between the IFC and the World Bank – with the IFC financing private providers and student loan schemes and the World Bank conducting policy research on private provision and assisting governments to improve the regulatory and legal environment for private sector delivery of educational services – this dovetailing of activities has not occurred (IFC, 2001, p. 8). One IFC staff described the IFC/Bank relationship at the country level in these terms: "Integrated certainly not. Coordinated only as required" (Interview #1, IFC).

While there are a variety of reasons for this lack of collaboration, certainly high among them is the lack of common procedural framework for tackling issues of poverty in education. The IFC is focused on investments in private sector ventures that are substantial in size and already scaled, through which it can make a commercial return on its investments. Unlike the Bank, its entry point is not the government, and beyond removal of regulatory barriers, it has limited interest in shifting government policies or overall educational systems to address a poverty agenda. Although the IFC claims that its education sector activities reach the bottom billion, an analysis of its education sector portfolio belies this claim. Geographically, IFC investments are increasingly concentrated on middle-income and higher-income countries. In K-12 education, the IFC primarily supports elite private schools; even its much touted Africa schools program (which provides equity finance for loans to low fee private schools) typically supports schools with average fees per term of $284 (elementary) and $275 (secondary) in Kenya (Barrera-Osorio & Zable, 2011, p. 10). IFC investments in higher education institutions and student loans appear to do somewhat better in supporting expanded educational opportunities for the poorest students. However, the organization does not formally track the distributional outcomes of these investments or monitor the economic impact on families and individuals of the educational loans offered by its partners (IEG, 2011b).

Collaboration between the IFC and the World Bank appears to have been pushed both by senior Bank management and by an epistemic community within the Bank. However, the absence of programmatic (country level) collaboration after 10 years of commitment to building this relationship, the neglect of IFC in early drafts of the new sector strategy, and the absence of a deep real poverty mandate in the IFC's education initiatives each raise questions about the purpose and likely contributions of the IFC to objectives of the World Bank Bank Group's new education sector strategy.

A POLICY/PRACTICE DIVIDE IN BANK COMMITMENTS TO ENGAGING THE PRIVATE SECTOR?

One further puzzling feature of the new *ESS 2020* arises from the observation that despite almost two decades of policy pronouncements on the value of private provision of K-12 education, only a small fraction of the World Bank's operations in education include components to support the expansion of private provision.

More than a decade ago, a World Bank study found that roughly 15% of IBRD and IDA projects in education (all levels) during the period 1995–1997 contained notable private sector components (11 out of 70 projects) (Sosale, 2000). A 2004 report on Bank activities in East Asia and Pacific (2004, p. 1) showing a similar absence of private sector components concludes that there is "a disconnect between analytical work (and policy advice) and lending operations" (p. 19). More recently, the Bank's Independent Evaluation Group's review of the Bank's portfolio concludes that despite a slight increase, fewer than 25% of all Bank operations had a component supporting private sector provision (IEG, 2011a, p. x, 91).

Our own review of the Bank's K-12 projects corroborates this trend: objectives to enhance private sector involvement in K-12 education appeared in only 7 of 43 projects approved in fiscal years 2008, 2009, and 2010. Furthermore, while many project documents provide an overview of the respective country's private education sector, very few go on to depict any engagement on the part of the Bank with these nonstate actors, nor do they indicate that the Bank will advise national governments on fostering a stronger relationship or regulatory framework for engaging private providers. Most World Bank interventions in support of private sector provision in K-12 education occur in countries where there is a significant historically grant-aided private sector that predates Bank support. However, for many country contexts with a large private sector in K-12 education, recent Bank projects have no objective or component focusing on private provision or the engagement of the private sector.

Interviews with Bank staff suggest two possible reasons for this palpable "disconnect" between the Bank's policies and analytic work and its project activities. First is the simple fact that the World Bank's lending arms can only work directly with governments: if the government does not wish to strengthen private participation, the Bank cannot force such a policy measure. As described by one World Bank staff member, "We engage with the government, we don't engage with the private sector … It's very difficult to engage the private sector in an operation" (Interview #5, World Bank). And as echoed by another staffer, "We cannot, much as this may be a surprise to the people on the outside, especially our NGO critics, we cannot push a loan down anyone's throat" (Interview #7, World Bank).

A second reason may be that a subset of Bank staff remains skeptical about private provision – raising both equity concerns and the fact that it is the public school sector that will do the heavy lifting when it comes to the poor (Interview #10, World Bank; Interview #11, World Bank; Interview #21, World Bank). There is a concern among this subset of staff that the Bank has overstepped its advocacy for private provision as a panacea for poverty-focused education reform.

CONCLUSION

Over the past two decades, as made clear in its policy papers and sector strategies, there has been an evident push on the part of the Bank to provide an understanding of the role that the private sector can play to improve public education systems. In reference to private providers, previous policy papers have all cited the efficiency and quality benefits of choice and competition, the equity benefits of voucher schemes, increasing community involvement, and the notion of the private as a partner. It is clear that at the level of policy, the Bank has advocated an increasing engagement with the private sector, and in support of this, a strengthened relationship with the IFC.

The new *ESS 2020* suggests both continuity and divergence from previous Bank approaches to the private sector, particularly in K-12 education. It takes a softer rhetorical approach, arguing that the world-wide growth of private provision justifies greater World Bank attention; avoiding the language of markets and competition; and focusing on private participation at higher secondary and tertiary levels. Although still quite present in such background documents as the SABER tools for private sector engagement, the Bank's official advocacy of private provision has become more muted.

Furthermore, we have suggested that the Bank's rhetorical advocacy of private participation in education, including its emphasis on an enhanced role for the IFC in education, contrasts quite remarkably to the limited engagement with private provision in its operational practices. Surprisingly few Bank operations contain private sector participation as an objective or component, nor have its projects with strong components of private provision provided conclusive evidence of superior learning outcomes. Despite strong corporate pressures, collaboration between the IFC and the World Bank has not moved beyond the rhetorical, and there are reasons to be highly skeptical about the poverty focus of IFC educational initiatives and their ability to enhance opportunities for the "bottom billion."

Over the past two decades, the World Bank's policies have arguably overrated and oversold the contribution that private participation can make to equity in education (Hinchliffe, 1993; Klees, 2008; Verger, 2011; Verger & Bonal, forthcoming, 2012). Yet, few observers or critics have commented on the significant and surprising disjunctures between Bank advocacy for expanded private provision and its limited ability to translate this advocacy into its operational practices. The Bank does not appear to be able to harness its own private sector arm to achieve poverty alleviation – a worrying commentary on its broader promotion of private participation. In addition, a significant gulf has emerged between its policy promotion activities and its operational activities in the area of advancing private participation – another cautionary trend, suggestive of resistance from both governments and some of its own staff. Given such trends, we may well question whether the Bank is really capable of providing what is promised in the new *ESS 2020*: an objective knowledge base and an equity and results-oriented program of country-level support on the issue of private sector engagement in education.

NOTES

1. The World Bank Group consists of five branches. Its lending arms are the International Bank for Reconstruction and Development (IBRD) – which lends to middle-income nations and creditworthy less-developed countries – and the International Development Association (IDA) – which focuses on the poorest nations, providing them with essentially interest-free loans. The IBRD, IDA, and IFC have educational programs. The other two branches are the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for the Settlement of Investment Disputes (ICSID), neither of which deals directly in education.

2. This chapter draws on a research study conducted for the Open Society Institute's Private Education Research Initiative, which will be published in a forthcoming report. As part of this research, 25 interviews were conducted: 19 current World Bank staff, 2 retired World Bank staff, 3 current IFC staff, 1 retired IFC/World Bank staff. Interviews took place between April and June 2011, and all but two interviewees were located in Washington, DC. A portfolio analysis was conducted based on the 43 World Bank K-12 education projects for which complete Project Appraisal Documents were available in the period 2008–2010. An analysis of the IFC's complete education portfolio was conducted, based on data provided by IFC staff to authors in May, 2011.

3. Among the operations with private sector components highlighted in the study are the Punjab Foundation Assisted Schools Program, which is described as providing a performance-based subsidy to low-cost private schools, which has enhanced enrollment and school inputs (p. 69); an output-based subsidy program for semipublic and private higher secondary schools in Vietnam to increase access of the poor (p. 66); and two technical vocational projects (including an IFC initiative supporting private technical vocational education in the Middle East).

4. Where the 1999 Strategy did not contain the term "nonstate" and the 2005 Update only utilized it one time, the ESS 2020 contains 11 references.

5. As a simple illustration of this consistency, the term "private" is used in the 1999 document 80 times, in the 2005 Update 109 times, and in the 2011 Strategy 81 times.

6. The IFC also provides technical assistance to governments interested in piloting infrastructure PPPs in education and supports private education providers with advice and training related to marketing, planning, and business development.

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