The Roles of the World Bank in the Ethiopian Higher Education System: A Review of Literature from the Human Capital Theoretical Perspectives

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Abstract

The World Bank (WB) as an international policy transfer and diffusion agent has been actively involved in orchestrating and driving higher education systems. The Bank contains the world’s largest international development research institute and is also believed to be the greatest funder of higher education. In this article, I have tried to show the role of the WB in Ethiopian higher education system using human capital theory as an analytical framework. The WB is the major international organization that plays a pivotal role in the Ethiopia higher education system. The Bank’s influence on Ethiopia higher education ranges from offering financial support to reforms and some research project and sponsoring short-term and long-term training to providing policy advisory services. The WB provides various financial and expertise-based contributions to Ethiopian higher education. The Bank also exercised its symbolic power by providing policy prescriptions in consultancy and research and setting the frame of references through analytical reports, sector reviews, and thematic workshops. Despite these contributions, the Bank is not creating sufficient spaces for local actors to critically challenge and criticize the recommendations of the Bank. The involvement of the Bank beyond the mere financial support has been the subject of criticism by researchers and academicians of the country. The article maintains that the WB is one of the manifestations of the process of globalization that has complicated the policy-making process of the Ethiopian higher educational institution.

Keywords: World Bank, Higher Education, Globalization, Human Capital, Education System, Education Policy
1. Introduction

Poor countries – and poor people – differ from rich ones not only because they have less capital but because they have less knowledge (World Bank, 1999, p. 1).

The changing setting of higher education over the last two decades has brought to the forefront ‘internationalization’ as one major expression of the educational system (Tamrat, 2015; Molla, 2014). Internationalization of higher education facilitates international relations among universities and serves as a means to improve the quality of education (Jibeen and Khan, 2015). Internationalization is one of the most important factors that shape the atmosphere of higher education to cope with economic and political changes (Knight, 2013; Molla, 2013).

International organizations are involved in higher education policy formation and implementation (Shahjahan, 2012; Molla, 2013). They play a significant role in the global flow of new ideas and institutional imperatives of higher education (Spring, 2009; Molla, 2014; Semela, 2011). By introducing changes to higher education policies and practices, international organizations influence the content of educational debates in national and international projects (Leuze, Brand, Jakobi, Martens and Nagel, 2008). Influential global organizations such as the World Bank (WB), UN Educational, Scientific and Cultural Organization (UNESCO), the Organization for Economic Cooperation and Development (OECD) and the World Trade Organization (WTO), along with bilateral aid agencies, major private foundations, and more recently regional organizations such as the European Union have had an evident impact on higher education (King, Marginson and Naidoo, 2011).

WB is one of the dominant international organizations working in the higher education sector. The Bank plays the role of catalyst for globalizing higher education by providing financial assistance, relevant advice, and shaping of the higher education landscape (Lebeau and Sall, 2011). As part of the internationalization of higher education, the Ethiopian higher education system has begun to exhibit some features of the emerging internationalization of higher education (Tamrat, 2015). Ethiopia has been highly influenced by the effect of the WB, on its higher education policy and practice in the past twenty years (Abebaw, 2009; Tamrat, 2015). Over these years, some scholars recognized the significance of international organizations in the higher education system. However, the influences of the WB on the Ethiopian higher education from the human capital theoretical perspectives have not been amply studied. This article tries
to address this gap. This article explores the influence of the Bank on the Ethiopian higher education system. It specifically answers the two questions: (i) what are the primary objectives of the WB support for the Ethiopian higher education system? and (ii) what roles does the WB play in Ethiopian higher education system?

I respond to these questions by synthesizing higher education literature to date. This article reviews literature in academic journals, books, and conference papers. In this article, I argue that the study of the role of the WB in Ethiopian higher education is integral to understanding the globalization of higher education.

The article is structured into five main parts, including this introduction. The second part presents the methodology. The third part discusses the human capital perspective as the theoretical framework. The fourth part explores the ways through which the Bank influences the higher education system of the country. Finally, I conclude and suggest a set of propositions that guide future research on the relationship between the WB and Ethiopian higher education system.

2. Methodology

This article rests on the analysis of relevant and up-to-date literature. The Ethiopian government documents (such as higher education proclamation, Growth, and Transformation plan (I and II) along with WB documents are reviewed. This article is a narrative review, a traditional method of reviewing literature skewed towards a qualitative interpretation of prior knowledge (Sylvester, Tate and Johnstone, 2013). A narrative review attempts to summarize or synthesize what has been written on a particular topic, but does not seek generalization or cumulative knowledge (Davies, 2000; Green, Johnson and Adams, 2006). Narrative review articles are publications that describe and discuss the state of the science of a specific topic from a theoretical and contextual point of view. It is a qualitative approach that focuses on the analysis of the introduction, development (sub-headings that divide and discuss appropriately the topic), discussion, summary, and references. For the purpose of clarifying the specific procedures, I have used the diagram that describes the main steps in writing a narrative review by Gasparyan, Ayvazyan, Blackmore and Kitas (2011).
Source: Gasparyan, et al. (2011)
Moreover, I have selected the articles/journals the following criteria 1) Relevance to the topic (articles/journals and reports directly related to the topic); 2) Topical nature of the material (being most recent or up-to-date, focusing on post 1991); 3) Area of focus (emphasis on Ethiopian context); 4) Qualitative design (focus on qualitative data and interpretations); 5) reputation (peer review process, objectivity, status of the journal/article publishers). This article only examines the influence of the Bank on the post-1991 Ethiopian higher education system. The post-1991 can be considered as the revitalization of Ethiopian higher education system (Molla, 2014). During this period an astonishing improvement in terms of access to higher education has been witnessed (Garomssa, 2016).

3. Human Capital Theory

To understand the strategies behind the role of international organizations such as the Bank play in higher education, it is helpful to briefly review the human capital perspective as a theoretical construct. Along with information and communication technology, human capital has been believed to be a key pillar of the knowledge-based economy with increasing economic returns (Hippe, 2019). Since its formulation, the human capital theory has developed into one of the most powerful theories in modern economic growth and development. The growth of the concept of the knowledge economy in the 21st century has also credited it a further degree of significance due to the existence of a strong nexus between enhancement of human capital and economic growth (Gillies, 2017).

In 1960, the Human Capital Theory was developed by Gary Becker and Theodore Schultz (Robeyns, 2006), which is a modern wing of Adam Smith`s thought (Marshall, 1998) emphasizes the rationality of investing in human capital to construct an economic value, social services and production of new knowledge (Olaniyan & Okemakinde, 2008). Marshall’s (1998) discusses the rationale behind this theory is the extensive investment in human capital would play a pivotal role in creating the labor-force that is skill-based to be necessary for economic growth. These early empirical analyses of human capital theory had provided a robust economic basis for greater investment in the higher education sector to eradicate poverty (Obamba, 2013).
Fitzsimons (2017) argues:

A key strategy in determining economic performance has been to employ a conception of individuals as human capital and various economic metaphors such as “technological change,” “research,” “innovation,” “productivity,” “education,” and “competitiveness.” Economic considerations per se in the past, however, have not determined education (p. 1).

The theory provides a rationale for the public investment in the higher education sector, while also intending to efficiently regulate the pace and cost of expansion on the basis of measured economic returns to graduates and the country (Marginson, 2019). The theory assumes formal education as highly instrumental and very relevant since it improves the production capacity of the population. An educated population is a productive population; thereby educational policies should be shaped to increase the productivity of workers. The recent formation of human capital theory stresses the merit of higher education to participate in the new global economy (Fitzsimons, 2017).

The concept of human capital has been brought to the forefront of academic discourses on education. Different studies have shown the improvements in education accelerate productivity and contribute to the development of science and technology. Empirically speaking, East Asia countries (including Hong Kong, Korea, Singapore, and Taiwan) have achieved unprecedented rates of economic growth due to their large investment in higher education (Almendarez, 2013; Babalola, 2003). Productivity is enhanced and sustained based on an increased and diversified labor force (Almendarez, 2013). The importance of higher education in accelerating economic growth and development has been witnessed in the experiences of the South East Asian developmental states after which Ethiopia models its developmental state paradigm.

Investment in human capital can have direct or indirect economic returns to countries. The direct economic returns are in terms of the balance between the opportunity costs of resources and the expected future benefits, while the indirect economic returns are in terms of external benefits affecting other members of society (Psacharopoulos and Woodhall, 1997). Promoting investment in human capital yields returns to the individual in terms of pay and to the state in terms of employment and economic growth (Gillies, 2017).

Human capital has been and continues to be criticized in numerous ways. One criticism is related to its entire focus on the economic and the instrumental side of education (Robeyns, 2006). Even
in economics, this theory has faced criticism by its difficulty to measure the key concepts of this theory, for instance, measuring worker productivity and possibly of future income based on the current investment in education is very difficult. Many scholars have argued not all investments in education can assure future productivity (Marshall, 1998). The human capital theory has also criticized by the Marxian as the excess supply of education might create income inequality among individuals (Olaniyan & Okemakinde, 2008). Although the WB understood the impact of the human capital theory is unambiguously positive, the magnitude of the impact and the return of a given human capital investment is much more difficult to evaluate (Flabbi and Gatti, 2018). Before proceeding further with a detailed explanation of the role of the WB on higher education, it is essential to discuss the nexus between the WB and human capital theory.

### 4. The Nexus between the World Bank and Human Capital Theory

It has been suggested that the human capital theory had contributed to reshaping WB policy towards investment in education (Heyneman, 2003). Since the mid-1960s, education policies and strategies of the WB have been highly influenced by the essence of human capital theory, believing that expenditure on education would play a pivotal role to increase productivity, foster economic growth and eradicating poverty (Molla, 2012; Heyneman, 2003). Molla (2012) argues that the Bank is giving huge emphasis on human development as:

> The name of the game has now been knowledge-intensive development. It calls for a new outlook – one that is more strategic and nationally integrated – on the nature of the contribution that education can make to industrialization, to exports, to the building of a more resilient economy, and to confronting the twenty-first-century challenges (Molla, 2012, p. 6).

Starting from the late 1990s, the bank has consistently focused on the knowledge economy discourse in its policies and practices. The WB underlines that to achieve economic growth and development, developing countries can no longer depend on its natural resources but on its well-trained and skilled labor force (World Bank, 2000, 2003). The Bank has not only underscored the significance of human capital to achieve sustainable economic growth, but also recommended the developing world to narrow the knowledge gap through acquiring, absorbing and communicating knowledge (World Bank, 1999, 2003; Molla, 2013).
The WB stresses higher education plays a vital role in contributing to national economic growth and poverty reduction through training qualified professionals (World Bank, 2003). Investment in human capital is like investing in physical capital: one can invest in human capital with the expectation of economic returns (Lim et al., 2018). The Bank has called for measurement and annual reporting of human capital to track and motivate investments in higher education to enhance productivity.

5. The Role of the World Bank in Higher Education

The International Bank for Reconstruction and Development, generally known as the World Bank established in 1944 as a key player in the Bretton Woods post-war international financial system and later became one of the most powerful international financial institutions that involved in the promotion of economic development (Jinyuan, 2014; Kallo, 2018).

The WB has justified the significance of higher education as a backbone of poverty reduction in several of its reports (Bassett, and Maldonado, 2010; WBG, 2017). The Bank is currently the leading international financier of economic growth in developing countries (Kallo, 2018; Obamba, 2013). The Bank has been the dominant international organization working with developing countries to reform their higher education (Edwards and Storen, 2017). The WB consists of five international organizations, such as the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Center for Settlement of Investment Disputes (ISCID). Three of these international organizations have been working in the higher education sector: the IBRD, the IDA, and the IFC (Kallo, 2018). These organizations differ from each other in their financial sources and in terms of lending procedures. The IBRD collects its funding from international financial markets, while IDA funding is largely based on the provision made by member states of the UN (WBG, 2017).

Given the contributions of the sector to the development, the WB works in the realm of higher education as part of its broad mission to reduce poverty and increase productivity (Lebeau and Sall, 2011). This work takes the form of financing, technical assistance and knowledge production (Edwards and Storen, 2017). Education at the Bank is organized under the supports of
Global Education Practice. Higher education is coordinated by the core higher education group, which brings together 120 group staff from across the globe to exchange information on best practices and lessons learned (WBG, 2017).

The WB conducts seven types of higher educational tasks: (1) publish country’s policy reports; (2) offer financial support; (3) collect and analyze data regarding higher education; (4) policy advice; (5) sponsorship of international conferences/workshops; (6) provide technical support, and (7) deliver analytical assistance (Salmi, Hopper and Bassett, 2009; World Bank, 2003; 2000). The most influential source of power the WB has at its disposal is loan provision capacity. The Bank makes use of its financial power through two important methods: policy subscription and preconditions (WBG, 2017; Bassett and Maldonado, 2010). The recipient country is forced into the proposed reform of the bank for the sake of securing financial support (World Bank, 2003; Newmark, 2002).

The Bank financed a total of 12 billion USD in higher education in 2013–2016. The corresponding figure for the IFC in these years is 721 billion USD, of which around 70%, which equals 500 billion USD, was allocated to higher education. In the fiscal year of 2017, IBRD and IDA issued a total of 42.1 billion USD in loans, grants, and guarantees. The share spent on general education was about 7%, which equals 6 billion USD. Higher education accounts for 20% of the total sum, which is approximately 1 billion USD (WBG, 2017). The percentage allocated for higher education fluctuates from year to year due a country’s need or willingness to participate, as well as influential donor countries that may contribute restricted dollars for the World Bank to use (Collins and Rhoads, 2010).

emerged from two years of detailed research as well as discussions and interviews of relevant issues (Bassett and Salmi, 2014). Finally, in 2002, the Bank published ‘Constructing Knowledge Societies: New Challenges for Tertiary Education’, a comprehensive examination of higher education as a tool for poverty reduction and participation in the global knowledge economy. Constructing knowledge societies emerged from systematic data collection process that has not only focused on the efforts of the Bank directly, but also scrutinized the experiences of relevant actors outside the Bank (World Bank, 2002).

Since 2002, the Bank has been published other notable reports informing higher education policy directions, including a number of country-specific reports, working papers, and technical reports (Salmi et al. 2009). On the other hand, the Bank provides technical assistance on various higher education challenges, based on the request of the borrowing countries (Merisotis, 2003; Molla, 2013). In recent years, an increasing share of the WB has mainly been focused on advisory services, which refers to targeted technical assistance financed by recipient states. The role of the advisory services provided by the WB has grown, but their share in the overall investment has remained rather limited. The advisory services offered by the IBRD and the IDA in 2003–2016 consist of fewer than 90 projects, most of them in African countries. Technical advice has focused on issues such as higher education quality assurance, internationalization, strategic planning, and governance (WBG, 2017).

However, the WB has been criticized for its poor use of the recommendations forwarded by non-bank education specialists, especially in cases where the experts’ views have deviated from the Bank specialists (Arnove, 2012). The Bank has also been criticized by non-Bank researchers for its overemphasis on private investments, and neoliberal approach aimed at connecting the weaker countries with the world trade through various agreements (WBG, 2011). These include the lack of consistency in higher education issues, an absence of the ability to measure the impacts of the grants and the focusing on its projects on established institutions and mostly in male-dominated fields like science, technology, engineering, and mathematics (WBG, 2017).
6. How the World Bank Influences the Ethiopian Higher Education System?

The higher education sector of sub-Saharan Africa has been influenced by multiple international organizations. The WB is the largest and most powerful international organization that provides various forms of lending and technical assistance for educational development in sub-Saharan Africa (World Bank, 2009). Ethiopia’s higher education system has faced a long-term influence by different international institutions. Being one of the primary loan providers, the Bank plays an important role in the country higher education (Yizengaw, 2005; Molla, 2013, 2014). According to the World Bank (2003) as cited in Molla (2013, p. 181):

Poverty alleviation in Ethiopia requires sustained economic growth, good governance, and political stability in order to be effective. Growth is derived from skilled human resources and national productivity increases, leading to greater country competed in the regional and global economy. Productivity gains are generated by national innovation systems in which tertiary education institutions play a fundamental role. [...] Therefore, if poverty is to be reduced, Ethiopia’s tertiary institutions will have to improve their performance and expand their service delivery.

The 1994 education and training policy has been gradually reformed to include human capital theory, believing that investment in human capital can make the individual worker much more productive and contributes to poverty reduction process (Ministry of Finance and Economic Development, 2010). Following the recommendations of the Bank, the government endorsed many of the neoliberal policy elements and incorporated them in the newly ratified Higher Education Proclamation (No.351/2003; revised in 2009, No.256/2009). Among other things, cost-sharing and performance-based budgeting systems have been introduced in Ethiopian higher education. With the introduction of new regulatory frameworks and financial incentives, the role of the state has also shifted from direct control of higher education to steering from a distance (Molla, 2013).

Ethiopia, a developmental state for over two and a half decades, has recently launched a set of the most comprehensive development plan called the Growth and Transformation Plan (GTP I and II). The first phase of the plan, which lasted for five years from 2010/11 to 2014/15, has come to a conclusion leading to the kick-off of the second phase as of 2015/16 budget year. These policies required a coordinated plan that identifies the development priorities of the
country and the respective roles of each sector, which human capital have been emphasized (Woldegiyorgis, 2014b). The GTP I underline the importance of human capital as:

Expanding human capital and improving human development outcomes is still a central pillar of Growth and Transformation Plan. The government has been taking measures to improve the human resource development as healthy, productive, and trained human resource is essential for the implementation of government policies, strategies, and programs (MoFED, 2010, p. 8).

GTP II also states the poverty eradication process is the major development objective of the government (MoFED, 2010). The WB underlines the importance of higher education to national economic growth and poverty reduction through training well-trained professionals to address the socioeconomic and political challenges of the state (World Bank; 2003; Molla, 2013). The knowledge-based discourse of the Bank is translated into the GTPs I and II, which tries to create a synergy between development and higher education (Molla, 2013; Ministry of Finance and Economic Development, 2010). The WB stresses the economic growth and its resultant poverty alleviation process can only achieve through human capital. Economic growth derived from skilled human labor and national productivity increase a country’s global competitiveness. Productivity can only be improved if the national innovation system through higher education is flourishing (World Bank, 2003). In similar fashion to the Bank, the government of Ethiopia stresses the expanding human capital and improving human development outcomes is the pillar of economic development (MoFED, 2010).

The WB provides various financial and expertise-based contributions to Ethiopian higher education (Woldegiyorgis, 2014a). Since 1991, the policy reform in the state has created multiple changes to achieve the long-term goal of rapid economic growth and poverty alleviation endeavor. The reform has gone with human capital assumptions whereby the ultimate goal of higher education is to form the knowledge-based economy. The Bank contribution to the country higher education sector ranges from financing higher education reform program to facilitate the cooperation between Ethiopia and different international organizations (Teferra and Knight, 2008). It is playing a significant role in mobilizing resources, generating knowledge and providing leadership (Woldegiyorgis, 2014b).
The WB activities in Ethiopia started in the 1980s and its influence become visible after 1990s, following the disposal of the military regime from power (Bassett and Maldonado, 2010). Since the beginning of the 2000s, Ethiopia has undertaken comprehensive and significant policy reforms in its higher education system assisted by the World Bank. At the result, Ethiopia has ranked as the top recipients of WB loan and expertise assistance (Salmi & Bassett, 2010). As one notable example, Ethiopia is one of the few countries in Sub-Saharan Africa that benefited from the financial and non-financial assistance of the World Bank. The funds of the Bank play an important role in promoting institutional linkage with different international organizations and universities, facilitating invitation to visiting professors, encouraging the opening of new and innovative graduate and postgraduate programs and training to academic staffs (Teferra and Knight, 2008). One suggestion of the Bank’s ideological stance with regard to higher education has been its leaning for strengthening the private sector. Emphasis on the private sector typically is achieved through the enforcement of conditions positioned on loans to developing countries (Collins and Rhoads, 2010). The WB has influenced the newly introduced scheme of privatization of higher education in Ethiopia. To achieve this goal, the Bank recommends to provide stronger incentives for the expansion of private higher education institutions (e.g., access to land, more generous customs exemptions for the importation of educational materials) and also extend quality-enhancing support (Saint, 2004). Taking the Bank’s policy recommendations, Ethiopia opened up the sector to private investment. Accordingly, more than 100 private higher education institutions entered the sector in less than two decades. The Ethiopian government has no way to hinder the private institutions to play their part in the education sector because it would be contrary to their long-term rationale of human capital expansion.

The Bank also exercised its symbolic power by providing policy prescriptions in consultancy and research and setting the frame of references through analytical reports, sector reviews, and thematic workshops. While funding, the Bank has set preconditions, conducts a sector-based evaluation and advisory (Garomssa, 2016). Besides, the WB outlined policy options after the previous frameworks have been scrutinized in collaboration with national policy stakeholders (WBG, 2017). Afterward, the bank has influenced to strengthen the development of the private sector and decentralization of governance the higher education sector. By doing so, the WB proposed the neoliberal reform initiation assuming the primary role of the state should be
steering higher education to cope with global and local economic changes (World Bank, 2009). The bank succeeds in instilling the neo-liberal ideology:

The Bank championed the introduction of user fees in HE (Higher Education) in Ethiopia and called for decentralized governance of public universities with a new steering role of the state. Following the recommendation of the Bank, the government endorsed many of the neoliberal policy elements and incorporated them in the newly ratified Higher Education Proclamation (No.351/2003; revised in 2009 No.256/2009) Among other things, cost-sharing and ‘performance-based budgeting’ (funding formula) system have been introduced in Ethiopian HE (Molla, 2013, p. 178).

In the new user fee scheme, students in public universities enter into an obligation to share the cost of their study, to be paid back in the form of service or graduate tax from future earnings (Molla, 2014). In light of the rapid higher education expansion, the cost-sharing scheme is essential to ease the financial burden of the government (Garomssa, 2016). The government had intended public universities slowly move away from public funding through mobilizing resources, including marketization of their research outputs and advisory services, and establishing for-profit enterprises (Molla, 2014).

Since the 1990s, the Bank has been working with the government on devising a new higher education finance system. The Bank developed a block grant budgeting system. This block grant is intended to steer institutional performance progressively towards the goals of the government’s higher education reform (WBG, 2017). The block grant is based on the performance of the institution, i.e., the number of students admitted, the number of students graduated, quality of education, research and community services rendered by the institution, the ratio of women and minorities, and the ability of the institution to generate additional income (World Bank, 2003). The recommended financing system has been instrumental in improving the performance of the institutions (Molla, 2013).

In its policy report and sector review, the Bank underscores the significance of knowledge as the best path to alleviate poverty. The WB recommends the poverty alleviation process through economic growth cannot be achieved without a properly functioning higher education system. The Bank has provided Ethiopia with policy missionaries that enable higher educations to achieve its goals by arranging a thematic conference and expert meeting (Molla, 2013). Woldegiyorgis (2014a) claims the WB puts its pressure on higher education in Ethiopia through;
first, the adaptation and implementation of the Bank’s policy framework, which has been regarded as a precondition to alleviate poverty and achieve economic growth. Loans from the WB can only become available when the recipient government agrees to implement a set of economic policy reforms shaped by the development model of the Bank (WBG, 2017).

Second, the provision of technical assistance is another method through which the Bank penetrates to the Ethiopia higher education system. The Bank has been providing foreign professors to the newly opened universities and subjects of short supply (World Bank, 2013). Third, the Bank plays an important role in organizing donors to contribute to the implementation of the education sector development program. This program is purposed to restructure the organization and delivery of education to secure its access, with enhanced equity, quality, and relevance (World Bank, 2003). Fourth, the bank has been conducted and documented sector review of an Ethiopia higher education system that identifies problems and recommends solutions. A case point is the 2003 sectoral review of the Bank on the Ethiopian HE (Higher Education in Ethiopia: Pursuing the vision), which the Ethiopian government shaped several major higher education reforms (Woldegiyorgis, 2014a). The objective of these publications is twofold. Firstly, the WB aims to motivate change and reforms in countries where such motivations are lacking. Secondly, the Bank uses these publications to legitimize its reform agenda (Molla, 2013). Ensuring the quality of higher education is another area the WB has been putting its influence. The Bank stresses the quality assurance is necessary to ensure accountability of institutions for their services of teaching and research as well as provide students with a guarantee that they will receive a certain standard of education in return for their investment of time and resources (Garomssa, 2016; WBG, 2017).

Decentralization of power, institutional autonomy, and academic freedom are another area of intervention the Bank exerting its influences on the country higher education. The introduction of strategic planning and block grant budgeting system along with a higher education strategic center are good examples of the WB effort to encourage decentralization of power (World Bank, 2003). The WB has managed to put their ideologies and policy prescriptions through controlling core centers of the higher education system of Ethiopia: the Higher Education Strategy Centre (HESC) and the Higher Education Relevance and Quality Assurance Agency (HERQA). Higher education policy and management experts from the WB have occupied senior positions of these
two institutions. The experts have extended their policy advisory services and conducted a series of policy studies to inform the reform process (Molla, 2014). The Bank has been broadening its involvement, not only in terms of determining the type and nature of the required reforms but also in terms of creating the suitable environment for the proposed and implemented reforms (Garomssa, 2016).

The WB suggested that a new form of ‘Development University’ is needed where higher education institutions have to transform themselves into differentiated and responsive institutions, focused on the production of strategically needed human skills and applied problem-solving research (WBG, 2011). Considering such recommendation, Ethiopia’s has recognized the values and the need for a differentiated higher education. The Bank’s recommendation for “differentiation” is based on program offerings, functional focus, institutional status, and student composition (World Bank, 2009). This policy can be regarded as an important first step towards nationwide planning and institutional actions. Differentiation of higher education is currently becoming a burning issue among university professors and researchers of the country. Another major reform which has recommended by the Bank has the use of business sector management techniques to improve the institutional quality and efficiency. This was done through ‘Business Process Reengineering’ (BPR). Following that, a balanced scorecard (BSC) was implemented and most recently, all public higher education institutions have turned their attention to the Japanese quality management technique: KAIZEN (Garomssa, 2016).

However, Garomssa (2016) argues despite its huge contribution, the Bank is not creating sufficient spaces for local actors to collaborate. The Bank hardly gives national actors a genuine opportunity to critically challenge and criticize the recommendations of the Bank. Bassett and Maldonado (2010) also argue that the involvement of the Bank beyond the mere financial support has been the subject of criticism by researchers and academicians.

All in all, the higher education system of Ethiopia has adapted to the government objectives and policy recommendations of international organizations (mainly the WB). The country’s higher education system ought to be national assets that can be steered through national development policies and strategies so as to achieve economic growth and subsequent development. Therefore, it is essential for the government of Ethiopia and all concerned stakeholders to fully
integrate and implement human capital perspectives into their higher education policies and strategies.

7. Conclusion and Future Research Directions

In this article, I have tried to show the role of the WB in Ethiopian higher education system using human capital theory as an analytical framework. Ethiopia’s higher education system has faced a long-term influence by different international institutions. Both the WB and the Ethiopian government stress the economic growth and its resultant poverty alleviation process can only achieve through human capital. Being one of the primary loan providers, the Bank plays an important role in the country higher education. The Bank’s influence on Ethiopia higher education ranges from offering financial support to reforms and some research project and sponsoring short-term and long-term training to providing policy advisory services. The WB provides various financial and expertise-based contributions to Ethiopian higher education. The Bank has also influenced the newly introduced scheme of privatization of higher education in Ethiopia. The Bank also exercised its symbolic power by providing policy prescriptions in consultancy and research and setting the frame of references through analytical reports, sector reviews, and thematic workshops. The Bank has also recommended the use of business sector management techniques such as ‘Business Process Reengineering’, Balanced Score Card and the Japanese Quality Management Technique (KAIZEN) to improve the institutional quality and efficiency of higher education in the country. Moreover, institutional autonomy and academic freedom are other areas of intervention the Bank in the Ethiopian higher education system.

Despite these contributions, the Bank is not creating sufficient spaces for local actors to collaborate. The Bank has given less attention to national actors a genuine opportunity to critically challenge and criticize the recommendations of the Bank. The involvement of the Bank beyond the mere financial support has been the subject of criticism by researchers and academicians of the country. I can also argue that the Bank’s education lending and the implementation of its policies on the Ethiopian higher education system have been challenged for at least two reasons. First, when a powerful institution like the Bank penetrates to the higher education of the country, it tends to confront with the national policies and strategies of the country. Secondly, the Bank’s view of education derives from its approach to achieving economic growth, which gives less attention to the social capital of the country. The Bank’s
vision of education is one-dimensional, with no consideration for the social and cultural factors which determine the long-term development of the country. Therefore, it is essential for the government of Ethiopia and all concerned stakeholders to fully integrate and implement human capital perspectives into their higher education policies and strategies. I would suggest the following future research areas to explore the relationship between the WB and Ethiopian higher education system:

- More empirical/theorized accounts of the internal processes of the WB and how they work in relation to Ethiopian higher education policy.
- Improved understanding of the interconnections between the WB and specific higher educational institutions in Ethiopia (Addis Ababa University, Jimma University or Mekelle University) through comparative case studies and across national contexts.
- Expanding the study of the relationships between the WB and higher education policies in regions of the world not previously discussed (e.g., Horn of Africa, North Africa).
- More systematic studies on how the WB impact equity and access issues in the Ethiopian higher education system.

Given that, the article has only focused on the role of the WB on Ethiopian higher education system, it would be important to contrast this discussion with research on regional actors in the continent like Africa Union.

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