

# Education policies in the developing world

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# Introduction

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- Education is perceived as one of the main engines of development and growth.
- Many development policies are targeted towards education.
- ... and yet many challenges are still open on many fronts.

# Introduction

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- Where do we stand?
- What type of policies where?
  - Demand policies (Scholarships, Conditional transfers)
  - Supply policies (School building programmes, teacher attendance, books etc.)
- We cannot talk about 'education policies' that fit any situation and context
  - Different levels of development require different policies.
  - Many issues are country or region specific.

# Where do we stand?

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- Coverage
  - Very poor regions
  - Middle income regions
- Quality of education

# Coverage

Country or territory	Age group 2004	School-age population <sup>1</sup> (000) 2003	ENROLMENT IN PRIMARY EDUCATION				Enrolment in private institutions as % of total enrolment		GROSS ENROLMENT RATIO (GER) IN PRIMARY EDUCATION (%)					
			School year ending in				School year ending in		School year ending in					
			1999		2004		1999		2004		1999			
			Total (000)	% F	Total (000)	% F	Total (000)	% F	Total	Male	Female	GPI (F/M)		
		Sum	Sum	%F	Sum	%F	Median		Weighted average					
World	...	642 092	644 985	47	682 225	47	7	8	100	104	96	0.92		
Countries in transition	...	12 949	15 834	49	13 926	49	0.3	0.6	100	101	99	0.99		
Developed countries	...	66 509	70 418	49	67 419	48	4	4	102	102	102	1.00		
Developing countries	...	562 634	558 733	46	600 879	47	11	11	100	105	95	0.91		
Arab States	...	39 355	34 725	46	36 700	46	7	7	89	95	82	0.87		
Central and Eastern Europe	...	22 273	25 489	48	22 630	48	0.4	1.0	100	102	97	0.96		
Central Asia	...	6 274	6 853	49	6 376	49	0.5	0.8	99	99	98	0.99		
East Asia and the Pacific	...	182 126	217 575	48	206 217	48	7	16	112	112	111	0.99		
East Asia	...	178 546	214 277	48	202 712	48	4	2	112	113	112	0.99		
Pacific	...	3 581	3 298	48	3 505	48	16	21	94	95	93	0.99		
Latin America/Caribbean	...	58 710	70 206	48	69 259	48	15	16	121	123	119	0.97		
Caribbean	...	2 062	2 500	49	2 622	49	21	27	115	117	113	0.97		
Latin America	...	56 649	67 705	48	66 637	48	15	15	121	123	119	0.97		
N. America/W. Europe	...	50 883	52 857	49	51 734	48	7	6	103	102	103	1.01		
South and West Asia	...	170 919	157 510	44	187 884	46	...	4	94	103	85	0.82		
Sub-Saharan Africa	...	111 551	79 772	45	101 424	47	11	10	79	85	72	0.85		

# Coverage

	GROSS ENROLMENT RATIO (GER) IN PRIMARY EDUCATION (%)				NET ENROLMENT RATIO (NER) IN PRIMARY EDUCATION (%)								OUT-OF-SCHOOL CHILDREN (000) <sup>2</sup>					
	School year ending in 2004				School year ending in								School year ending in					
					1999				2004				1999			2004		
	Total	Male	Female	GPI (F/M)	Total	Male	Female	GPI (F/M)	Total	Male	Female	GPI (F/M)	Total	Male	Female	Total	Male	Female
	Weighted average				Weighted average				Weighted average				Sum					
World	106	109	103	0.94	83	86	80	0.93	86	88	84	0.96	98 172	40 717	57 455	76 841	33 252	43 589
Countries in transition	107	108	107	0.99	85	85	84	0.99	91	91	90	0.99	2 093	1 034	1 059	1 086	545	541
Developed countries	101	102	101	0.99	96	96	96	1.00	96	96	95	0.99	2 024	1 065	959	2 282	938	1 344
Developing countries	107	110	103	0.94	81	84	78	0.92	85	87	82	0.95	94 056	38 619	55 437	73 473	31 770	41 704
Arab States	93	98	88	0.90	77	81	73	0.89	81	85	78	0.92	8 361	3 407	4 954	6 585	2 695	3 890
Central and Eastern Europe	101	103	100	0.97	89	91	88	0.97	91	92	90	0.98	2 592	1 129	1 463	2 014	936	1 078
Central Asia	102	102	101	0.99	89	89	88	0.99	92	92	91	0.98	544	269	275	364	171	193
East Asia and the Pacific	113	114	112	0.99	96	96	96	1.00	94	94	94	0.99	6 827	3 381	3 446	9 671	4 757	4 914
East Asia	114	114	113	0.99	96	96	96	1.00	94	94	94	0.99	6 382	3 159	3 223	9 298	4 587	4 712
Pacific	98	99	96	0.97	87	88	87	0.99	90	91	88	0.97	445	222	222	373	170	203
Latin America/Caribbean	118	120	116	0.97	93	94	93	0.98	95	96	94	0.99	3 731	1 712	2 019	2 698	1 203	1 495
Caribbean	126	128	125	0.98	77	79	76	0.96	83	85	82	0.96	435	211	224	341	155	185
Latin America	118	119	116	0.97	94	95	93	0.98	95	96	95	0.99	3 296	1 501	1 795	2 358	1 048	1 309
N. America/W. Europe	102	103	101	0.98	96	96	96	1.00	96	97	95	0.98	1 519	806	713	1 845	703	1 142
South and West Asia	110	115	105	0.91	77	84	70	0.83	86	89	82	0.92	31 309	9 646	21 663	15 644	4 873	10 771
Sub-Saharan Africa	91	96	85	0.89	55	58	52	0.89	65	67	63	0.93	43 289	20 368	22 922	38 020	17 914	20 106

# Quality of education: some indicators

Table 5. Gross and net classroom area, and number of students per classroom in selected Government programs

Africa						Asia						Latin America					
Country	Gross area	Net area		m <sup>2</sup>	Stud	Country	Gross area	Net area		m <sup>2</sup>	Stud	Country	Gross area	Net area		m <sup>2</sup>	Stud
	m <sup>2</sup>	m <sup>2</sup>	Clsm adj fac*	per stud	per ctm		m <sup>2</sup>	m <sup>2</sup>	Clsm adj fac*	per stud	per ctm		m <sup>2</sup>	m <sup>2</sup>	Clsm adj fac*	per stud	per ctm
Guinea	56.16	48	4.00	1.20	40	Bangladesh	43	34.8	4.7	0.70	50	Brazil	61	56	-	1.5	38
Mauritania	51.84	48	-	1.07	45	India	39	36	7	1.0	36	Honduras	42	39	-	0.87	45
Senegal	63.94	59.2	6.00	1.18	50	Pakistan	39	33	3	0.9	30	Mexico	39	36	7	1.0	36
Zambia	59	54.6	-	1.37	40	Philippines	60	56	-	1.4	40	Nicaragua	62	57		1.5	38
						Vietnam	43	30.7	9	0.9	35						
Average	58	52	5	1.20	44	Average	45	38	5	0.97	38	Average	51	47	7	1.2	39

\*adjacent facility in the same bloc: veranda, office; ratio per classroom

# What are the returns to education?

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- The relevant returns are context dependent.
- In very poor countries the relevant margin is:
  - Literacy and the return to primary education
- In middle income countries the relevant margin is:
  - Return to secondary education
  - Return to tertiary education
- However, even in Middle income countries there are important urban/rural differences.

# Evidence on the return to education: an example from LAC

**Table 1\*: Difference in log hourly real wages.**

<b>Year</b>	<b>1987</b>	<b>2002</b>	<b>Growth</b>
<b>BRAZIL</b>			
Higher vs. Intermediate	0.828	1.002	<b>21%</b>
Intermediate vs. Basic	0.926	0.627	<b>-32%</b>

# Evidence on the return to education: an example from LAC

**Table 1\*: Difference in log hourly real wages.**

		1990	2000	% Change
<b>COLOMBIA**</b>				
vs. Intermediate	Higher	0.899	1.092	<b>21%</b>
Intermediate vs. Basic		0.484	0.429	<b>-11%</b>

# Evidence on the return to education: an example from LAC

**Table 1\*: Difference in log hourly real wages.**

<b>MEXICO</b>			
Higher vs. Intermediate	0.375	0.646	<b>72%</b>
Intermediate vs. Basic	0.451	0.384	<b>-15%</b>

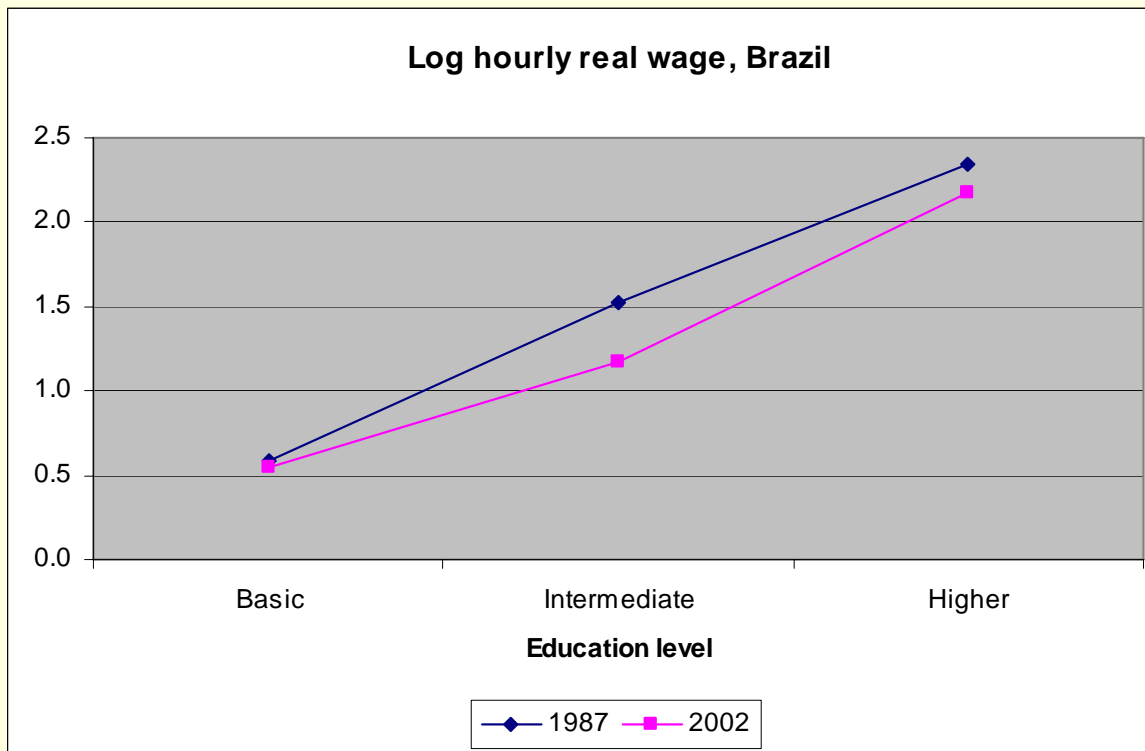
# Changes in the Returns

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- The structure of returns has been changing
- The returns to Higher Education have been increasing to unprecedented levels
- Returns to Secondary education have been declining (Brazil)
- Participation in Higher education is not increasing fast enough.

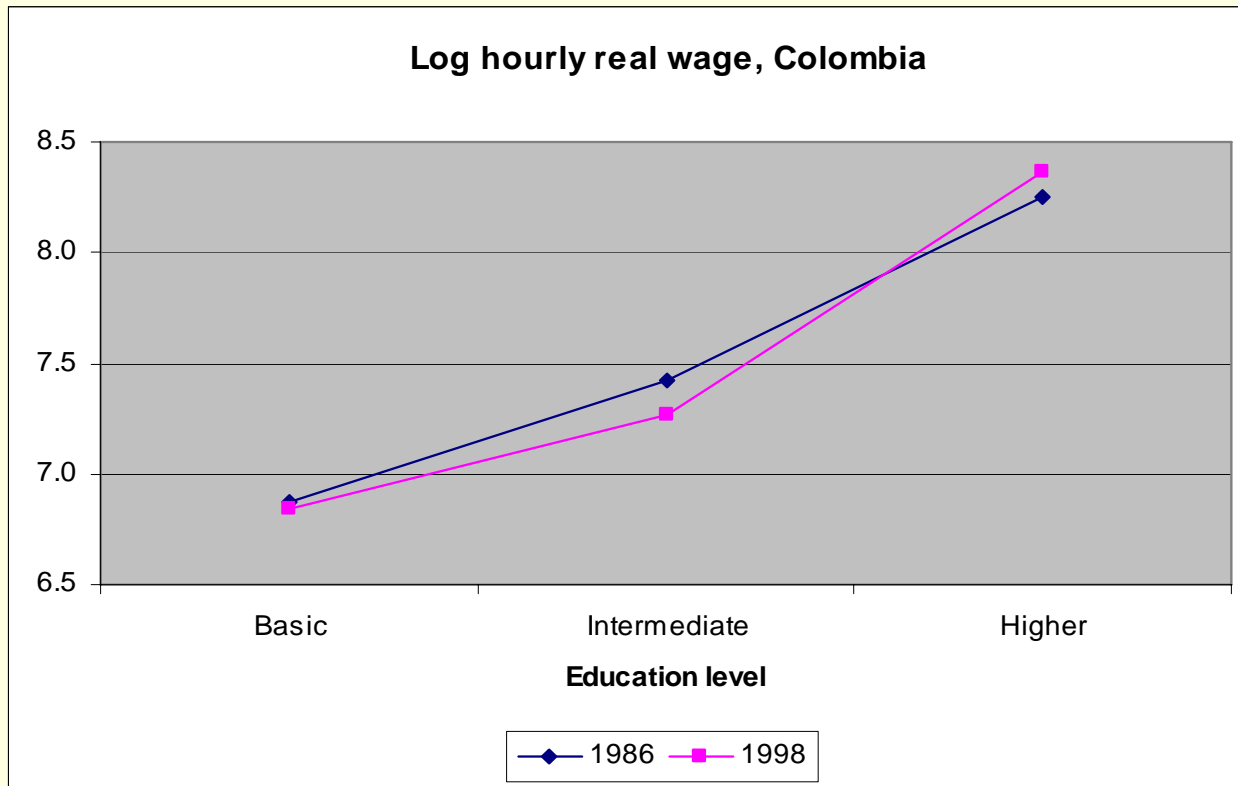
# Documenting the changes in returns: LAC

**Figure 1: Mean log hourly real wages by education, Brazil.**



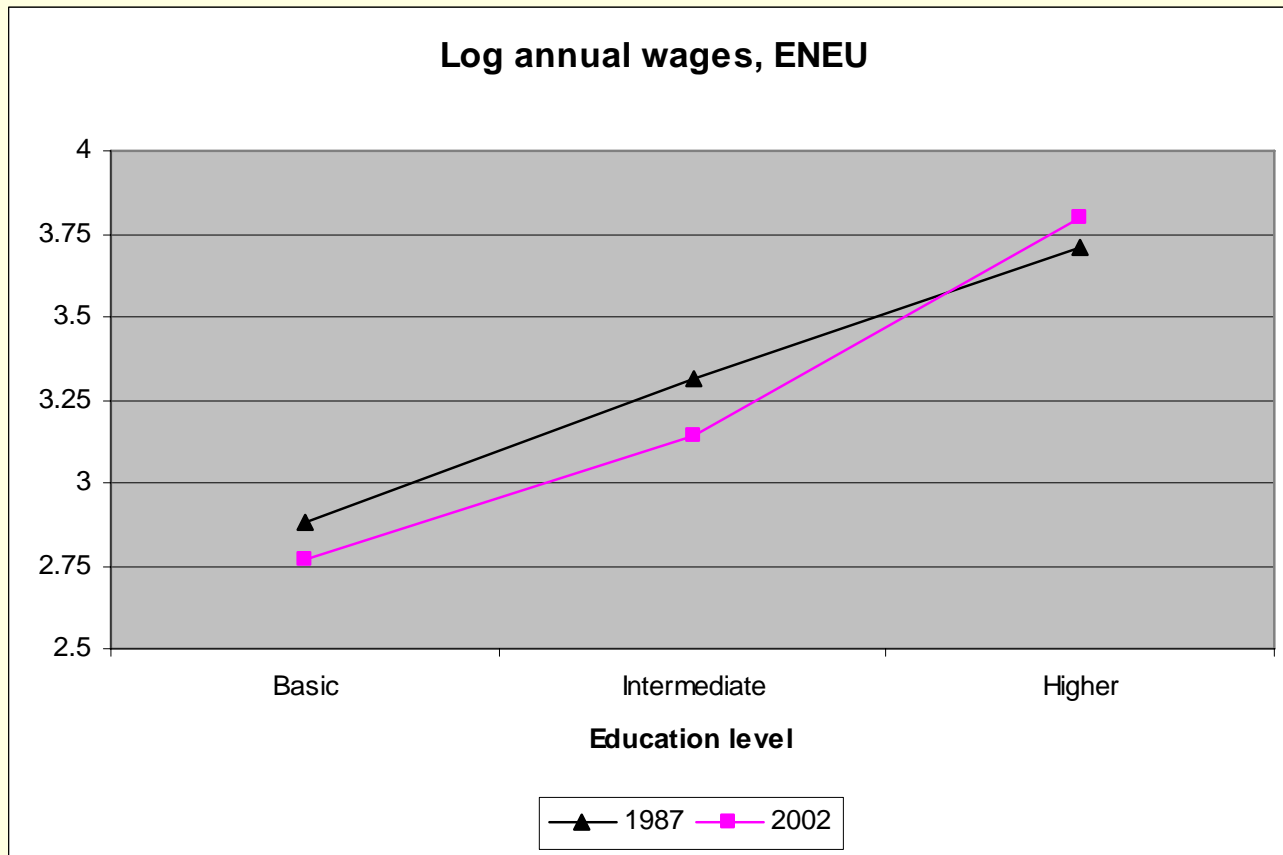
# Documenting the changes in returns: LAC

Figure 2: Mean log hourly real wages by education, Colombia.



# Documenting the changes in returns: LAC

Figure 3: Mean log hourly real wages by education, Mexico.



# What policies

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- What are the imperfections that need to be fixed?
- Credit markets and liquidity constraints.
- Information and imperfect altruism.

# How to Structure Policies

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- Start by focusing on the early years
  - Importance of early years for child development.
  - Early Nutrition and Stimulation seems to be key
  - Big challenges even in middle income countries (Mexico, Colombia).
  - Issues:
    - Delivery
    - Interaction with other issues (obesity, female labour force participation)

# How to Structure Policies

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- An Interesting example in Colombia:
  - Hogares Comunitarios
  - Child Minders Offer Child Care and deliver extra nutrition from government subsidies
    - Effects on Height (health)
    - Effects on Female Labour Supply
    - Long term effects?

# How to Structure Policies

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- Literacy
- Primary and Secondary School Participation

# How to Structure Policies

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- One of the most popular policies for education have been Conditional Cash Transfers (CCTs)
- They offer a subsidy to families for sending their children to school
- They tend to target Primary and secondary school children
- They also sometime attempt try to address early interventions (PROGRESA)

# Policies: Conditional Cash Transfers

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- They can be motivated by:
  - liquidity constraints and targeting.
    - We cannot know who is liquidity constrained so we provide funds conditional on showing that the child will go to school
  - Parents bear the cost of education and children obtain the benefits. With less than “perfectly dynastic” households parents will hold back on education. The CCT counteracts this.
  - Providing a signal for the value of education if families do not perceive such value.
    - The value of education is not recognised by families so we distort prices now to provide the right signal

# Policies: Conditional Cash Transfers

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- Are CCTs always suitable?
  - Generally, they have offered an important way forward in properly targeting benefits and encouraging schooling
  - At the household level one can imagine situations where poverty is so deep that education is not the first priority.
  - Their success depends on good existing infrastructure
  - Quality of education offered is very important: If enrolment goes up what do they learn at school?
  - In middle income countries tertiary education is also very important.
    - (especially in urban areas)

# Policies: supply interventions

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- Schools and infrastructure
  - Effects of School building programmes
- Quality of schooling
  - Very little evidence
  - This can be key for explaining some phenomena, including the low returns for those who do not go on to Higher Education
- Incentives mechanisms (vouchers, performance rewards)