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GLOBAL SOLUTIONS FOR GLOBAL POVERTY?

The World Bank Education Policy and the Anti-Poverty Agenda

ABSTRACT

During the last decades the World Bank (WB) has been without any doubt the most significant subject of globalisation processes in education and development. Political and economic transformations have transformed the Breton Woods institutions as actors with the ability to shape and even impose agendas to less developed countries. Although education does not represent one of the most important sectors of the Bank portfolio, the growth in educational loans and, especially, the ideological capacity of the WB in shaping national policies have located education as one of the clearest examples of the supranational leverage in domestic policies. An education policy suitable for fighting poverty has been the main *leit motiv* in the shifting processes of the WB educational agenda. Interestingly enough, WB strategies to combat poverty have suffered important changes under different WB Presidencies, and so have changed (not always simultaneously) education and other social policies. This paper examines the relationship between the emergence of anti-poverty strategies in the WB and dominant models of education policy. The paper reviews changes in WB anti-poverty agenda since the 1980s until the most recent policy papers, and particularly the new Poverty Reduction Strategy Papers (PRSP). The paper shows the main failings that underlie the positive and hoped-for relationship between investment in education and the reduction of poverty, and concludes that a good number of these failings can be attributed to an underestimation of the inverse relationship, i.e. the effects that poverty has on education.

INTRODUCTION

Since the beginning of the eighties the World Bank influence on education has expanded enormously, both quantitatively and qualitatively. This expansion has afforded it a quasi-monopoly in the area of international aid for educational development. Changes in the economic world order, shifts in educational multilateralism and internal crises in institutions such as UNESCO resulted in the dominance of institutions such as the IMF or the World Bank in shaping the international agenda for development (Mundy, 1999: 40). In addition, the dominance of the “Washington Consensus” (Williamson, 1993) throughout the

1980s and a good part of the 1990s placed the World Bank, along with the IMF, at the forefront of output and maintenance of the neo-liberal paradigm for development.

Curiously, the World Bank's prominence in education over the last two decades has coincided with the application of structural adjustment policies in both Latin America and Africa. Against a background of prescribing policies of extreme austerity, lending in the educational sector and other social policy areas has increased. This change can be explained by the priority that the World Bank has given to institutional reform, an essential aspect of these adjustment programmes and a fundamental condition for granting loans (Mundy, 2002: 488). As a result, although the adjustment programmes have led to drastic reductions in basic subsidies, the financing allocated for sectorial reform has increased. This is a key point in understanding the World Bank's capacity to influence the direction of education policy in developing countries. Although, in quantitative terms, educational financing channelled through the Bank may represent a relatively small percentage of a country's domestic educational budget, the conditional nature of these credits increases their influence on the administration and management of educational systems.

The pressures, criticisms and evident failure of the adjustment programmes have, however, caused modifications to certain important aspects of the World Bank's agenda. Substantial changes in the Bank's rhetoric have been observed since the beginning of the decade, even as regards its strategy for programme design and evaluation¹. The incorporation in 1990 of the "Education for All" programme, the creation of a Social Adjustment Unit charged with assessing the social impact of stabilisation policies (Samoff, 1994), the influence of the work of Amartya Sen on human development, the engagement of Joseph Stiglitz in 1997 as chief economist at the World Bank (and the development of the so-called *Post-Washington Consensus*), and, above all, the priority of the fight against poverty are all factors that explain the reorientation of some of the Bank's strategies and priorities. Clearly, the new order of priorities demonstrates that education has remained one of the "strong" areas of World Bank policy, as shown by some of its strategic documents (World Bank, 1995, 1999a, 1999b, 2001a). In the struggle against poverty, education appears as one of the key mechanisms for facilitating the social insertion and employment of excluded communities, providing them with the abilities that they require to be individually independent.

The aim of this article is to make a critical assessment of the explicit strategies of the World Bank's education policies aimed at fighting poverty since the implementation of the Structural Adjustment Programmes (SAPs). The introduction of SAP locates the World Bank as a subject of globalisation of education. Within the ambiguous terrain of assessing what globalisation is and what type of effects it generates on economic, social and political relations (Hay, 1999), the WB appears to be a real subject embedded of political and economic capacity to generate global changes in educational discourses and practices. Actually, the WB procedures and objectives can be considered an extreme case of globalisation of education: as an international organisation, the WB has shown an enormous capacity to generate convergence in policy processes and "desirable"

policy goals (though effects may differ depending on national conditions). Although the aim of the objective is ambitious, we will present two main phases of the World Bank rhetoric on education and poverty: the one embedded in structural adjustment programmes and the post-Washington Consensus of the nineties with a special reference on the most recent strategies that have put the struggle against poverty at the forefront of the Bank's policies and loans; that is, the Poverty Reduction Strategy Papers (PRSPs).

EDUCATION AND POVERTY ALLEVIATION UNDER THE WASHINGTON CONSENSUS

The "Washington Consensus" term was coined by Williamson (1993) in the early nineties to refer to the economic policy agenda that the IMF, the WB and the US Executive Board were undertaking in Latin America during the eighties. That agenda included a number of policy 'recommendations' to be followed by developing countries in order to achieve the necessary stabilisation of their economies and institutional reforms that would facilitate the insertion of those countries into the competitive global economy. In broad terms, the Washington Consensus approach recommends that governments should reform their policies by following a number of measures. As Gore (2000) argues, these measures should: (a) pursue macroeconomic stability by controlling inflation and reducing fiscal deficits; (b) open their economies to the rest of the world through trade and capital account liberalisation, and (c) liberalise domestic product and factor markets through privatisation and deregulation (Gore, 2000: 789-790).

During the eighties, the Washington Consensus appeared as the *paradigm* for economic development. It substituted former approaches, especially those based on Keynesian economics and modernisation. Clearly shaped by neo-classical economics, the Washington Consensus pursued economic stabilisation (control of inflation rates, control of balance of payments deficit, public expenditure reduction and so on) through strong adjusting measures. This paradigm made the state almost disappear from the scene of structural change for development. The role of the state was reduced to generate the necessary conditions for a market-led economy (mainly through privatisation and deregulation of markets). Market economics were supposed to make the economy competitive enough to overcome the initial difficulties brought about by adjustment policies and to generate the necessary growth rate to insert developing countries into the new economic order.

Multilateral organisations like the International Monetary Fund and the World Bank became global agents for spreading the neo-liberal paradigm of development. During the eighties, both institutions were able to impose the Washington Consensus agenda to many developing countries through loan conditionality. Their hegemonic position within the international market of financial assistance for development and the extreme dependency of highly indebted countries on international loans, mostly to refund external debt interests, shifted completely the relationship between the Bretton Woods institutions and borrowing countries. Through programs like *Structural Adjustment Facilities*, *Extended Fund Facilities* or *Structural Adjustment Loans*, both the IMF and the WB were able to impose the

neo-liberal paradigm of development to borrowing countries, whatever the previous social and economic conditions were. In Latin American, for instance, the imposition of loan conditionality entailed a dramatic structural policy change, from Import Substitution Industrialisation (ISI) to export-oriented models of development (Gwynne & Kay, 2000). That is, a development model based on state protectionism of strategic industries was forced to disappear and be substituted by a free market model in which non-subsidised industries should openly compete in the global market of free trade.

A number of empirical studies have shown that the programs extended by the WB and the IMF were associated with increased poverty, increased inequality of income and slow economic growth (Stewart, 1995; Cornia et al. 1997; Chossudovsky, 1998). The failure of Structural Adjustment Programs (SAPs) as appropriate recipes for development is illustrated by a simple fact: since the mid eighties, third world countries have become net capital exporters to northern countries (Chossudovsky, 1998: 51). Debt repayments account for more than capital transfers to the third world (counted as loans, direct foreign investment and development assistance).² Of course, not only International Financial Institutions (IFIs) are responsible for this failure. Actually, it is always difficult to provide an accurate evaluation of the reasons why certain programs were wrongly designed or implemented. National problems (governmental corruption, bureaucratic inefficiency, and so on) might have added difficulties to the implementation of IFI's agenda. Whatever the concrete causes, the global result was the economic and social devastation of third world countries during the eighties (the "lost decade", in Latin America).

Under the hegemony of the Washington Consensus, the priority of macro-economic stabilisation, pro-export policies and commercial and economic liberalisation are considered to be factors that are fundamental to economic growth. From the earliest signs of growth, once a preliminary adjustment period has passed, the effects of growth on the reduction of poverty are considered to be "automatic". Indeed, throughout the 1980s it is unusual to find any analysis or discussion in the World Bank's documentation regarding the greater or lesser redistributive impact of its Structural Adjustment Programmes (SAPs). As Mundy (2002) pointed out, "it is widely assumed that market-led growth resumed and government distortions were eliminated, the demand for the labour of the poor would increase, ensuring their enhanced buying power and economic betterment" (Mundy, 2002: 488). This "trickle-down" effect is even sufficiently powerful to alleviate the effects of a reduction in public expenditure in education or other social policy areas. It is assumed that the improvements in efficiency resulting from a reduction in the public sector and an increase in private provision will in themselves generate employment and, as a consequence, facilitate social integration in the most disadvantaged social sectors. As a result, the World Bank's main prescriptions are aimed at drastically reducing the public sector, at deregulation and at privatisation. This model for the automatic reduction of poverty ignores the relationship between inequality and economic growth. If, under the chairmanship of Robert McNamara (1968-81), this was based on a contradictory relationship between both factors (and therefore the need to establish priorities for intervention, accompanying them with

compensation policies), the dominant neo-liberal orthodoxy of the World Bank's policy during the 1980s meant that no specific agenda was developed in relation to policies for redistribution or the struggle against poverty.

The reverse effects that SAPs had both on education and especially on poverty, goes a long way towards explaining the progressive abandonment of a stricter neo-liberal orthodoxy and the adoption of a development agenda that includes strategies which are complementary to a market-led model of economic growth. It is in the context of adjustment crisis and the emergence of strong critiques to the Bank's policies that a new discourse on education and poverty must be interpreted.

THE POST-WASHINGTON CONSENSUS: A NEW AGENDA FOR FIGHTING AGAINST POVERTY?

In the late eighties the Washington Consensus was experiencing difficulties in face of a number of criticisms. The rise of poverty and subsequent complaints about structural adjustment effects led to demands of adjustment with a human face (Ilon, 1996). Simultaneously, the success of East Asian economies opened claims for a different role of the state in development (Fine, 2001: 139). In Latin America, ECLAC's neostructuralism tried to establish a "Southern Consensus" to challenge the neo-liberal assumptions of the Washington Consensus and claimed for a context-based strategy of industrialisation to ensure the integration of national economies into the global economy (Gore, 2000: 796). The work of Joseph Stiglitz as Chief Economist to the WB in the late nineties, and a number of lectures of Amartya Sen at the WB, opened a new debate about development and generated conditions for a Post-Washington Consensus. Fine (2001) describes the features of the Post-Washington Consensus as follows:

First, it is sharply critical of the Washington Consensus and seeks an alternative in which state intervention is greater in depth and breadth. Second, it rejects the analytical agenda of state versus market, arguing that the two are complements and can work together and not against one another. Third, if less explicit, it poses an alternative agenda for development economics and policy debate, seeking to establish the appropriate role of the state in view of market imperfections. Fourth, it also brings the social back into the analysis as the means of addressing, and potentially correcting, market imperfections –rather than simply creating them as for the Washington Consensus for which the world would be a better place if it were made more and more, if not completely, like the market (Fine, 2001: 139).

Interestingly enough, and as Fine argues, in policy terms the Post-Washington Consensus does not differ radically from the Washington Consensus. State interventionism is still restricted to market imperfections, which are now recognized, but this is different from the Keynesian state model of development. The state is still seen as captured by rent-seeking agents, a major obstacle for bringing structural change. Thus, it is questionable that the Post-Washington Consensus brings a new agenda for policy development and educational

development. A review of some education policy papers published in the late nineties (World Bank, 1999a and 1999b) shows new objectives and commitments for education; social aspects have clearly more relevance than it had in previous statements. However, it is questionable the extent to which new objectives and commitments for education challenge the basic principles of economics of education that sustain the rationale of WB education policy. Basic features of WB education policy, like the rates of return rationale for educational investments, the importance of private education, or the marginalisation of vocational education and training, remain unaltered.

However, the post-Washington Consensus does frame a new rhetoric on education and poverty reduction. The *World Development Report 2000/2001, Attacking Poverty* sets out the World Bank's desire to set itself up as an institution charged with overseeing "global welfare", along with the strategies and priorities that should support this objective. The World Bank's greater receptiveness to the social implications of economic growth in its analysis of development is especially clear in chapter 3 of the report: "Growth, inequality and poverty". This is an extensively documented chapter, which assesses the relationship between these three variables on the basis of questions such as "Why are similar rates of growth associated with different rates of poverty reduction?" (World Bank 2001a: 51). Far from offering an unequivocal reply to this question, the World Bank's discourse abandons the classic incompatibility between growth and equality, acknowledging that:

Recent thinking - and empirical evidence - weaken the case for such a trade-off: lower inequality can increase efficiency and economic growth through a variety of channels. Unequal societies are more prone to difficulties in collective action, possibly reflected in dysfunctional institutions, political instability, a propensity for populist redistributive policies, or greater volatility in policies - all of which can lower growth. And to the extent that inequality in income or assets coexists with imperfect credit markets, poor people may be unable to invest in their human and physical capital, with adverse consequences for long-run growth (World Bank, 2001a: 56).

Even so, in the same chapter, the World Bank hastens to assure us that:

This is not to say that every pro-equity policy will have such desired effects. If the reduction in inequality comes at the expense of the other factors conducive to growth, the gains from redistribution can vanish. Expropriation of assets on a grand scale can lead to political upheaval and violent conflict, undermining growth. And sometimes attempts to redistribute income can reduce incentives to save, invest, and work (World Bank, 2001a: 56-57).

Certain important points can be derived from this chapter when interpreting the model used by the World Bank to attack poverty: a certain resistance to accepting the majority of analyses that underline the positive relationship between growth,

equality and the reduction of poverty³, the tendency to attribute the fact that growth benefits the entire population and effectively reduces poverty to internal (domestic) factors rather than to the design of its own policies or recommendations, and the importance given to education as a key strategy for permitting social inclusion. The other chapters in the report confirm the tendency towards a less orthodox approach by the World Bank. They offer recommendations for the reorientation of public spending (with allocations that offer more benefit to the poorer sectors), mechanisms aimed at making the markets function more favourably for the poor, proposals for target interventions in social programmes, improvements in administrative efficiency, stimuli for direct participation in the decision-making process by the most disadvantaged sectors, initiatives for involving all types of organisations in a coalition against poverty, strategies for generating and mobilising social capital in development projects and strategies for reducing the vulnerability of the poor. The range of strategies and priorities is broad.

In this context, certain changes could be seen in the direction of the World Bank's education policies. The most significant change was undoubtedly in the Bank's desire to establish new mechanisms for determining the credits to be borne in mind in a regional or local context. New terminology, which included expressions such as "Comprehensive Development Framework" (World Bank, 1999a), reflected the integral nature that the World Bank's interventions attempted to acquire under the management of James Wolfensohn. This was an attempt to integrate sector-based strategies (in education, health and infrastructure) with broader programmes whose design was always preceded by evaluations of the context in which they were to be applied. This new approach also required changes to be made to the World Bank's intervention methodology. Over recent years, the World Bank has sought the assistance of NGOs and other international bodies when designing, planning and implementing its projects. It has also resorted to a system of dialogue, holding direct consultations with the potential beneficiaries of its projects and members of civil society in its borrower countries and regions⁴. This is intended to establish more participatory planning systems that are better adapted to real local circumstances.

These new trends mean that education policy has been completely adapted to a development agenda which is more flexible and which, above all, adopts selective actions in respect of target groups as a new strategy for intervention. Within the educational sphere, the global priorities established by the World Bank centre around four areas: basic education for the poorest sectors and for girls; intervention programmes for early child development and health in education; the use of innovative methods in education (distance education, use of new technologies) and the so-called "systemic reform" (in curricula and assessment, management and the financing of education). Each of these strategies is applied selectively in different countries (particularly in Africa) and enjoys the collaboration of NGOs and other bodies (World Bank, 1999a: 30).

Thus, WB policy documents during the nineties showed that the Bank's conception of poverty changed. The incorporation of the Human Development Index, which measures nutritional status, educational attainment and health status, shows a difference with the conventional understanding of poverty as per capita

income (Pender, 2001: 406). However, it is less clear whether changed loan conditionality based on the priority of fighting poverty. Actually, strategies against poverty do not necessarily entail a paradigmatic change in WB education policy. On the one hand, attacking poverty can be understood as a state strategy to account for a market imperfection: to compensate for the failure of the trickle down effect of the market, the state uses emergency services to attend the most damaged sectors of society –see Robertson and Dale (2002) on the use of local states of emergency by the neo-liberal state. Poor sectors of society become *target* groups in a state logic of intervention that manages risk and uncertainty. On the other hand, strategies against poverty do not necessarily entail a redistributive economic and social policy. A policy to ensure basic needs for the poorest can be addressed without locating redistribution as the main priority for education policy, neither changing the trickle down logic of the market as the means to ensure redistribution. Actually, in the WB education policy discourses redistribution as a prior objective only appears when dealing with the finance of post-compulsory education, a discourse that provides the rationale to legitimate more user-pay share and the concentration of public spending in basic education. Progressive or regressive redistributive effects of expanding the private sector of education are never considered by the WB policy papers.

In policy terms, what the new strategies meant for an education policy against poverty was the “targeting the poor” approach. Identifying the poor and concentrating resources and efforts on providing them with the opportunity to gain access to different markets became the predominant political strategy. This new approach had a rapid effect on the loan portfolios of the World Bank and the IMF, to the extent that, by the end of the 1990s, so-called “emergency social funds” formed 50% of all structural adjustment credits (Mundy, 2002: 492).⁵

The rapid expansion of targeting programmes led to a number of debates regarding the advantages and disadvantages of selective action as compared with more universalist policies. Discussions centre around the underlying philosophies of the various policy options (what type of action is socially more just), the value of one type of action over another in specific political contexts and problems relating to the coverage, selection and implementation costs of each type of policy. Educational targeting implicitly involves acknowledging the limitations of educational expansion policies (and other social policies) as mechanisms that will allow the more disadvantaged sectors of society the opportunity to gain access to the education system. It is justified on the basis of the need to create compensatory mechanisms in a social and economic environment that prevents the children of poor families from benefiting from their time in educational institutions and thus break the inter-generational cycle of poverty. The potential success of this approach can, therefore, only be assessed over the long term, once the educational and post-educational careers of those benefiting from these programmes have been evaluated.

The Poverty Reduction Strategy Papers

The consolidation of the anti-poverty strategy of the World Bank and its aim to locate the struggle against poverty as the main mission of the Bank took the form of the Poverty Reduction Strategy Papers (PRSP). PRSP were introduced in 1999 by the World Bank and the International Monetary Fund and, as Ruckert (2006) points out, are one of the main new policy tools for the Post Washington Consensus be articulated.

The PRSPs are instruments which aim is to describe a country “macroeconomic, structural and social policies and programs over a three year or longer horizon, to promote broad based growth and reduce poverty, as well as associated external financing needs and major sources of financing” (World Bank, 2001b). Formally speaking, the content of each document is elaborated by the developing countries themselves, trying to reflect their specific needs and features. Principles that underline the PRSP must include a result-oriented strategy (with targets that can be monitored); a comprehensive strategy (incorporating macroeconomic, structural and social policy aspects); a country driven strategy (that is, it should be oriented differently according to the special features of the country) and a participatory strategy (based on partnership between IFIs, governments, and other actors, like NGOs). Education is one of the major elements of the PRSP (Caillods and Hallak, 2004). PRSP include “good practices” for the sector and recommendations for investment in education that focus on the most vulnerable groups.

However, the World Bank itself provides the guidelines for developing countries to prepare their PRSP. The World Bank published *Sourcebook for Poverty Reduction Strategies* that is intended to be “a guide to assist countries in the development and strengthening of poverty reduction strategies”. The sourcebook contains a very detailed chapter on education policy to draw the best educational practices for poverty reduction. As it is stated in the document: “[the education chapter] provides diagnostic tools and research findings that can help countries identify the policies and programs likely to have the most powerful impact on education opportunities and outcomes for poor children and illiterate adults within their country context” (Aoki, Bruns et al., 2002: 233). The chapter is organized in four main parts. The first one presents a rationale for investing in education as part of a general strategy for poverty reduction. The second one focuses on how to elaborate a diagnosis of the education system performance. The third part is related to policies and defines a number of “best practices” and “benchmarks” for fighting against poverty. The last one focuses on implementation, financing and evaluation.

Without any doubt, the educational chapter is clearly guided by human capital theory. The main thesis stands that in order to empower the poor and increase their capacity to create income, the strategy should remove obstacles and facilitate access to education and training for the poor. According to this view, primary education continues to have a central role. It remains understood as the area with the highest rate of return and therefore, the educational level to be prioritized. Moreover, the strategy puts an important emphasis on targeting the poor, and

recommends educational policies to be directly addressed to poor students and families. The strategy makes a special reference to conditioned cash transfer programmes as one of the good educational policies to follow in the struggle against poverty. According to Caillods and Hallak (2004), what seems to be missing in PRSP is a theory concerning teaching and learning: “the PRSPs do not discuss the teaching and learning strategies most likely to facilitate participation of the poor and ensure real learning” (Caillods and Hallak, 2004: 18). Reducing poverty requires that the poor do not only attend school, but that they do really learn and acquire relevant skills to overcome their poverty condition.

PRSPs are supposed to be non compulsory and neither conditional. However, several elements cast doubt about this theoretical premise:

First of all, all PRSP have to carry out the same general principles, following the *Sourcebooks for Poverty Reduction Strategies* instructions and recommendations. The *Sourcebooks* (Klugman 2002a and 2002b) are professedly to reflect the thinking and practices associated with the Comprehensive Development Framework, the WDR 2000/2001 and the good international practices related to poverty reduction. As a result, four priority areas are identified as imperatively necessary for bringing both economic growth and poverty alleviation to developing countries. These areas have turned into conditions that have to be met before concessional lending for a PRSP can be approved (Ruckert 2006). The four areas are the following ones: 1) Macroeconomic and structural policies to support sustainable growth in which the poor participate, 2) Improved governance, including public sector financial management, 3) Appropriate sectoral policies and programs and 4) Realistic costing and appropriate levels of funding for the major programs (Klugman, 2002a: 16). The *Sourcebook* specifies that the particular content of each area will differ across countries. However, the areas themselves are expected to appear in any PRSP, being the framework for all discussions about it.

Secondly, the content of a country’s PRSP have to be compatible with the framing prescriptions of the respective Country Assistance Strategy (CAS) of the World Bank and Poverty Reduction and Growth Facility (PRGF) of the International Monetary Fund (Weber, 2004). Both the CAS and the PRGF are supposed to reflect the country’s priorities and specific circumstances. PRSP priorities, therefore, are not able to contradict the general framework and the specific targets and indicators that the CAS and the PRGF identify as central in achieving the stated outcomes.

Thirdly, the European Union (EU) decided to base its five year assistance programmes in African, Caribbean and Asian Pacific countries on PRSPs, declaring that: “The framework and basic tool for European development cooperation is the poverty reduction strategy paper (PRSP), which aims to promote country-driven policies with local ownership and partnership. All countries wishing to receive EU aid are required to develop a PRSP, and EC policy is to fund only activities covered within a country’s PRSP” (European Commission, 2003: 5). At the same time, key bilateral donors like the Netherlands and the United Kingdom orientate their assistance strategies on the basis of the PRSPs.

Finally, the PRSPs are considered by the Executive Boards of the IMF and World Bank as the basis for concessional lending from each institution and debt

relief under the joint Heavily Indebted Poor Countries (HIPC) Initiative. Financial flows of aid, whether linked to the reduction of debts, grants or concessional loans have been linked to the adoption by recipient countries of a comprehensive poverty reduction strategy (Caillods and Hallak, 2004: 6). Moreover, having an approved PRSP is a condition for being considered in the *Education for All* (EFA) Fast Track Initiative (FTI)⁶. PRSP becomes the framework for the IFIs development assistance to lending countries.

These circumstances put clear the PRSPs do not only recommend but also prescribe and shape policies to be implemented by developing countries. In fact, the IFI's final decisions in supporting or disapproving national PRSPs remains quite ambiguous (Ruckert, 2006): "While the shift to country ownership will allow substantially more leeway in terms of policy design and choices, acceptance by the Bank and the IMF boards will depend on the current international understanding of what is effective in lowering poverty" (Klugman 2002a: 4). Moreover, all the PRSPs documents and guidelines written by the World Bank or the IMF Staff highlight the need of setting an 'enabling environment' for the implementation of the full PRSP process. Far from being neutral this "environment" is based on the same criteria underlining the implementation of the Structural Adjustment Plans.

Craig and Porter (2003) argue that PRSPs sort the action priorities in the following way: "global economic integration first, good governance second, poverty reduction following as a result, underpinned by limited safety nets and human capital development" (Craig and Porter, 2003: 53). The main thesis of the authors is that this prioritization represents a refinement of the liberal political project and specifically a mode of "inclusive liberalism". With the idea of "inclusive liberalism" the authors aim to identify a more eclectic strategy that introduces the importance of poverty reduction along with classical neo-liberal principles and policies. The main criticism of Craig and Porter to this new strategy is its silence with regard to power structures and inequalities. The PRSP consolidate a technical and apolitical approach to poverty that more than changing policy contents, it changes the labels. This idea fits with what some authors understand as the logic of Post-Washington Consensus: to complete, correct and complement the reforms of a decade ago but not to reverse them (Gwynne, 2004).

In fact several authors argue that anti-poverty policies applied within the "second generation reforms" do not represent, at all, the end of neo-liberalism.⁷ On the contrary, according to authors like Cammack (2004) or Soederberg (2005), anti-poverty policies are the best strategy of the World Bank and International Monetary Fund to maintain the neo-liberal model. As Soederberg pointed out: "...the Poverty Reduction Strategy Papers are not about doing away with conditionality, but should be seen instead as direct responses to the above mentioned threats to neo-liberalism, which are, in turn, targeting at reconfiguring and deepening neo-liberal domination over the growing number of the poor in the South" (Soederberg, 2005: 339).

CONCLUSIONS: THE MISSING ASPECTS OF THE RELATIONSHIP BETWEEN EDUCATION AND POVERTY

This paper has focused on the main principles that have underlined the World Bank education policy since the 1980s with regard to its effects for fighting poverty. A review of some of the key WB policy papers has shown the evolution of both discursive rhetoric and specific strategies for fighting poverty. Interestingly enough, the anti-poverty agenda has gain more and more space in the World Bank discourse for development and has become recently as the main mission of the Bank. However, as some authors have pointed out, even under the post-Washington consensus policies, the poverty alleviation approach remains framed by a political economy that always locates the objective of poverty reduction as a consequence of economic growth. Although there are extensive and important debates around the role that social inequalities can play to help poverty reduction strategies, the WB usually undervalues its role compared to the importance given to growth-led policies. The balance allows us to detect serious limitations in the role that the World Bank has assigned to educational development in order to achieve the poverty reduction target (one of the central goals of the *Millennium Summit*).

Nevertheless, it is also interesting to turn our view to the taken for granted understanding of the education and poverty relationship that is embedded in all different poverty reduction strategies developed by the World Bank. And it is clear that the WB strategies stress the positive effect of education to combat poverty but fail to take into account the effects of poverty on education. This omission, which persists throughout the various approaches to education policy, not only conditions the central importance of education as a mechanism for breaking the inter-generational poverty cycle, it also explains why, on so many occasions, the policies designed for the most disadvantaged groups give such poor results. Social policies designed to “activate” the poor often place the need for intervention in the category of “cultural deprivation” while at the same time ignoring a set of objective obstacles that restrict any real possibility of the poor developing sustainable forms of investment, such as investment in human capital itself. When these obstacles are recognised, however, the strategy consists of facilitating access to markets that must adapt to the social and economic conditions of the excluded groups (World Bank, 2004), which completely disregards the limitations that any market has in adapting to the needs of the poor, as well as the limitations of the poor themselves as regards subsistence via access to the formal markets.

But the exclusion processes associated with globalisation have a particular impact on the most vulnerable sectors, which are increasingly concerned with day-to-day survival and find themselves less able to benefit from policies that are designed to “activate” them and provide them with the means necessary for their social inclusion. If escaping from poverty requires more than 10 years’ schooling, who is in a position to visualise this objective? If the benefits of additional years in primary schooling are reduced, what use is it to remain at school when the cost of schooling is rising and at the same time people are getting poorer? If the school systems are becoming increasingly socially polarised, what use is the ability to gain access to the system with the least social value? If the working conditions of the

teaching staff deteriorate, and with them educational standards, what quality of education is reserved for the poorest sectors?

There are, therefore, grounds for reviewing the minimum material conditions in which poor families can effectively invest in human capital over the long term and that will provide us with systems that enable us to determine when education policy can actually be effective as a strategy for combating poverty.

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- ¹ See Fine (2001), Pender (2001) and Bonal (2002) for a critical evaluation of the limits and possibilities of the World Bank's reorientation of its discourse.
- ² The transfer from Third World to First World countries is four times superior to the Marshall Plan to reconstruct Europe after World War II. In the mid eighties total net transfer to the First World accounted for 250 billion dollars (Hoogvelt, 2001: 180).
- ³ See the article by Dagdeviren *et al.* (2002) for a mathematical model of the relationship between growth, equality and poverty. See also CEPAL's simulations for Latin America (CEPAL, 2002: 49 *et seq.*).
- ⁴ See Ilon (2002) for a critique of those strategies.
- ⁵ An excellent critique of emergency social funds can be found in Cornia (2001).
- ⁶ In 2002, the Education for All - Fast Track Initiative (FTI) was launched as a global partnership between donor and developing countries to ensure accelerated progress towards the Millennium Development Goal of universal primary education by 2015.
- ⁷ This is a response to those authors (Booth 2003; Driscoll and Evans 2005; Stiglitz 1998) that argue that Post Washington Consensus represents a fundamental rupture in development thinking and a progressive move away from neo-liberalism.