Civil society groups applaud IFC’s decision to stop investing in fee-charging private schools, call on other investors to follow its lead

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Civil society organizations welcome the announcement from the World Bank’s International Finance Corporation (IFC) that it will not resume its investments in K-12 private schools, following the release of an independent evaluation by the World Bank Independent Evaluation Group (IEG) on the IFC’s investments in this area. In 2020, the IFC instituted a temporary freeze on all direct and indirect investments in for-profit fee-charging K-12 private schools. Following this announcement, the freeze has been extended indefinitely.

This decision reinforces the work of civil society organizations that, for years, have been monitoring and raising awareness about the negative impact of for-profit commercial schools on the achievement of the right to quality, inclusive education for all, in particular the most disadvantaged and vulnerable groups – including girls, children and youth with disabilities, and all traditionally marginalized groups. It also reinforces concerns regarding the operations of some of the transnational corporations who benefit from these investments.

In reaction, Salima Namusobya, Executive Director for the Initiative for Social and Economic Rights (ISER) in Uganda, said: “Education is a human right, it should not be treated as a commodity or a means for generating financial returns on investment in private provision of education. All children deserve to benefit from a good quality education. We celebrate this
decrease to cease financing for-profit education and hope that the World Bank will instead prioritize financing public education.”

Johnstone Shisanya, Programme Manager for the Education Support Programme at the East African Centre for Human Rights (EACHRights) said: “We applaud this bold action by the IFC and call on other investors to do the same. We continue to champion states’ fulfillment of quality public education for all, and we hope this decision is a sign of increased commitment by the World Bank towards supporting Kenya and other states to provide quality public education to the most marginalized and vulnerable groups as a way of guaranteeing inclusive education.”

Katie Malouf Bous, Senior Policy Advisor for Oxfam, said: “This is a massive step in the right direction for development finance. This evaluation acknowledges the potentially harmful impacts of investments in profit-oriented schools, which risk increasing inequalities in education and negatively impact public school systems. We are pleased the IEG has taken the time to do this evaluation, and we applaud the IFC for taking the findings seriously and demonstrating leadership on this issue among development finance institutions.”

Magdalena Sepúlveda, Executive Director of the Global Initiative for Economic, Social and Cultural Rights, said: “Now it’s time for other development finance institutions to consider the IEG’s findings, step up and follow the IFC’s lead. We also want to see the World Bank Group pivot to increased support to governments to build stronger and more equitable public education systems, through its public sector support.”

The IFC’s announcement was posted on the World Bank IEG’s website on Wednesday, June 8, 2022, alongside the release of the IEG’s evaluation report of IFC’s direct and indirect investments in kindergarten through grade 12 (K–12) private schools. In its response to the evaluation, IFC noted that most private K–12 schools are difficult to invest in directly, and cited a number of challenges with such investments including weak financial results and the “potential for investments in private K–12 schools to exacerbate inequalities and have unintended, undesirable spillovers into the public sector school system”.

The announcement comes less than three months after the IFC indicated that it had divested from Bridge International Academies, also known as NewGlobe Schools, a chain of for-profit schools operating in five African countries and India, after a number of complaints about the company’s operations in Kenya were filed with the IFC’s accountability mechanism, the Compliance Advisor Ombudsman (CAO).

The decision is also in line with findings from UNESCO’s Global Education Monitoring (GEM) Report 2021, which states that “profit making is inconsistent with the commitment to guarantee free pre-primary, primary and secondary education.” The IFC’s move is also consistent with previous decisions from the Global Partnership for Education (GPE) in 2019 and the European Parliament in 2018, both of which prohibited funding to for-profit commercial private schools.
Notes to editors

In 2019, more than 170 civil society organizations from 64 countries called on the World Bank Group to end support to for-profit private education.

In 2020, the IFC committed to freeze investments in for-profit K-12 schools, responding to concerns from civil society and leadership from U.S. Congresswoman Maxine Waters.

As explained in the IFC management response to the new IEG evaluation report, “this decision will encompass any new (i) direct investments or advisory services related to the provision of education in fee-charging (for-profit and not-for-profit) K–12 schools; (ii) public-private partnerships related to school privatization or the provision of education in fee-charging K–12 schools; (iii) indirect investments in fee-charging K–12 schools through private equity fund clients. IFC also does not plan to resume investment in Risk-Sharing Facilities with local banks to support their financing of K–12 private schools.”

The IFC’s accountability body, the Compliance Advisor Ombudsman (CAO), has received a series of complaints about the IFC’s investment in the commercial school chain Bridge International Academies (BIA). These include a complaint filed in April 2018 by EACHRights in Kenya on behalf of parents, students and teachers, raising valid concerns about the company’s health, safety, and labor conditions as well as economic discrimination, lack of parental inclusion, and transparency. In October 2019, CAO’s compliance appraisal report found “substantial concerns regarding the Environmental & Social outcomes of IFC’s investment in Bridge”. The final investigation report is still forthcoming. Three other cases have been filed since then, 02, 03, 04, all of which have yet to be resolved and involve the health and safety of students.

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Endorsements

1. ActionAid
2. Asociación Civil por la Igualdad y la Justicia (ACIJ — Argentina)
3. Brazilian Campaign for the Right to Education (Brazil)
4. Centre d’Entrainement aux Méthodes d’Education Active de Côte d’Ivoire (CEMEA-CI — Côte d’Ivoire)
5. Coalition Éducation (France)
6. Coalition for Transparency and Accountability in Education (COTAE — Liberia)
7. Corporate Accountability and Public Participation Africa (CAPPA — Nigeria)
8. East African Centre for Human Rights (EACHRights — Kenya)
9. Education For All Sierra Leone Coalition (EFA-SL — Sierra Leone)
10. Eurodad
11. Global Campaign for Education (GCE)
12. Global Campaign for Education-US
15. Latin American Campaign for the Right to Education (CLADE)
17. OMEP World Organization for Early Childhood Education
18. Organisation pour la Démocratie le Développement Économique et Social (ODDES)
19. Oxfam
20. Platform for the Defense of the Basque Public School
21. Right to Education Initiative
22. RTE Forum (India)
23. Solidarité Laïque (France)