

Keeping Account of Education Governance in Albania

Household Perceptions in a Period of Reform

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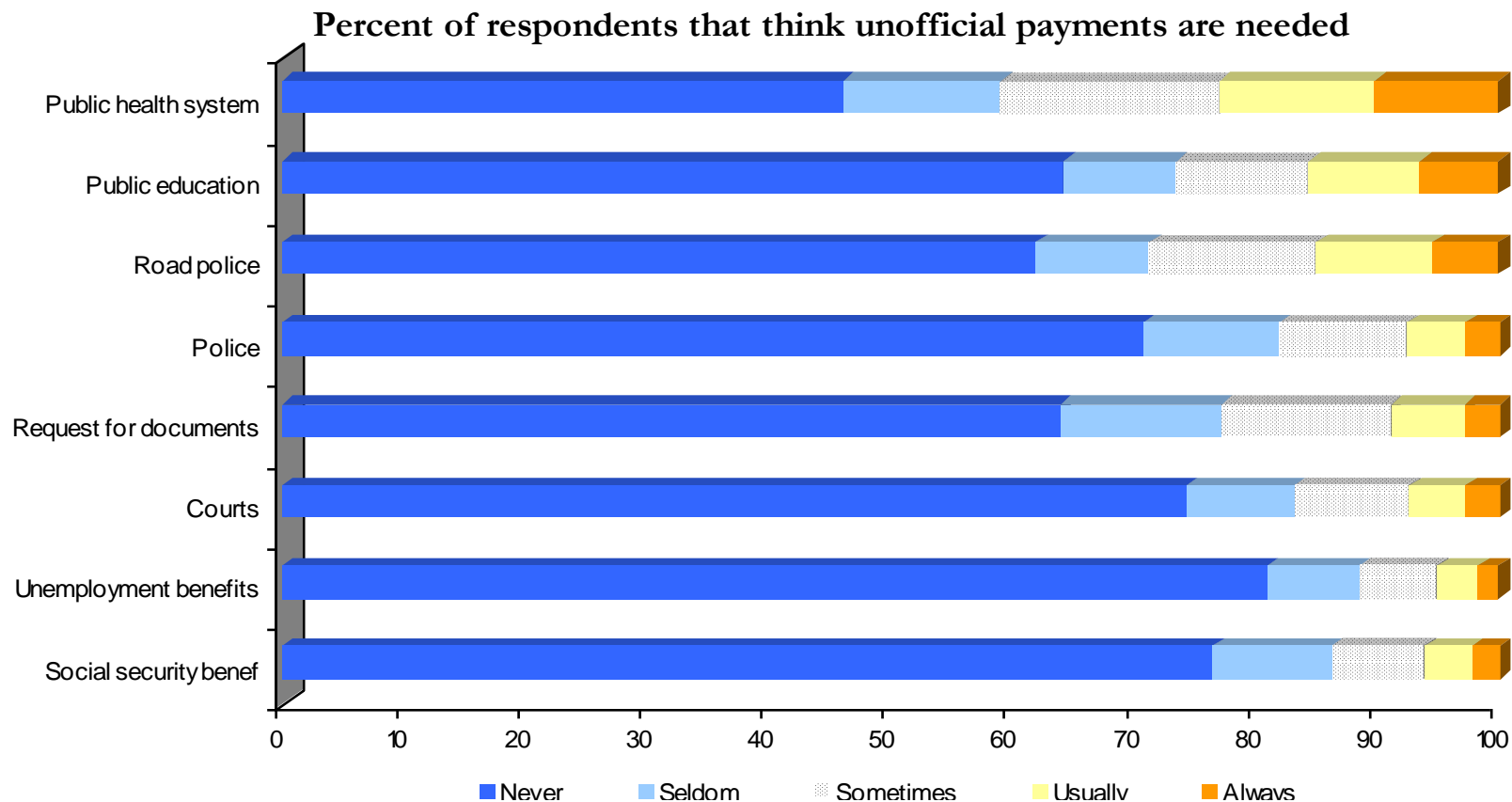
Outline

- Motivation
 - Why governance failures in the social sectors are particularly important
- Governance reforms in education since 2005
- Household perceptions of governance in the education sector
 - Changes in education spending, LSMS 2008
- Clues for policy makers

Why are governance failures in the social sectors particularly important?

MOTIVATION

Why the social sectors? Unofficial payments are needed more often to access health and education



Source: LITS 2007, EBRD and World Bank

Why the social sectors?

- Governance failure in the delivery of social services impose high direct costs on households
 - Demand for education and health is inelastic
 - Frequent/daily contact with providers imposes a direct burden
- The costs of governance failures in the social sectors are highest for the poorest households
 - Few private alternatives to publicly provided services
 - Corruption raises the costs of access
 - Equity of opportunity is eroded

Governance reforms in the education sector since 2005

HOUSEHOLD PERCEPTIONS

Governance reforms in the Education sector since 2005

- *State Matura* secondary completion & university entrance exam
 - From local administration and marking where student is identified; to central marking where student is anonymous
- Textbook procurement
 - Centralized, uncompetitive & opaque (opportunities for rents); to decentralized, competitive & more transparent
- Textbook subsidies
 - Underpin new market-based model (for poorest)
- Teacher pay
 - Increase motivation, performance and quality of teachers

Reform of State Matura is positively perceived by households with students

	Not sfactory	Somewhat Satisfactory	Satisfactory	Good	Excellent
	%	%	%	%	%
<i>Fairness in grading exams</i>					
current	0.073	0.198	0.315	0.362	0.052
three years ago	0.085	0.249	0.307	0.324	0.035
proportion difference	-0.012	-0.051	0.008	0.038	0.017
statistical significance of difference (5% level)	No	Yes	No	Yes	Yes

But problems are still reported

Parents Perceptions on State Matura reform	%
<i>1. Are you satisfied with the State Matura programme?</i>	
Yes	71.9
No	28.0
Observations	956
<i>2- Have you experienced bribery in the implementation of University Entrance Matura exam since sep 2006?</i>	
Yes	52.5
No	47.5
Observations	956
<i>3- In your opinion how is the situation of corruption in the delivery and grading of State Matura exam?</i>	
Better	42.4
The same	44.7
worse	12.9
Observations	760

Notes: The results are based on LSMS 2008 data only

Households perceive an improvement in textbook quality

	Not sfactory %	Somewhat Satisfactory %	Satisfactory %	Good %	Excellent %
<i>Textbook quality (printing)</i>					
Current	0.119	0.247	0.324	0.285	0.024
Three years ago	0.119	0.302	0.317	0.246	0.016
Proportion difference	0	-0.055	0.007	0.039	0.008
Statistical significance of difference (5% level)	No	Yes	No	Yes	No
<i>Textbook quality (content)</i>					
current	0.094	0.233	0.315	0.334	0.023
three years ago	0.101	0.275	0.318	0.283	0.023
proportion difference	-0.007	-0.042	-0.003	0.051	0
Statistical significance of difference (5% level)	No	Yes	No	Yes	No

Notes: The results are based on LSMS 2008 data only

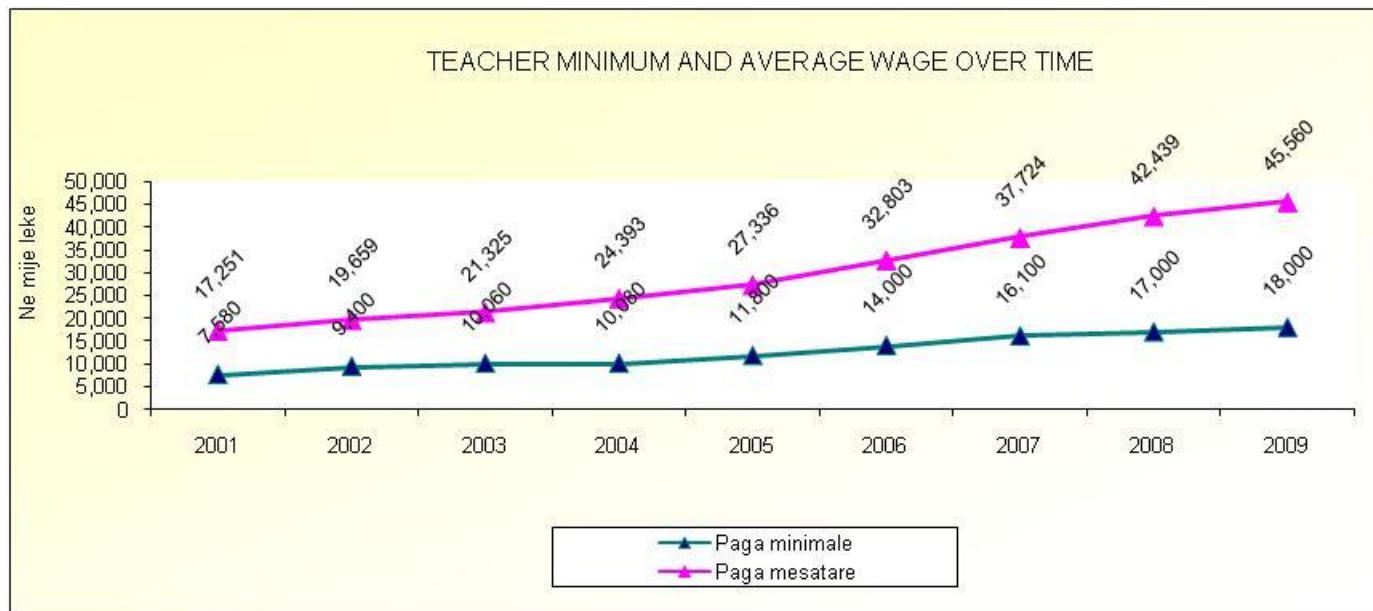
Perceptions of textbook costs are mixed

	Very high	High	Affordable	Low	NR
<i>Textbook costs</i>					
Current	0.206	0.331	0.269	0.049	0.144
Three years ago	0.194	0.33	0.262	0.067	0.169
Difference	0.012	0.001	0.007	-0.018	-0.025
Statistical significance of difference (5% level)	No	No	No	Yes	No

Notes: The results are based on LSMS 2008 data only

Households perceive an improvement in teacher motivation...

		Not satisfactory	Somewhat Satisfactory	Satisfactory	Good	Excellent
		<i>Proportion of respondents</i>				
Teacher's motivation						
	Current	0.075	0.206	0.295	0.38	0.045
	Three years ago	0.079	0.257	0.314	0.323	0.027
	Proportion difference	-0.004	-0.051	-0.019	0.057	0.018
Statistical significance of this difference (5% level)		No	Yes	No	Yes	Yes



... and the proportion of students paying for private tutoring has fallen

Panel A: Basic education

Quintiles of Consumption	2002		2005		2008	
	Number of pupils	Percentage	Number of pupils	Percentage	Number of pupils	Percentage
1	577	0.43%	417	0.36%	1257	1.26%
2	2156	1.92%	2164	2.08%	3494	3.21%
3	5580	5.20%	6391	6.06%	4514	4.83%
4	7489	8.75%	8792	9.86%	3943	5.16%
5	9900	14.81%	10574	17.45%	5870	11.89%
Total	25703	5.07%	28338	5.98%	19078	4.46%

Panel B: Secondary education

Quintiles of Consumption	2002		2005		2008	
	Number of pupils	Percentage	Number of pupils	Percentage	Number of pupils	Percentage
1	554	5.12%	234	1.38%	563	2.91%
2	1110	5.69%	3653	13.64%	2379	8.50%
3	3005	13.10%	3414	11.10%	2935	9.32%
4	3994	17.72%	9371	28.75%	7104	20.27%
5	6732	31.13%	10263	26.49%	7708	21.46%
Total	15393	15.80%	26935	18.47%	20688	13.81%

Note: Population numbers derived using survey weights in LSMS 2002, 2005 and 2008.

But an increase in reported “bad tutoring” raises concerns

	Overall			Basic education			Secondary education		
	2002	2005	2008	2002	2005	2008	2002	2005	2008
“From whom do you receive private tutoring?”	%	%	%	%	%	%	%	%	%
Own teacher	22.56	31.79	23.87	18.54	34.41	17.17	29.07	35.21	32.67
Teacher in the same school	34.21	27.44	34.23	34.44	31.18	36.36	33.72	21.13	32.67
Teachers outside school	40.98	40	41.89	43.05	33.33	46.46	37.21	42.96	34.65
Friends/relatives	2.26	0.77	0	3.97	1.08	0	0	0.7	0

Note: LSMS 2002, 2005 and 2008 data

Private market correcting government failures?

Or teachers using “public position for private gain”?

Changes in the household financial costs of governance failures

HOUSEHOLD EDUCATION SPENDING 2002-2008

For the minority that take up tutoring, the cost is highest for poorer households

Basic Education: Tutoring Costs as Proportion of Per Student Education Spending				Per Student average expenditures on tutoring		
Quintiles of Consumption	2002	2005	2008	2002	2005	2008
1	0.780	0.822	0.903	86472.70	87031.64	296190.47
2	0.881	0.745	0.841	208652.55	82326.52	256530.47
3	0.816	0.805	0.858	148692.43	145536.95	337742.65
4	0.772	0.804	0.745	115731.11	183364.27	308253.54
5	0.776	0.650	0.576	187273.71	295940.82	309450.03
Total	0.828	0.814	0.798	157583.58	207706.47	305331.30

Secondary Education				Per Student average expenditures on tutoring		
Quintiles of Consumption	2002	2005	2008	2002	2005	2008
1	0.684	0.650	0.789	84229.1347	112964.89	214335.06
2	0.786	0.723	0.727	149618.410	169964.85	191110.02
3	0.715	0.630	0.720	116107.858	152779.25	187676.51
4	0.712	0.636	0.619	164056.076	254721.68	291066.52
5	0.791	0.646	0.605	361323.243	357034.95	513564.85
Total	0.798	0.686	0.686	237050.430	268053.743	345718.42

Note: All expenditures are expressed in 2002 prices

Textbook spending fell for households with students in basic, and rose for household with students in secondary

Basic Education: Textbook costs, Proportion of total education spending per student					Secondary Education: Textbook costs, Proportion of total education spending per student				
Quintiles of Consumption	2002	2005	2008	Difference 2002-2008	Quintiles of Consumption	2002	2005	2008	Difference 2002-2008
1	0.489	0.235	0.385	-0.104	1	0.141	0.294	0.302	0.161
2	0.416	0.198	0.292	-0.124	2	0.087	0.334	0.334	0.247
3	0.377	0.182	0.265	-0.112	3	0.096	0.237	0.351	0.255
4	0.355	0.224	0.165	-0.190	4	0.077	0.196	0.162	0.085
5	0.234	0.097	0.100	-0.134	5	0.042	0.135	0.096	0.054
Total	0.371	0.161	0.201	-0.170	Total	0.058	0.196	0.166	0.108

Change in cost of textbooks as a proportion of total spending, benefited wealthier households more

And textbook subsidies have had only a modestly progressive impact on the household spending

		<i>Subsidies not deducted</i>	<i>Subsidies deducted</i>	Expenditures - subsidies not deducted	Expenditures - subsidies deducted	Percentage difference
Basic education (by HH Quintiles)						
	1	0.037	0.018	12277.63	5972.68	-51.4
	2	0.047	0.026	14203.02	8021.63	-43.5
	3	0.038	0.020	14810.39	7813.46	-47.2
	4	0.042	0.026	17415.27	10541.1	-39.5
	5	0.043	0.029	22833.70	15109.04	-33.8
	Total	0.051	0.023	15501.293	8850.891	-42.9
Secondary Education (by HH Quintiles)						
	1	0.064	0.036	17306.517	9778.817	-43.5
	2	0.091	0.062	23948.214	16322.06	-31.8
	3	0.098	0.069	25589.293	17966.34	-29.8
	4	0.062	0.040	29052.328	18924.79	-34.9
	5	0.038	0.026	32150.651	21772.09	-32.3
	Total	0.052	0.035391	26377.362	17848.07	-32.3

Conclusions

- Household perception of governance reforms in the education sector is generally positive
 - Private tutoring has fallen: Possible good sign
- However, rise in private tutoring by own teachers – “bad tutoring” – raises concern
 - Conflict of interests are higher – possibility for coercion
- Costs of private tutoring have risen most for poorest households
- Textbook costs have also risen, but so has perceived quality
- But textbook subsidies are benefiting the poorest most, although still not meeting Government target
- Accuracy of targeting subsidies to the poorest can be improved

Caveats

- LSMS 2008 special governance & accountability modules are new: responses should be treated with caution
- LSMS data alone do not allow a rigorous impact evaluation of education sector governance reforms
- Impact evaluation requires prior design and investment in a baseline of students, parents and teachers
- Albania School Stakeholder Survey and Experiments

Clues for policy makers interested in enabling better governance

- **Shift importance away from discretion and reliance on personal connections, towards uniformly applied, clear standards are likely to be welcomed for bringing greater credibility and fairness.**
 - State Matura reform bodes well for Year 9 exam
- **Improvements in quality can be had from introducing more market forces and choice in the procurement of inputs.**
 - Positive impact of market choice on text book quality
- **Transparency and the availability of information are critical to improving governance through greater accountability.**
 - Common feature of education governance reforms: transparency. When performance is observable by stakeholders, incentives and mechanisms to improve are more easily generated