Abstract
This article reviews Bretton Woods Institutions’ approach to public services, including during the recent COVID-19 crisis. Drawing on the specific case of IMF and World Bank’s response to the multiple crisis triggered by the pandemic, it shows that there is a discourse-practice disjuncture in the institutions approach to public services as they continue to favour austerity and market-oriented solutions for the delivery of public services. The article therefore seeks to demystify the Bretton Woods institutions rhetoric and demand the adoption of a different way of understanding public services, and social policy more broadly.

Keywords  International Monetary Fund (IMF) · World Bank (WB) · Austerity · Public–private partnerships (PPPs) · Social policy

The climate emergency, worsening inequalities and the COVID-19 pandemic have continued to reaffirm the failures and limitations of the current neoliberal model to respond to crises and deliver on basic needs. Market-oriented models for public service provision have greatly undermined the right to high quality and universal public services such as education, healthcare, water and sanitation, and housing, among others. They have also contributed to deepen the process of marketisation, commodification and even financialization of essential provisions. Austerity policies accompanying these models have eroded the state’s capacity to deliver in the public interest, while placing an excessive burden on unpaid care and domestic work, borne disproportionately by women. As a result, the Sustainable Development Goals agreed by the international community in 2015 are increasingly out of reach.

The Bretton Woods Institutions—the World Bank (WB) and the International Monetary Fund (IMF)—have been a driving force in the global process of narrowing the scope of social policy both as a scholarly field and as a practice (Chukwuma 2021). The two institutions have embraced the neoliberal instrumentalist (or residual) approach to social policy, and to social protection and public services in particular. According to this approach, public services are to be supported as long as they efficiently contribute to economic development.

Over the past three years, these two institutions have positioned themselves as the ‘first responders’ to the multiple crises that the world face. They have used this as an opportunity to deepen their influence on countries’ fiscal and policy space, often with dire consequences for the financing and delivery of public services. This larger role has made more evident than ever the discourse-practice disjuncture in international development. The rhetoric has evolved to the extent that both institutions now recognize the importance of state-provided public goods and services in their external communication. However, the advice they offer to national governments has largely remained the same, squeezing the financing of public services and the public sector workforce and continuing to recommend the privatization of services and the use of public–private partnerships (PPPs) to deliver them. This is despite the mounting evidence against these practices.

Against this background, there are increasing calls for rethinking the meaning of social policy, including its scope, and for reclaiming public services under the framework of a so-called developmental welfare state. In the scholarly field, this work can be traced back to a research agenda sponsored by the United Nations Research Institute for Social Development (UNRISD) in the early 2000s, under the leadership of the outstanding Pan-African scholar Thandika Mkandawire.
This work is currently shaping calls for a wider vision of social policy encapsulated in the idea of ‘transformative social policy’ (Adésínà 2011, 2015). Meanwhile, in civil society, the 2021 global manifesto for public services, ‘The Future is Public: Global Manifesto for Public Services’, provides a vision for the future of public services, one in which the public is key and must be at the core of the response to the existential challenges that we face, including the climate and ecological crises.

This article reviews the Bretton Woods Institutions’ approach to public services, including during the recent COVID-19 crisis. Drawing on the specific case of IMF and World Bank’s response to the multiple crisis triggered by the pandemic, it shows that there is a discourse-practice disjuncture in the institutions’ approach to public services. Despite a refined rhetoric, IMF and World Bank policies continue to favour austerity and market-oriented solutions for the delivery of public services. This disjuncture has been the object of a growing scholarship (widely cited in the following sections), to which this article seeks to contribute by demystifying the institutions’ rhetoric and demanding the adoption of a different way of understanding public services, and social policy more broadly.

The article starts with focusing on the gap between IMF’s rhetoric and practice on public services, also drawing from the increasing evidence that points to the damaging effects that IMF practices have on public goods all around the world. Afterword, the article focuses on the World Bank Group’s response to the crisis, with a focus on the limited place given to public services in the institution’s response to the pandemic and ongoing crises. It also presents the World Bank Group’s support to healthcare and education, and the important lessons to be taken from there. The article then presents how contestation to the neoliberal approach to social policy and public services looks like in both the scholarly and the civil society fields, prior to concluding with a forward-looking agenda.

**The Gap Between IMF’s Rhetoric and Practice on Public Services**

Historically, the IMF has been criticized for undermining developing countries’ social spending, including in essential services such as health and education. This has resulted from the binding conditions on fiscal balances attached to its structural adjustment programmes (SAPs). In recent years, however, the institution has been arguing that it has learned from past mistakes and that it has rectified its surveillance and lending practices to safeguard essential public spending.

The IMF rhetorical evolution has been associated with two interrelated conceptual shifts within the institution. On one side, the decade following the 2008 global financial crisis was characterized by a ‘rediscovery’ of the critical importance and usefulness of fiscal policy to tackle a number of economic problems (Blanchard et al. 2010). This happened alongside the recognition that its mandate was to include all macroeconomic issues which had a bearing on global economic stability (IMF 2013). On the other side, having acknowledged that issues such as inequality, gender and climate change are ‘macro-critical’ (IMF 2013), the IMF also came to recognize that these are all matters that benefit from state intervention and public expenditure. Crucially, IMF research produced evidence that government spending on infrastructure, health, education and social protection enhances both equality and growth, making them relevant for the IMF’s mandate. This trend culminated with the October 2017 Fiscal Monitor, which explicitly recommended more public spending in health and education and wealth taxation as measures to tackle extreme inequality (IMF 2017).

However, civil society for years has been denouncing a substantial gap between IMF’s rhetoric on social spending, inequality and gender and its actual practice (Mariotti et al. 2017). It argues that the policies prescribed in country surveillance and lending practices continue to prioritize fiscal adjustment overachieving adequate levels of public spending that guarantee universal quality access, and that measures supposedly designed to safeguard social spending, fail to do so.

For instance, IMF programmes are designed to include social spending floors in the form of non-binding conditionality. However, research by Kentikelenis et al. (2016) found that since 2000 and at least until 2014, social floors have been implemented in only about half of the IMF’s programmes, while fiscal conditions have been implemented in the majority of cases. In 2019, the IMF adopted a strategy for its engagement on social spending, which formalized the institution’s position on the need to safeguard social spending in loan programmes with the aim of protecting the poor and promoting inclusive growth (IMF 2019). The strategy identifies three channels through which social spending can become macro-critical and therefore relevant for IMF

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1 https://futureispublic.org/global-manifesto/.

2 For a detailed analysis, Mariotti (2022), ‘Our future is public: Why the IMF and World Bank must support public services’.

3 Binding conditions, or conditionalities, establish targets that a country must achieve in order to receive subsequent loan tranches. A non-binding condition does not impinge on a country’s ability to continue borrowing from the IMF or other institutions.
work. These are: fiscal sustainability, spending adequacy and spending efficacy. However, it does not discuss equity and fairness and does not touch on social spending as a critical tool to address the massive challenges of the next decades (Merling 2019). There is also no discussion on the macro-criticality of social spending in relation to other potentially macro-critical issues such as economic and gender inequality and climate change (Merling 2019).

Furthermore, in recent years the IMF has developed staff guidance notes on how to operationalize macro-critical issues such as gender and inequality in policy advice at country level. This guidance has been integrated in the recent update to the staff guidance note for country surveillance (IMF 2022). These documents mark progress in the way in which the IMF deals with inequality, gender and social spending, but they fail to address the most problematic aspects of the IMF approach, including the following points:

(A) There is no clear definition of what makes an issue ‘macro-critical’ and how this should be determined. In practice, this means an ad hoc, unsystematic approach to gender, inequality, social spending and climate change that relies exclusively on the interest and expertise of individual staff members and the willingness of countries to engage (Mariotti 2018);

(B) The concerns for macro-critical issues remain focused on the impact of inequality and social spending on stability and growth. The equally problematic impact of IMF policy advice, lending and conditionality on these issues appears to be of limited preoccupation. Civil society has long argued that the IMF can do a better job at supporting its members by strengthening the assessment of the impact of its policy advice on gender and economic inequality, so that the true human cost of such trade-off is actually acknowledged when policy decisions are made;

(C) The IMF maintains an arm’s length approach to human rights obligations. The IMF has repeatedly argued that given its mandate, it is only bound to promote human rights indirectly, by helping to create an economic environment that supports them.4 The human rights community considers this approach problematic, and argues that the institution could be considered responsible for complicity with economic reforms that violate human rights. The implementation of more systematic impact assessment analysis, and their use to shape policy and programme design, would enable the IMF to commit to at least a do-no-harm approach (Burgisser and Vieira 2020).

Soon after the beginning of the pandemic, low and middle-income countries started to struggle to get access to capital markets and increasingly turned to the IMF for financial assistance. The IMF obliged, providing about US$170 million of financial assistance, but demanding countries to ‘keep the receipts’ and increasingly imbuing its loans with the logic of austerity. The gap between IMF rhetoric and practice widened during this period. While speeches by Managing Director Kristalina Georgieva preached the benefits of health and social spending (Georgieva 2020), the IMF was also pushing for early fiscal consolidation and ‘deleveraging plans’—debt reduction plans centred on fiscal rules that constrain public spending. The October 2021 Fiscal Monitor encouraged governments to signal such commitment by improving their compliance with fiscal rules, entering IMF-supported programmes, or legislating fiscal policy changes before tightening public finances (Roch 2022).

As widely documented by the work of Isabel Ortiz and Matthew Cummins, fiscal austerity has become the ‘new normal’ since the 2008 global financial crisis, rather than a policy used counter-cyclically (Ortiz and Cummins 2022). Research by the Boston University Global Development Policy Centre (GDPC), that tracked the level of fiscal consolidation required in each IMF programme in the period 2008–2018, found that austerity continued to be practiced in the wake of the financial crisis (Ray et al. 2020). Since late 2020, several studies have been warning that the brief COVID-19-related fiscal expansion is being followed by an aggressive and premature return to austerity, in large part instigated by the IMF. A study by Eurodad in October 2020 found that out of 80 countries receiving COVID-19 emergency financing from the IMF, 72 were projected to begin a process of fiscal consolidation as early as 2021 (Munecvar 2020). In 2021, research by Oxfam found that 85% of COVID-19 loans were associated with commitments to return to austerity (Oxfam 2021). The most recent estimates by Ortiz and Cummins (2022) indicate that 143 countries (of which 94 developing countries) will contract their spending in 2023, meaning that 85% of the world population will live under austerity measures. The fiscal tightening is going to have deep consequences for public spending, reducing budgets to less than the (already low) pre-pandemic levels.

4 See, for instance, the IMF response to the letter sent by Juan Pablo Bohoslavsky, independent expert at the Office of the High Commissioner for Human Rights at the UN, where the IMF states: ‘The IMF has not accepted the Declaration on Human Rights as the motivating principle of our operations’. https://www.ohchr.org/sites/default/files/Documents/Issues/IEDebt/impactassessments/IMF.pdf.
The Damage Impact of IMF Policy Advice and Lending on Public Services

Despite the institution’s attempt to suggest otherwise, IMF policy advice and lending continue to promote an economic policy environment in which public services are left underfunded (Kentikelenis and Stubbs 2022). Oxfam and Development Finance International’s Commitment to Reducing Inequality Index shows that many countries maintained low levels of spending on health and social protection, regressive tax policies and the undermining of labour rights, even before the pandemic. For example, pre-COVID-19, only one in six countries was spending enough on health (Martin et al. 2020).

Despite some short-term increase in health expenditure and targeted social protection at the peak of the COVID-19 crisis, most developing countries have already cut back in their public services provision to pay back their debts. The 2022 edition of the Commitment to Reducing Inequality Index found that during the pandemic half of low- and lower-middle-income countries saw the share of health spending fall, half of the countries tracked by the Index cut the share of social protection spending, 70% cut the share of education spending, while two-thirds of countries failed to increase their minimum wage in line with gross domestic product (GDP) (Walker et al. 2022). Similarly, a 2022 report by the UK-based civil society organization Debt Justice, found that public spending in the most indebted countries has been falling or stagnating. Using IMF data from 41 low-income countries where information is available, the report noted that the countries with highest debt payments of over 15% of government revenue faced a drop in public spending of 3% between 2019 and 2023, compared to an increase of 14% for the countries with the lowest debt payments (Debt Justice 2022). According to analysis by Eurodad, 31 out of 37 Small Island Developing States (SIDs) countries are today in a critical debt situation and their government expenditure is set to fall between 2022 and 2025, meaning less investment in public services, climate action and more austerity measures (Fresnillo and Crotti 2022).

One of the most damaging policy measures recommended by the IMF to pursue fiscal consolidation are cuts to the public sector wage bill. Action Aid’s research found that across 15 countries, cuts to the public wage blocked the recruitment of 3 million essential workers (Archer and Saalbrink 2021). No clear rationale explains the cuts, which were recommended to countries with rather different shares of GDP spent on public sector wages: from 17% in Zimbabwe, to 8.7% in Ghana to 2% in Nigeria. Public sector workers such as teachers and nurses are essential to the delivery of high-quality public services, yet they continue to be undervalued and considered as disposable. As women are more likely to be employed in these jobs, the IMF insistence on cutting public wage bill is also a major driver of gender inequality (ActionAid International 2022).

A variety of studies have revealed the uneven distribution of the burden of austerity, for instance showing that IMF-required fiscal consolidation is significantly associated with increase in poverty and rising inequality, by increasing the income share to the top ten % at the expense of the bottom 80% (Stubbs et al. 2021). Austerity is also more likely to be shouldered by women, which are triply disadvantaged when public services are left underfunded: because women and girls are the first to lose access to reduced services, women lose access to decent work in frontline public sector roles and women disproportionately assume the burden of unpaid care and domestic work which increases as public services decline (Fresnillo 2020).

At a time when economic growth is stagnating or declining and millions of people are experiencing a dramatic increase in the cost of living, it is concerning that austerity is the universal policy of choice. The current status of the global economy—with high levels of public debt, high inflation and interest rates—risks leading to exploding levels of poverty and inequality while eroding spending on public goods and services that in fact are needed more than ever. The IMF’s insistence on austerity in its country level policy discussions is making it impossible to achieve the Sustainable Development Goals (SDGs) by 2030 or a future where high quality of universal public services is the norm.

The World Bank’s Approach to Public Services: For Profit or for the Common Good?

The COVID-19 pandemic has made clear that the World Bank’s approach to social policy, and public services in particular, continues to be narrow and inadequate. While the pandemic demonstrated the critical importance of strengthening public systems, and of prioritizing public investment in high quality and universal public services, the World Bank continued to promote a ‘private-finance first’ approach to development in its emergency response and recovery phase (Bayliss and Romero 2021).

This problematic response is indicative of the approach to public services, and social policy more broadly, maintained by the institution over the years, and marks yet another

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5 For a detailed analysis of the global process of narrowing the scope of social policy and the role of the World Bank, Chukwuma (2021).
missed opportunity to take lessons from old-failed practices and propose something new, in line with repeated calls for a rebuilding better agenda.6

The World Bank’s blueprint has increasingly reserved a central role to the private sector and private finance in development, as outlined in the 2017 Maximizing Finance for Development (MFD) approach (World Bank 2017). According to this development agenda, the state’s main economic role should be to ‘de-risk’ private investments, by providing guarantees and creating a business enabling environment whereby development projects become more appealing—i.e., profitable—for investors. This corresponds to what Professor Daniela Gabor terms the ‘Wall Street Consensus’, which refers to ‘an elaborate effort to reorganize development interventions around partnerships with global finance’ (Gabor 2021: 429). Accordingly, the state is judged by its capacity to protect investors’ profits from demand risks attached to commodified assets, and from political risks attached to policies that would threaten cash flows, including higher minimum wages, climate regulation and from liquidity and currency risks. These risks do not disappear, instead they are transferred to the balance sheet of the state, as is evident in the case of PPPs (Romero 2018). In practice, risks are socialized and profits privatized.

While the World Bank recognizes the importance of public spending in social services—health, education, water, social protection, it frames them as investment in ‘human capital’. In October 2018, it released the first edition of the Human Capital Index (HCI), an attempt to rank countries based on their education and health outcomes, and the impact that they are having on productivity and income levels.7 As the 2021 World Bank’s Approach Paper on human capital indicates, ‘human capital is a key driver of growth that comes with substantial positive externalities’ (World Bank 2021a: 12). For advocates and scholars monitoring World Bank policies this does not come as a surprise, as the institution’s ‘obsessive attachment to human capital theory’, as Fine and Rose (2001: 156) put it, has been a recurring feature of the institution’s approach to education over the years. This notion has raised concerns from human rights and feminist perspectives, because it instrumentalizes human development as functional to economic growth (Calkin 2018; Fine and Rose 2001). According to this logic, humans are conceived as mere instruments of the productive process rather than as rights-holders (Balsera 2011).

Arguably, this contributes to deepening the process of commercialization and commodification of public services—whereby education or health, for instance, become regarded solely in terms of its exchange-value rather than its intrinsic worth, or social purposes (Mackintosh and Koivusalo 2005; Ball and Youdell 2008).

The World Bank instrumental approach to public services is also evident in its new Business Enabling Environment (BEE) project, which replaces the controversial Doing Business Report (DBR). The DBR was discontinued in 2021 after an independent investigation revealed that data had been manipulated to change the rankings of five countries. The Report already had a history of misconduct and manipulation and civil society had long criticized it for embodying the World Bank’s neoliberal ideology, imparting a view of economic development as a competition between countries that can only be won by reducing the role of the state and creating the conditions for unfettered capitalism (Brunswijk 2018). Unfortunately, its replacement, the BEE, does nothing to address these concerns.

The BEE conceptualizes regulations and state provision of public services such as physical infrastructure and health and education as merely functional to the expansion of the private sector, rather than a generator of public value in themselves (Mariotti et al. 2022). It also suggests that these key services should be subject to market competition and that regulations that limit market entry for commercial providers of services like education and healthcare should be reduced or eliminated. In practice, the BEE threatens to pave a dangerous road that will undermine the financing of public services and increase their privatization.

The Place of Public Services in the World Bank’s Crisis Response

Since the beginning of the COVID-19 pandemic, the World Bank has published four papers that set out its approach to responding to the multiple crises that have been unfolding globally. In June 2020, it published the report Saving Lives, Scaling up Impact and Getting Back on Track, which sets out a four-pillar approach to respond to the health emergency and shape the recovery phase (World Bank 2020). This was followed in October 2021 by the paper Green, Resilient and Inclusive Development (GRID), which focuses on the World Bank’s long-term vision for the recovery path (World Bank 2021b). In early 2022, the spillover effects of the war in Ukraine resulted in a food and energy crises of unprecedented proportions. In response to that, in April 2022 the World Bank published the World Bank Group Response to Global Impacts of the War in Ukraine. A Proposed Roadmap (World Bank 2022a), which in turn was followed in July 2022 by yet another framework paper: Navigating Multiple

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6 UN Secretary-General Guterres calls for a global reset, ‘to recover better, guided by human rights’ https://www.ohchr.org/en/statements-and-speeches/2021/02/secretary-general-guterres-calls-global-reset-recover-better-guided?LangID=E&NewsID=26769.

7 For an analysis of the link between the global growth of International Large-Scale Assessments (ILSAs) and the World Bank’s Human Capital Index, Liu and Steiner-Khamsi (2020).
Crisis, Staying the Course on Long-term Development: The World Bank Group’s Response to the Crises Affecting Developing Countries (World Bank 2022b).

While the institution has worked to position itself as a ‘first respondent’ to the ongoing crisis, the political response set out in these four papers follows its pre-existent development model, with no signals of wanting to take the multiple crisis—debt, energy and food price crises—as a learning opportunity. For example, the GRID approach paper repeatedly highlights the weaknesses of governments, such as ‘coordination failures, weak institutional capacity, ineffective and inefficient use of limited fiscal resources, weak regulation and compliance, insufficient accountability and transparency, and patronage and corruption’ (World Bank 2021b: 22). However, this kind of emphasis is never placed on the failings of the private sector. All too often the narrative articulated by the World Bank does not recognize that our economic model is broken and that the way in which businesses operate, often enabled by inadequate government oversight, is a big part of the problem, starting with their focus on short term profits at the expense of long-term gains for people and the environment. All four framing documents are silent on the fact that while millions of people around the world are facing a cost-of-living crisis due to the continuing effects of the pandemic and the rapidly rising costs of essential goods and services, multinational corporations in the food, pharma, energy, and tech sectors are making huge profits (Oxfam 2022).

Instead, the World Bank has been emphasizing the need to use the crisis as an opportunity to strengthen policies and institutions, with a focus on generating fiscal space and crowding in private sector investments. As put in the GRID approach paper, ‘countries should undertake key structural reforms to promote robust private sector-led growth’, and stimulus packages can be key in leveraging private sector participation. As part of this, ‘the use of PPPs in infrastructure, health, education, and other sectors can leverage financing and speed the recovery.’ (World Bank 2021b:20). This is despite the mounting evidence that PPPs are an expensive and risky way of financing and delivering public services, which can also result in increasing inequalities (Gideon and Unterhalter 2021).

Research that has analyzed the World Bank’s lending during COVID-19 in practice, found that the institution continued to advise countries to divert public resources to attracting private investment. For example, programmes supported through Development Policy Financing, the Bank’s version of general budget support, have continued to include unquestioned support for PPPs and privatization of public utilities—without adequate consideration for the impact on human rights, poverty or gender and income inequality (Mariotti 2021). In Benin, the COVID-19 development policy operation aimed at ensuring the continued implementation of the reforms previously prescribed to increase the efficiency and sustainability of the energy sector. This included government compensation of the public utility distribution company (SBEE, managed by a private Canadian company) for the loss from the suspension of the rise in the electricity tariff by 5% during the COVID-19 crisis (Mariotti 2021). In several instances, the World Bank COVID-19 response projects lacked transparency and participation in decision making at national and local levels (ISER 2021a; Gordon 2022). An early analysis of eleven of the 80 World Bank COVID-19 Fast Track Facility projects found significant gaps in how documents covered the identification of marginalized groups, meaningful stakeholder engagement, and grievance redress mechanisms (Gordon 2022).

The World Bank in Healthcare – Pandemic Response and Privatization

The World Bank has made significant efforts in supporting countries’ health response to the pandemic through lending, grants and technical assistance. It has also done important analytical and advocacy work on health financing, to raise the alarm on future worrying trends of budget cuts for health post COVID-19 (Kurowski et al. 2021). Yet, these efforts cannot discount the fact that the World Bank’s work has in many cases weakened countries’ public systems through recommended limits on public sector investments, including for health workers; health care user fees as a method of ‘cost recovery’; and favouring an active role of the private sector in health. While the Bank has broken with its past position on user fees, raising concerns about out-of-pocket spending through its work on Universal Health Coverage, it has not done enough to support countries to reverse problematic policies in this area, and continues to support private sector involvement in the provision of healthcare.

In Kenya, for example, national policies intended to increase private sector participation in healthcare, largely encouraged by the World Bank, alongside chronic underinvestment in the public system, have contributed to an explosion of for-profit private actors who often provide poor value for money, neglect public health priorities, and contributed to pushing many Kenyans into poverty and debt (Hakijamii and CHRGJ 2021). Chronic under-investment and shortage of health workers have also made countries ill-equipped to face the pandemic and increased its devastating impact on the poorest people (Martin et al. 2020). For example, Uganda faced a medical oxygen crisis in the 2021 COVID-19 wave due to underinvestment in its public health system (ISER 2021b). Research on the World Bank’s initial pandemic response found that very few of their COVID-19 projects (only eight out of 71) supported any action to remove financial barriers to accessing healthcare, including user
fees, and two-thirds lacked any plans to increase the number of healthcare workers (Seery et al. 2020). This trend has also characterized the World Bank’s COVID-19 response in India (Taneja et al. 2022).

The insistence on private sector involvement in healthcare provision is even more misplaced in light of the poor performance of private health providers in ensuring equitable access to quality healthcare during the COVID-19 pandemic. Countries that relied more on private health financing tended to do worse in reducing COVID-19 mortality (Assa and Calderon 2020). In some countries, patients were refused by private hospitals when they could not afford the costs, while others were overcharged (Owain 2020). During the 2021 surge in Uganda, private actors charged exorbitant prices before providing emergency care, and held patients and dead bodies hostage until fees were cleared, undermining the country’s overall COVID-19 response (ISER 2021c). Cases of rights violations by private hospitals were also documented in India (Marathe et al. 2022).

The World Bank’s role in support to the private sector in healthcare takes place through its private sector arm, the International Finance Corporation (IFC). A recent study from the Dutch-based civil society organization Wemos, found that IFC’s investment in health increased significantly between 2017 and 2021, focusing on the quality and availability of health services and products, but almost never considering whether everyone could access them. According to the research, out of 88 projects examined, only one mentioned equitable access as an expected development impact (WEMOS 2022).

The IFC continues to finance commercial private health providers despite evidence that they are not accessible to lower-income groups, and to support PPPs in health despite evidence of the risks and failures of this model (see Languille 2017 for a review), such as the premature termination of the World Bank-supported Queen Mamohato PPP hospital in Lesotho (see Hellowell 2019) in full pandemic times (Marotti 2022).

The World Bank in Education—Key Lessons to be Learned

Over the years, the World Bank Group (which includes the IFC as well as the World Bank) has been an active player in the education sector, both through its public and private sector lending arms. While much of its public sector lending provides support to public education systems, the institution has increasingly supported private and market-oriented approaches to the provision of education, in particular through support for PPPs and low-fee private schools (Mundy and Menashy 2012). For instance, research by Malouf Bous and Farr (2019) found that during the period 2013–2018, over one-fifth of World Bank education projects included a component of support to governments for private provision of education. As they note, the World Bank actively advised countries to expand private education provision through PPPs, reduce regulations and encourage the expansion of for-profit schools, in particular through its tool Systems Approach for Better Education Results (SABER).8

The World Bank Group’s support to PPPs in the education sector has continued despite a growing body of evidence showing that education PPPs are too often failing the most vulnerable children and risk deepening inequality. Cross-country research highlights that there is no evidence that PPP schools perform better than public schools, and a study of 17 countries found that in the majority of countries, PPP schools were reinforcing social disparities by disproportionately serving students in upper income quintiles (Baum 2018). Educational PPPs in the Philippines turned out to be unaffordable for poor families and to accentuate school segregation and stratification (Termes et al. 2020). Meanwhile, students in PPP schools in Uganda were found to perform poorly on assessments compared to their counterparts in government schools and other private schools (ISER 2016).

While the World Bank did important work during the height of the pandemic to help countries implement remote learning, re-open schools and more generally to support public education systems, evidence from India suggests that its approach to private sector involvement in education has broadly remained the same. The World Bank funded five major education projects between 2020 and 2022 in the country, four of which included some role for non-state actors in the delivery of core functions of education. However, these projects failed to provide essential safeguards for engagement of the private sector, like ensuring that all projects are not-for-profit in practice by strengthening the regulation of private schools. They also failed to address financial barriers to accessing education and to commit to hiring additional teachers in government schools (Taneja et al. 2022).

Encouragingly, the World Bank Group has recently taken an important decision which could mark an important shift in its approach to public education and a step forward in reclaiming the right to education. In June 2022, it announced that the IFC would permanently end its investments in K-12 (kindergarten through grade 12) private schools. The decision was triggered by a critical report by the World Bank’s Independent Evaluation Group (IEG) arguing that the IFC’s business model applied to schools overlooked important measures of education access, equity, and quality (IEG 2022: chapter 4). The decision followed the IFC announcement that it was also divesting from Bridge International Academies.

8 For a critical analysis of SABER, see Klees et al. (2020).
(BIA), recently rebranded as New Globe Schools, a chain of for-profit schools operating in five African countries and in India. Civil society organizations had been monitoring and raising awareness about the negative impact of for-profit commercial schools on the achievement of the right to education for years, and welcomed these developments, calling for a broad rethinking of the World Bank Group’s approach to the education sector (Eurodad 2022).

Towards Transformative Social Policy and a New Vision for Public Services

As a way of overcoming the limitations of the neoliberal reductionist approach to social policy, there are increasing calls for rethinking the meaning and role of social policy, including broadening its scope, and for reclaiming public services. In light of the recent experience, these seem more relevant than ever and connect with the role of the state as an agent of development.

In the scholarly field, several scholars have advocated rethinking the meaning of social policy and broadening its scope, suggesting a far-reaching definition (Mkandawire 2001; 2011; Adésínà 2011; 2015; Fischer 2018). This perspective draws on seminal work by Thandika Mkandawire at the helm of the UNRSID. Mkandawire defines social policy as:

- state intervention that directly affects social welfare, social institutions and social relations. It involves overarching concerns with redistribution, production, reproduction and protection, and works in tandem with economic policy in pursuit of national social and economic goals (Mkandawire 2006:1).

Mkandawire’s vision of social policy has led to the idea of ‘transformative social policy’ (Adésínà 2011), which refers to social policy that is concerned with the redistributive effects of economic policy; the protection of people from the vagaries of the market and the changing circumstances of life; the enhancement of the productive potential of members of society; the reconciliation of the burden of reproduction with that of other social tasks; and the enhancement of social cohesion or nation building.

Central to the idea of transformative social policy is its grounding in the norms of equality and solidarity, which results in universal membership and coverage in provisioning, and involves a broad set of policy instruments, such as education, health, housing, social insurance, child and old age care, among others (Adésínà 2015; Fischer 2018). As Mkandawire argues, the discussion of transformative social policy is in line with calls for ‘bringing the developmental state back in’ (…) and with calls for a ‘developmental welfare state’ (Mkandawire 2012: 32–33). In the current context, these calls must place human rights at the centre, and be connected with efforts to elevate the role of the state in the development process.

From civil society, contestation to the neoliberal model has given rise to a new manifesto on public services entitled The Future is Public: Global Manifesto for Public Services. This document, developed collectively in 2021 by a wide range of civil society organizations and actors, offers a positive alternative that should inform governments’ as well the IMF and World Bank’s response to the ongoing crises.

The manifesto demands strong, quality public services to address the crises we are currently facing and those we will face in the future, and to build more sustainable, socially just and resilient societies. Since its launch, it has already been endorsed by more than 200 organizations from all over the world, reflecting a growing consciousness regarding the crucial role of public services in our economy and society. The manifesto positions public services as the foundation of a fair and just society, a social pact that implements the core values of solidarity, equality and human dignity. It outlines how public services are critical in achieving inclusive equality between groups, and how they are decisive in tackling the ongoing climate and broader ecological crisis while respecting people’s dignity.

In addition to articulating why public services matter and the principles that should guide their organization, governance and delivery, the manifesto clearly sets out how funding universal quality public services can be achieved. The manifesto highlights how mechanisms that are increasingly promoted as solutions to limited public services funding, such as PPPs, are expensive and unreliable financing models that escape transparency and democratic accountability mechanisms, pose liabilities to the public purse, risk undermining democratic public control and do not generate the funding required for public services. The manifesto argues that domestic mobilization of public resources is essential for states to provide financing for universal quality public services. Public resources fairly and progressively collected and distributed are indispensable for funding public services, as this is the only way to ensure that everyone can access quality services irrespective of their ability to pay.

The Way Forward

The systemic under-investment in, and the privatization of, public services has deepened poverty and exacerbated structural inequalities. The COVID-19 pandemic has laid bare the devastating consequences of systematically weakening investment in public services and has highlighted how market-based models cannot be relied upon to ensure a dignified
life for all. As this article shows, the World Bank and the IMF continue to fail to protect public services, despite their rhetoric arguing the opposite. In practice, they favour market-oriented solutions for the delivery of public services and put macro-economic stability and fiscal balance ahead of human rights.

Worryingly, this approach is persisting throughout the current phase of compounded crises: the IMF is increasing its lending while demanding that countries engage in fiscal consolidation, and the World Bank is unable to propose a response that moves away from its ‘private finance-first’ approach to development. In fact, the two institutions are amplifying the conditions for a new wave of austerity that would mean harsh cuts to health, education and social protection and sharp increases in poverty, hunger and inequalities.

In a critical time like the current one, more public investment is needed to hire more doctors and nurses, create green jobs and adapt to climate change, expand social protection, and keep everyone warm and well-fed. It is time for a new approach to social policy, one that is grounded on social justice, equity and the fulfilment of human rights, and that is part and parcel of repositioning the role of the state at the core of the development process. The World Bank and IMF must do their part with a fundamental shift in their policies and practices that could finally close the gap with their rhetoric. They must adopt a rights-based approach to public services, meaning that they must unambiguously support strong, publicly provided, publicly financed, gender sensitive and democratically controlled services. This should be reflected in their policy advice and financing to countries, as well as in their global political influence. As a whole, there is a need for rethinking the role of the private sector in development and empowering the state as the critical agent of change—the objective should be to put people and the planet before profit.

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