Role of International Monetary Fund (IMF) and world bank in the education of developing nations

Ndum, Victor Etim[1]; Utam, Edward Unimke[2], Henshaw, Vera Ene[3]
Institute of Public Policy and Administration, University of Calabar, Nigeria

Corresponding author: [1]vikd4@yahoo.com

Abstract
The International Monetary Fund (IMF) and the World Bank work to foster international monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world. Created in 1944, the IMF/World Bank is governed by and accountable to the 188 countries that make up its near-global membership. The IMF/World Bank are among the most heavily criticized international financial institutions in the world and have been accused of having negative and positive effects on education. This paper argues that IMF/World Bank, although fantastically adorned, philosophically enviable, are at the long run monstrously damaging frameworks designed by the so called developed world and meted on the developing nations. Their role in the education of the developing nations is examined. It was recommended amongst others that IMF/World Bank should resort into more proactive and sincere approach in undertaking their initiatives of lending, offering policy advice, and capacity building. This should be done without bias or intention to exploit and keep developing countries in a perpetual state of impoverishment and dependency.

Keywords: International Monetary Fund, World Bank, Education, Developing Nations.

Introduction
The IMF, also known as the "Fund," was conceived at a United Nations conference convened in Bretton Woods, New Hampshire, United States, in July 1944. The World Bank, otherwise known as the International Bank for Reconstruction and Development (IBRD), was set up in 1946 –two years after the Bretton Woods conference, to promote economic recovery and development (Black, Hashimzade & Myles, 2019). The Bank was initially designed to help countries in Europe and Asia to reconstruct their war-battered economies. The IBRD has three loan facilities. Firstly, the IBRD's own loans are only available for public sector or government's guaranteed projects. Secondly, loans by the International Finance Corporation, an affiliate of the IBRD, are available to the private sector. Thirdly, the International Development Association (IDA), another affiliate of the IBRD, specializes in lending , on less stringent terms, to developing countries like Nigeria.

Following the Breton Wood's conference in 1946 the World Bank continued to increase its scientific knowledge and thus its confidence regarding educational problems, priorities and policy prescriptions in developing countries, including Nigeria. At the same time a very significant number of developing countries have been disadvantaged, owing to insufficient knowledge about what to do to develop their educational systems. Moreover, most of these developing countries were experiencing declining economic strength. Thus, they were forced to become more dependent on World Bank's technical, analytical, and financial supports. Unfortunately, this was happening without a corresponding local attempt to increase analytical capacity to generate empirical evidence evaluate national requirements in education. Created after World War II to help avoid Great Depression-like economic disasters, the World Bank and the IMF are the world's largest public lenders, with the Bank managing a total portfolio of $200 billion and the Fund supplying member governments with money to overcome short-term credit crunches.

When the IMF and the WB lend money to debtor countries, the money comes with strings attached. These strings come in the form of policy prescriptions called "structural adjustment policies." These policies—or SAPs, as they are sometimes called—require debtor governments to open their economies to penetration by foreign corporations, allowing access to the country's workers and environment at bargain basement prices. Structural adjustment policies mean across-the-board privatization of public utilities and publicly owned industries. They mean the slashing of government budgets, leading to cutbacks in spending on health care and education. They mean focusing resources on growing export crops for industrial countries rather than supporting family farms and growing food for local communities. And, as their imposition in country after country in Latin America, Africa, and Asia has shown, they lead to deeper inequality and environmental destruction (Global Exchange, 2011).

The International Monetary Fund (IMF) / World Bank provides loan to members in order to shorten the duration and lessen the disequilibrium in the members’ balance of payments. The resulting stability is expected to increase growth and per capita income. Since the Fund’s resources are limited, the standard loans have a maturity of 3 to 4 years and conditions are attached to them. Originally these conditions were general in the sense that they require the government to devalue the currency and to reduce government deficits. No directives were given with respect to the way the rulers had to reduce expenses or increase taxes. Conditions became more specific at the time an increasing number of less developed countries became borrowers from the Fund. The rulers in these countries cut expenses benefiting the poor, such as expenditure on education and health care, while at the same time other expenses, such as those for military equipment were not reduced. As a reaction Non Governmental Organizations (NGOs) criticized the IMF and plead for an exception of expenditures for sectors such as education and health care from the requirements to reduce the budget deficit.

As a reaction on this critique, in 1997 the IMF/World Bank has introduced guidelines on social expenditures. According to these guidelines “IMF/World Bank staff should continue to monitor developments in basic social indicators, such as poverty rates, infant mortality, life expectancy, illiteracy, school enrollment, and access to basic social services. In countries where such indicators are worsening or failing to improve in line with other developing countries, IMF staff should seek World Bank advice, and, if necessary, raise this issue with the authorities” (IMF, 2013). The Fund should also take these considerations into account when approving the letters of intent, which should promote educational spending and efficiency in the education sector in order to raise school enrollment rates.

Nevertheless, many NGO’s and academics, still consider the IMF conditions to be too harsh and to have too many negative effects. Fund programs have been called ‘antigrowth’, are said to force countries to lower government spending leading to lower public spending on education and health and are suspected to hurt the poor most (Action Aid, 2017). Moreover, the IMF has been accused of ‘doing too much’. That is, it not only focuses on its core activities (i.e. macroeconomic and exchange rate policies), but also more and more on structural policy in other areas such as corporate governance, trade policy, privatization, poverty reduction and the environment (Butkiewicz & Yanikkaya, 2015).

Among developing countries that are classified as "emerging markets," it is not surprising to see educational institutions that are world-class and which offer education that can rival that provided by wealthier nations around the world. These include such countries as Mexico, India, Brazil, Turkey, the Philippines, Egypt, South Africa, Malaysia, Thailand, much of South America and several of the Persian Gulf Arab States. Unfortunately, although world-class education is readily available, it is still beyond reach for a significant portion of the population of these countries. IMF/World Bank limit what countries can spend on education in many ways, either directly, through limits to teacher wage bills, or indirectly, by imposing tight limits on overall spending or setting inflation targets that make spending increases impossible. This paper examines the role of IMF/World Bank in the education of developing countries.

Conceptual framework

The 44 governments represented at that conference sought to build a framework for economic cooperation that would avoid a repetition of the vicious circle of competitive devaluations that had contributed to the Great Depression of the 1930s. (Garuda, 2010). The IMF and World Bank were both created at the end of World War II in a political climate that is very different from that of today. Nevertheless, their roles and modalities have been suitably updated to serve the interests of those that benefit from neoliberalism. The institutional structures of the IMF and World Bank were framed at an international conference in Bretton Woods, New Hampshire. Initially, the primary focus of the IMF was to regulate currency exchange rates to facilitate orderly international trade and to be a lender of last resort when a member country experiences balance of payments difficulties and is unable to borrow money from other sources. The original purpose of the World Bank was to lend money to Western European governments to help them rebuild their countries after the war. In later years, the World Bank shifted its attention towards development loans to third world countries.

Immediately after World War II, most western countries, including the US, had 'New Deal' style social contracts with sufficient welfare provisions to ensure 'stability' between labor and capital. It was understood that restrictions on international capital flow were necessary to protect these social contracts. The postwar 'Bretton Woods' economic system which lasted until the early seventies, was based on the right and obligation of governments to regulate capital flow and was characterized by rapid economic growth. In the early seventies, the Nixon administration unilaterally abandoned the Bretton Woods system by dropping the gold standard and lifting restrictions on capital flows. The ensuing period has been marked by dramatically increased financial speculation and low growth rates.

Although seemingly neutral institutions, in practice, the IMF and World Bank end up serving powerful interests of western countries. At both institutions, the voting power of a given country is not measured by, for example, population, but by how much capital that country contributes to the institutions and by other political factors reflecting the power the country wields in the world. The G7 plays a dominant role in determining policy, with the US, France, Germany, Japan and Great Britain each having their own director on the institution's executive board while 19 other directors are elected by the rest of the approximately 150 member countries. The president of the World Bank is traditionally an American citizen and is chosen with US congressional involvement. The managing director of the IMF is traditionally a European. On the IMF board of governors, comprised of treasury secretaries, the G7 have a combined voting power of 46%.

The power of the IMF becomes clear when a country gets into financial trouble and needs funds to make payments on private loans. Before the IMF grants a loan, it imposes conditions on that country, requiring it to make structural changes in its economy. These conditions are called 'Structural Adjustment Programs' (SAPs) and are designed to increase money flow into the country by promoting exports so that the country can pay off its debts. Not surprisingly, in view of the dominance of the G7 in IMF policy making, the SAPs are highly neoliberal. The effective power of the IMF is often larger than that associated with the size of its loans because private lenders often deem a country creditworthy based on actions of the IMF.

The World Bank plays a qualitatively different role than the IMF, but works tightly within the stringent SAP framework imposed by the IMF. It focuses on development loans for specific projects, such as the building of dams, roads, harbors etc that are considered necessary for ‘economic growth’ in a developing country. Since it is a multilateral institution, the World Bank is less likely than unilateral lending institutions such as the Export Import Bank of the US to offer loans for the purpose of promoting and subsidizing particular corporations. Nevertheless, the conceptions of growth and economic well being within the World Bank are very much molded by western corporate values and rarely take account of local cultural concerns. This is clearly exhibited by the modalities of its projects, such as the ‘Green Revolution’ in agriculture, heavily promoted in the third world by the World Bank in the sixties and seventies. The ‘Green Revolution’ refers to the massive industrialization of agriculture, involving the replacement of a multitude of indigenous crops with a few high-yielding varieties that require expensive investments of chemicals, fertilizers and machinery. In the third world, the ‘Green Revolution’ was often imposed on indigenous populations with reasonably sustainable and self-sufficient traditions of rural agriculture. The mechanization of food production in third world countries, which have a large surplus labor pool, has led to the marginalization of many people, disconnecting them from the economy and exacerbating wealth disparity in these countries. Furthermore, excessive chemical agriculture has led to soil desertification and erosion, increasing the occurrence of famines. While the ‘Green Revolution’ was a catastrophe for the poor in third world countries, western chemical corporations such as Monsanto, Dow and Dupont fared very well, cashing in high profits and increasing their control over food production in third world countries (Andrews, 2018).

Today, the World Bank is at it again. This time it is promoting the use of genetically modified seeds in the third world and works with governments to solidify patent laws which would grant biotech corporations like Monsanto unprecedented control over food production. The pattern is clear, whether deliberate or nor, the World Bank serves to set the stage for large trans-national corporations to enter third world countries, extract large profits and then leave with carnage in their wake. While the World Bank publicly emphasizes that it aims to alleviate poverty in the world, imperialistic attitudes occasionally emerge from its leading figures. In 1991, then chief economist Lawrence Summers (now US Secretary of the Treasury) wrote in an internal memo that was leaked: “Just between you and me, shouldn’t the World Bank be encouraging more migration of the dirty industries to the LDCs [less developed countries]? ... The economic logic behind dumping a load of toxic waste in the lowest wage country is impeccable, and we should face up to that ... Under-populated countries in Africa are vastly under-polluted; their air quality is probably vastly inefficiently low compared to Los Angeles or Mexico City” (Rowden, 2011).

The concern over an agent that causes a one-in-a-million chance in the odds of prostate cancer is obviously going to be much higher in a country where people survive to get prostate cancer than in a country where under-five mortality is 200 per thousand. And thistle thought that the World Bank tried to extend lives in developing countries, not take advantage of low life expectancy. How do countries get into financial troubles, the Debt Crisis? The most devastating program imposed by the IMF and the World Bank on third world countries are the Structural Adjustment Programs. The widespread use of SAPs started in the early eighties after a major debt crisis. The debt crisis arose from a combination of (i) reckless lending by western commercial banks to third world countries, (ii) mismanagement within third world countries and (iii) changes in the international economy (http://da-academy.org/imf_worldbank.pdf).

Quality education is supposed to lead to economic growth and help the poor to improve their life. Children’s educational participation is determined by the supply of education - both private and public - and the demand for education. The supply of public education is determined by governmental policies with regard to the provision of schools, teachers, and user fees. This provision depends upon the financial resources available. The demand for schooling is influenced by characteristics of the child's household and of the labor market. The labor market forms an alternative for schooling and thus can be regarded as an opportunity cost for school enrollment. In many developing countries children – in particular boys – end up in the same occupation as their parents (father). In these situations, work is regarded as 'learning by doing' and less value is attached to formal education, in particular secondary schooling. In order to study the effects of IMF/World Bank programs on school enrollment of children, we categorize the explanatory factors of school enrollment into three groups: measures aimed at stabilizing the economy, measures to enhance competition and the working of markets and measures which are directly aimed at the educational sector. We expect short-term programs –more aimed at stabilizing the economy-, to be less negative than long-term IMF/World bank programs, which also include measures to increase market competitiveness and measures aimed directly at the educational sector (Hardcastle, 2021).

IMF /World Bank and education in developing countries

IMF/World Bank is a replication of a monster in disguise. It is a truism that educational standard in developing nations has fallen drastically. This is partly the result of inadequate infrastructural facilities, lack of trained teachers, corrupt practices, etc making it impossible for the learner to have a conducive learning environment. As a result of these, we depend solely on aids from IMF and other donor agencies. What is pathetic in this situation is that IMF has gained entry into our educational system, giving us the impression that it is a form of assistance but in the contrary they end up exploiting us and dispossessing us of the little we have with us.

A member country (rich or poor) can turn to the IMF for financial assistance when it faces balance of payments problems and cannot find sufficient financing on affordable terms in the capital markets to make its international payments and maintain an appropriate level of reserves. The main objective of IMF loans is to help members to overcome the balance of payments problems, stabilize their economies and restore sustainable economic growth. Both the IMF and the government then agree on a program including policies which are aimed at achieving specific, quantified goals. To make sure member countries implement the specific programs, loans are provided periodically, conditional on the targets and goals met. The Fund offers several types of loans and conditions attached to them. The Standby Arrangement (SBA) is the standard IMF loan aimed at providing relieve for short-term balance of payments problems. The duration of a SBA is typically between 12 and 18 months and the loan should be repaid within 2,5 to 4 years. If the country is confronted with protracted balance of payments problems it can make use of the Extended Fund Facility (EFF). The typical duration of an EFF-loan is 3 years and the mount obtained should be repaid within 7 years maximum. The conditions attached to an EFF-loan are more severe than those of an SBA and are directed at structural reforms. For an SBA or EFF the country has to pay market-related interest rates and service charges plus a refundable commitment fee.

Beside these traditional loans the IMF provides concessional loans for low-income countries. Concessional lending services aimed at the long-term were at first provided by the Structural Adjustment Facility (ESAF), which was replaced in 1999 by the Poverty Reduction and Growth Facility (PRGF). Broad public participation and country ownership are central to the PRGF and are aimed at structurally adjusting the economy by reducing poverty, ensuring macroeconomic stability and adjusting fiscal targets to redirect spending more to the poor. Interest rates are 0.5% and repayments are scheduled after 5-10 years after a 5-year grace period.

A 2010 background paper prepared for the Education for All Global Monitoring Report 2011 examined the impact of the global economic crisis on national education financing and found that many low-income countries (LICs) responded to the crisis by increasing their fiscal deficits in 2009 but began implementing harsh deficit-reductions in 2010 and projected even sharper reductions in 2011, with 60 percent of all LICs and 75 percent of African LICs targeted to cut deficits in 2010-11. The report concluded it will be vital that fiscal space is reopened and indeed expanded considerably, especially by setting higher deficit targets in International Monetary Fund (IMF) programs if countries are to reach Education for All (EFA) goals (Kyrili and Martin 2010).

According to UNICEF, low pay is a key factor behind teaching staff absenteeism, informal user fees being charged and the brain drain of qualified teachers from the teaching profession. In past economic crises, pay levels for teachers and health workers have fallen in real terms, adversely impacting children in high-poverty areas. Similarly, during the current crisis, UNICEF has reported that initial evidence suggests that real pay levels are falling. Comparing salaries of primary teachers and nurses in over twenty countries revealed that in 2009 many were already near the poverty line. Further, a desk review of recent IMF reports reveals that most countries were being advised by the IMF to cap or cut public sector wage bills in 2009-11 (UNICEF 2015).

The 2011 EFA Global Monitoring Report also found that about 40 percent of low-income countries with available data had cut education spending in 2009, and the global economic crisis has led to major threats to EFA goals and education. Among the threats identified are: greater stress on household budgets may be pushing children out of school; studies indicate that an additional 350,000 students could fail to complete primary school as a result of the crisis, with most likely to come from poor households; teacher motivation may have suffered as a result of real salary declines; and increased poverty and malnutrition will undermine learning and participation in school (EFA GMR 2011). Most troubling of all, however, the 2011 EFA Global Monitoring Report found that, “Fiscal adjustment is set to become the dominant theme in public finance,” and that future fiscal consolidation could threaten progress in education.

Whatever the future direction of the global economy, it appears certain that prospects for reaching the Education for All goals in many of the world’s poorest countries will remain less favorable for the three years to 2015 than they have been over the past decade. The report correctly warns about the unnecessarily harsh consequences for adopting IMF-type budget austerity at the wrong time: “The danger is that slower economic growth and fiscal adjustment will become self-reinforcing, with reduced spending undermining economic recovery, which in turn would limit revenue collection” (EFA GMR 2011). Education advocates should be aware that there are alternatives to adopting budget austerity during economic crises. However, even before the global economic crisis struck in 2008, the controversial policies of the IMF had long been resulting in national budget austerity, cutbacks in education budgets, restrictions on increases to the public sector wage bills and teachers’ wages, increased use of contract teachers, and other adverse effects on education financing, teachers and the quality of education in many developing countries. The amount of annual aid for education offered by international donors is volatile from year to year and often inadequate for enabling countries to fully meet their education financing needs. The 2011 EFA Global Monitoring Report reminds education advocates that the EFA efforts around focusing so heavily on international aid sometimes deflects attention from the fact that government revenue is the main source of spending on education. Even in the poorest countries, the mobilization of domestic resources and decisions over the allocation of those resources through the national budget far outweigh development assistance in national budgets (EFA GMR 2011). The real questions for education advocates is why have the national budgets of so many countries remained so small and what has gone so wrong with the current development model that has undermined the ability of countries to more successfully increase their domestic tax bases? Education advocates must better understand the particular ideological approach of the current IMF policies and their impacts on national budgets and education budgets and learn more about viable possible alternative monetary and fiscal policy options which could enable higher levels of national and education public spending and increased long term public investment in the underlying education infrastructure.

This report provides a critical review of how current IMF macroeconomic policy conditions and advice impact on the ability of borrowing countries to finance national education budgets, wages for public sector teachers, and how such policies affect the ability of governments to achieve the progressive realization of the Right to Education for their citizens. It then offers a review of other alternative more expansionary fiscal, monetary and financial policy options which could allow for greater mobilization of financial resources available for future education budgets. This paper offers a proposed advocacy strategy and framework for increasing public scrutiny of current IMF loan program conditions, widening the domestic national public debates about such policies, and enhancing public participation in discussions of possible alternative macroeconomic policy options for increasing financing for education.

If education advocates ask what the basic indicators of economic “development” had been a few decades earlier, and for much of the few preceding centuries, common understandings would have looked to employment and diversification and technological upgrading of production. The kinds of key questions asked were: Are there more jobs and domestic companies in the formal sector (contributing to the tax base) than there used to be? Is the level of public investment as a percent of GDP in health, education and transportation infrastructure by the government increasing or not? Is the level of workers’ wages as a percent of GDP increasing or not? Are there core labor rights of unions and minimum wages being enforced or not? Is the economy diversifying and moving from primary agriculture and extractives into new manufacturing and services industries or not? However, not only are these kinds of questions no longer being considered in many foreign aid circles, but if asked, the track record of many countries shows that the answers in many cases would be “no” (NLGS 2010).

Today’s “poverty reduction” discourse and the high-profile focus on getting more foreign aid for achieving the MDGs has created a great amount of confusion. For over a decade the IMF and World Bank have claimed they have moved away from their “structural adjustment programs” that had characterized the early Washington Consensus policies, and indeed, the institutions changed the names of their structural adjustment loans to now include the words “poverty reduction” in the new titles. So much of the rhetoric shifted away from “Washington Consensus” and “post-Washington Consensus” that even many critical NGOs started to accept this. However, an examination of the current policy advice and loan conditions coming out of the IMF and World Bank show that the same Washington Consensus policies remain intact (Rowden 2010). But the really important shift in the official discourse that has occurred over the years is from “development” to “poverty reduction”, and it is incumbent upon education advocates to question this. For those engaged in such rhetoric, it is almost as if “poverty reduction” has come to mean the same thing as “development”. If we do not have a working definition of development that includes the transformative process of industrialization over time, then what is “development”? Is a country with improved human development indicators or that achieves the MDGs therefore “developed”? Here the dominant “poverty reduction” discourse presents an important dilemma. Some countries have scored some improvements on their poverty indicators, but can we say that countries are “developing” successfully if they are not also increasing their levels of formal sector employment, if workers are not earning higher wages, if there are not more domestically owned companies engaged in increasingly diverse and productive activities, and if the tax bases are not growing? Arguably not. But then again, the problem is that so few education advocates and others in the aid community are even asking (Rowden 2011).

There are, however, some interesting new cracks in the sanctity of the Washington Consensus policies, not least of which was offered by former Chairman of the US Federal Reserve, Alan Greenspan, who in 2008 conceded, “I was wrong” about the efficient market hypothesis, which suggests that banks and financial institutions would not engage in excessively risky over-leveraging out of a sense of self interest, thus there was no need for government regulation of the financial sector. In the wake of the recent financial upheavals, research has shown that those countries which went against IMF admonitions and used some type of capital controls actually weathered the crisis much better than those which had adopted the Washington Consensus doctrine of liberalized open capital accounts. To its credit, even the IMF has conceded such in recent staff papers that have found there may be some efficacy to such state intervention after all, something which would have been dismissed as pure heresy just a few years ago (Ostrey 2010).

Typology of World Bank’s support

Since 1946, the Bank has become a provider of both funds and technical and economic advice for developing countries (Black, Hashimzade & Myles, 2009. In: Babalola, 2011). Each of these supports technical and economic advice, knowledge dispersal and loans) will be discussed on after the other to avoid a blanket view of the Bank’s assistance to higher education (HE) in Nigeria.

Technical and Economic Advice

The oldest kind of support from the World Bank to Nigeria is in form of technical advice. The World Bank’s support for Nigerian education in form of technical advice dates back to 1953 when the MacPherson Constitution of 1951 (named after Sir John Macpherson) and the Colonial Education Act Number 17 of 1952 were in operation (Babalola, Sikwibele & Suleiman, 2000; In: Babalola, 2011). The decade (1951-1961) was one of the most storming political periods in Nigerian history as British colonial administration started the handing over of power. To facilitate the handing over, the MacPherson Constitution empowered each region to raise funds and pass laws on education. Consequently, different educational priorities emerged in the northern, eastern, and western regions of the country.

The Universal Primary Education (UPE) became the fashion, starting from the west in 1952 and later in the east in 1957. As each region made effort to sustain the UPE, it soon became apparent that external financial assistance was required to meet the educational needs of the growing population. Thus, the colonial government in Lagos and the colonial office in London called upon the World Bank to assist in studying the provision of UPE in the colony as it affected the economic development of the country and to make practical recommendation.

The World Bank Mission conducted the study and recommended that enrolment in primary schools be controlled, secondary school education be expanded to enhance the quality of trained teachers, higher education enrolment be increased within the limit of national education budget, and that trade centres be expanded to improve the nation’s technical education.

Support through Knowledge Dispersal

The second type of World Bank's support is in form of dispersal of knowledge for development. The idea of knowledge creation and dissemination by the World Bank is almost as old as the Bank itself. The World Bank's educational support (initially in form lending) started in 1963 based on the human capital theory which propounded that investment in education is essential in the processes of production and development. Coincidentally, this was a period when most African countries started gaining political independence. Consequently, countries in Africa started to see higher education as a priority in development strategies to enhance labour productivity, entrepreneur ship, specialization as well as, governance, safety, and research for development. Fortunately for Africa, in 1977, Aklilu Habte, from Ethiopia, was appointed to direct the World Bank's central education policy department. As a former cabinet minister in Ethiopia, Habet brought into play a keen political understanding, sense of capacity, and limitations of African countries to participate in the project cycle, their rights and abilities to formulate their own priorities and objectives, and their general need for assistance in implementing donor driven educational policies (Jones 1992).

Building on Habte's preliminary efforts to enhance the World Bank's understanding of Africa's educational problems, in the 1980s, the World Bank started to search for general scientific evidence to support the application of its economic strategy of structural adjustment in education projects. By late 1980s and early 1990s, the World Bank has been able to explore many different research-based positions on female, technical, vocational, primary, science, higher technological and university education in Africa. Moreover, the Bank has been also to research particular strategies relating to management, financing, capacity building, testing and teacher training in education. The Bank's research findings are usually framed in such a compelling way that makes for easy generalization and prescription for African Countries.

Support through Lending

The third type of World Bank's support is financial. World Bank's education lending is usually driven by lending policies. Although, the first education lending to Tunisia in 1962 was not backed up by a policy, in 1963, the first lending policies in the field of education were formulated by George Wood as soon as he took over the leadership of the World Bank from Eugene Black (Babalola 2011). Informed by the knowledge base of members of the Bank's staff who were mostly architects, the initial policies emphasized vocational and technical education with special interest in construction of schools. The thinking then was that youths in developing countries needed middle-level skills and general knowledge for economic and democratic take-off in a post-colonial environment.

Nigeria was one of the first 23 developing countries to enjoy the first World Bank's loan (1965 -1977) of US $20.1 million to increase enrolment, diversify curriculum, increasing the number of teachers, and to train craftsmen and technician at the secondary school level, especially in the northern region. The second education loan of US $17.3 million (1972-1979 to Nigeria was to assist the country to rehabilitate the war-battered secondary schools in eastern region, as well as to train teachers of technical subjects and to develop new and innovation curriculum for secondary schools across the country. The third education loan of US $54.0 million (1973-1982) was to assist the northern states of Nigeria to expand primary teacher training facilitate and increase secondary school enrolments. The fourth loan of US $ 23.3 million became operational in 1988 to coincide with the structural Adjustment Programme (SAP) and to assist the government to improve the quality and efficiency of middle level technical manpower as well as the planning, management and coordination of technical and vocational education.

The fifth loan of US $120 million (1990-1996) was to assist Nigeria through the National Universities Commission (NUC) to improve the cost –effectiveness and relevance of university teaching and research. In line with the World Bank’s economic policies for adjustment, revitalization and expansion (World Bank 1988), the loan was to encourage the federal universities in Nigeria to reduce recurrent cost per student borne by government, to increase internally-generated income, and to reduce overstaffing. The sixth loan of US $120 million (1991-1997) was to upgrade the quality of instruction through procurement and distribution of textbooks, vehicles and equipment as well as research and consultancy services, increase enrolment, improve allocation on non-salaried items, strengthen the capacity of the national and state primary education boards, upgrade information base, and augment planning capacity in Nigeria primary schools (Ajayi 1998). The seventh loan of US $120 million (1995-1999) was to upgrade the quality of junior secondary education across the nation. The elements of the loan included strengthening quality control, facilitating planning and research, improving the existing curriculum, upgrading school services, and improving school administration the existing curriculum, upgrading school services, and improving school administration and management.

In 2003, the World Bank approved the eighth loan of US $90 million to Nigeria for University system innovation (IBRD/World Bank 2012). The project comprised five components namely; improved quality of teaching and learning to enhance employability; improved management capacity especially necessary to equip universities for autonomy and preparation if strategies plan; building capacity for electronic networking, teaching, research, management and performance monitoring system, empowerment of the NUC’s staff regarded funding of university strategic plans, quality assurance and performance monitoring; and special initiative such as prevention and control of HIV/AIDS within university community.

Positive contributions of the IMF/ World Bank’s support

There are some good things about the World Bank’s financial support to Nigeria. Each of the IDA’s credits in support of Nigerian education appears to be a privileged access to education loans. As far as the World Bank is concerned, education loans are meant to disburse foreign capital to many nations at a minimal cost. Even as up front finance, the Bank is of the opinion that loans can ease the pressure on the public budget and therefore help recipients to attend to pressing educational needs. World Bank has argued that the Bank’s loans to Nigerian education between 1965 and 2003 have been substantial enough to ease considerable stress on Nigerian education budgets, if they have been properly applied (see table 1).

Table 1: Volume and Intensity of World Bank’s Education Loans to Nigeria (1965 – 2003)

Type of education loan	Volume (US $ million)	Volume (Nigeria N Million)	Intensity in terms of % of (3) to FEYTEB
(1)	(2)	(3)	(4)
Primary	120.00	1,188.00	66.46
Junior Sec.	120.00	2,626.33	20.49
Teacher	54.00	35.53	51.27
Technical	23.30	105.71	09.70
Secondary	20.10	14.36	*71.12
Secondary	17.30	11.38	21.83
University	120.00	964.54	43.75
University	90.00	12,244.50	17.74
All	564.70	17,190.35	About 38.00

Source: Babalola (2011)

Note: (1) FFYTEB= First Fiscal Year Total Education Budget (1965, 1972, 1973, 1988, 1990, 1991, 1995 and 2003); (2)* divide column (3) by total education budget for 1968 instead of the first year 1965 owing to lack of data; and (3) NA=Not Available.

During the first 38 years of the World Bank's financial support, Nigeria borrowed a total amount of US $564.7 million to finance eight education projects. In the local currency, the total World Bank's loan to Nigerian education was a little above ₦17 billion. In average, Nigeria borrowed US $15 million per year to finance its education between 1965 and 2003. In that same period, the World Bank supported Nigeria to the tune of about 38 percent of the country's total education budget in each of the eight fiscal years. It is important to note that the World Bank's lending to Nigeria for university education projects accounted for as much as 43.75 percent of Nigeria's total education budgets in 1990 and 17.74 percent in 2003 (Table 1).

Even, if we assume that external aid and lending were marginal to the overall cost of higher education in Nigeria, loans and grants have been assisting the universities to gain access to the resources and expertise from the industrialized world. Apart from various supports from the World Bank, the total assistance to the universities in Nigeria from non-World Bank agencies was of the order of US $8 million per year, the large proportion of which was devoted to research projects and twinning arrangements between foreign and Nigerian universities (IDA 1990, Annex 7-7). In 1988, for instance, Nigerian universities received CAN $958,435 AND us $2 billion for several research projects from the International Development Research Centre (IDRC) and the Ford Foundation respectively.

Between 1988 and 1991, 9.15 million European currency and UK £3 million were received for various research projects in Nigeria from European Economic Community (EEC) and the Official Development Agency (ODA/British Council) respectively. In addition, US $250,000 came in through UNESCO coupon donation from embassies and book publisher as library grants by 1988 (Babalola 2002). Obtaining cheap loans could be so pleasurable. Yet, cheap loans are not without some pains.

Negative aspects of IMF/ World Bank's support

The Federal Government of Nigeria has often called for external finance to match its efforts at providing qualitative education for its citizens. In fact, the World Bank once said that, "Nigerian has been Africa's leading borrower for higher education" since 1986 (World Bank 1994). This tendency to source funds from the World Bank perhaps has led to some painful criticisms some of which are highlighted below:

Policy Influence

The first painful criticism about the World Bank's loans is that they are not only meant to disburse foreign capital, but are equally meant to exert policy influence on borrowers who lack the financial, technical, and organizational capacity to mount education projects. Owing to the ease at which Nigeria turns to the World Bank as a ready source of income dependence on the World Bank has almost become a national weakness. The Bank, however, lends to the country based on stipulated conditions known as education lending policies. In fact, the Bank usually uses the IDA loans to push reforms to the developing countries. The Bank believes that if education loans are made conditional on, as well as coincide with the onset of desirable reforms, such loans can increase educational development and social welfare (Babalola 2002).

Power Incongruence

The second painful criticism concerns incongruence power relationship in which the hands of the lenders are always above those of the borrowers. In spite of the apparent power incongruence, the government always finds itself in a dilemma between going for the loan and surrendering the right to decide its educational priorities or rejecting the conditions and losing a readily available means of financing its university education. How the government resolved this dilemma is not the focus of this lecture. Nevertheless, this dilemma is not limited to Nigeria alone. It is a common feature of most developing economies.

As globally revealed by literature (King, 1991; Jones, 1992; Babalola & Sikwibele, 1999; Babalola, Sikwibele & Suleiman, 2000), the main controversy about World Bank's loan surround power relations between willful donors and hesitant recipients. Apparently, the power of the World Bank and other donors is in their money and superior analytical skills for identifying and analyzing developmental and educational problems of the receiving countries. On the other hand, the recipients' power is in their final choice of policy action to be undertaken as sovereignties.

Priority Displacement

Another painful trend the World Bank's loan Nigeria is priority displacement. This manifests in several ways. Firstly, an analysis of the World Bank's lending to university education in Nigeria suggests that the World Bank probably deliberately neglected the training of skilled manpower between 1965 and 1990. This is a period when Nigeria actually needed high level manpower to develop its young economy.

Secondly, further analysis of the Bank's support to higher education since 1900 reveals that it has probably deliberately neglected non-university institutions at a time when the country needed more middle-level technical entrepreneurs to reduce excessive social demand for university graduates. Available statistics (Babalola 2002) indicate that in 1998, the graduate output of the polytechnics was 9,344 while in 1999 that of universities was 67,024 resulting in the polytechnic-university ratio of 1:7.

This inverted pyramidal structure of manpower production contradicts the existing wisdom and earlier submission of the Ashby Commission (after Sir Eric Ashby) concerning the ratio of middle- and high-level manpower required by Nigerian economy. Contrary to the prescription of COREN (FME 2003) that the structure of the engineering occupations in Nigeria should be 60 craftsmen to six technicians and to one engineer (60:6:1), institution of learning in Nigeria were supplying man-power in the ratio 4:1:7.

Public Support Erosion

Of more importance to those of us in the university system is the subtle World Bank's attack on public supports for higher education in Nigeria. Local support for university education can be categorized into (a) public (governmental), and (b) philanthropic (non-governmental), and (c) private supports. The entrance of the World Bank to the education system through its supports has adverse effects on the public support to higher education.

The increasing curtailment of university resources by Nigerian government, particularly following the Structural Adjustment Programme, has boosted the dependence on foreign support and tended to reduce public expenditure on higher education in the country.

Conclusion

From the foregoing, it has been pointed out that the role of IMF/World Bank has not been totally supportive in any way in the education of developing nations. Wage bill ceilings make it more difficult to hire new teachers or to increase teachers' salaries, affecting both the quantity and quality of education. Since fewer resources are available for teaching we expect a negative influence on school enrollment. User fees make it more expensive for parents to send their children to school and thus are supposed to reduce school enrollment. Our schools are dilapidated and maintenance culture has eluded us. The way out is to face the realities frontally.

Recommendations

Based on the issues raised in this paper concerning IMF/World Bank and developing nations, the following policy recommendations are worthwhile.

- IMF, should resort into more proactive and sincere approach in undertaking its initiatives of lending, offering policy advice, and capacity building. This should be done without bias or intention to exploit and keep developing countries in a perpetual state of impoverishment and dependency.
- Nations of the Third World must wake up from their slumber and take a decision to embrace the challenges that stare at them, being conscious of the fact that they are endowed with the ability to advance in life. This is the only way to extricate themselves from the clog in the wheels of their progress.
- Developing world should formulate a framework that could raise the standard and quality of their education. They should develop productive initiatives tailored towards socio-political and economic transformation.
- Henceforth, there is need for a strategic and more accountable application of whatever loans the country obtains. In my own opinion, Nigeria should see borrowing as an interim investment measure in preparation for the country's ambition to become one of the 20 best developed countries of the world in the year 2030.

References

ActionAid. (2017). *Confronting the Contradictions*: The IMF, wage bill caps and the case for teachers.

Ajayi, A. O. (1998) *World Bank Program and its effects on education in Nigeria*. Paper presented at the NUT Workshop on Structural Adjustment Program and Education in Nigeria April 27-29.

Andrews, E. (2018) "*Greenspan Concedes Error on Regulation*," The New York Times. 23rd October.

Babalola, J. B. (2002) *A Critical Reflection on the World Bank Lending for Education in Nigeria between 1965 and 2001*. McGill Journal of Education, Vol. 37, No 2, pp. 177-192 Spring.

Babalola, J. B. (2011) *World Bank Support for Nigerian Higher Education: Pleasure, Pains and Pathway towards a Knowledge Economy.* An Inaugural Lecture delivered at the University of Ibadan.

Black, J. Hashimzade, N., and Myles G. (2019) *Oxford dictionary of economics Oxford*: Oxford University Press.

Butkiewicz, J. & Yanikkaya, H. (2015). *The effects of IMF and World Bank Lending on Long-* Development/Poverty Matters Blog, November 24.

FME (2003) *Education Sector Status Report*-May 2003. Abuja FME.

Garuda, G. (2010). *The Distributional Effects of IMF Programs: A Cross-Country Analysis*.

Global Knowledge (2021). *The International Monetary Fund*: *its present role in historical perspective.* NBER Working Paper No. 7724.

Hardcastle, J. (2021) *The Role of IMF in Students Enrollment in Educations of Developing Countries.* Retrieved:http://EzineArticles.com/282549/11/2012

IMF. (2013). *Fiscal Adjustment in IMF-supported programs*. Independent Evaluation Office.

Jones, P. W. (1992) *World Bank Financing: lending, learning and development*. London and New York: Routledge.

Kyrili, K. and Martin, M. (2010) *"The hidden crisis: Armed conflict and education: Monitoring the impact of the financial crisis on national education financing: A cross country study," A Background Paper prepared for the Education for All* .Global Monitoring Report 2011.

NGLS (2010) *"Decent Work and Fair Globalization: A Guide to Policy Dialogue," by United Nations Non-Governmental Liaison Service,* Geneva and New York.

Ostry, J., et.al. (2010) *"Capital inflows: the role of controls,"* International Monetary Fund Staff Position Note, February.

Rowden, R (2011) *"Poverty reduction is not development,"* The UK Guardian Global Development/Poverty Matters Blog, January 10.

UNICEF (2015) *"Prioritizing Expenditures for a Recovery for All":* A Rapid Review of Public Expenditures in 126 Developing Countries," United Nations Children's Fund, New York. World Development Vol. 28, No. 6, pp. 1031-1051.