

Education and the Poor:
Eradicating the Plague of Illiteracy

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1. INTRODUCTION: NEW TIMES?

On Okinawa on July 23 of this year, the G8 pledged to support the goal of universal primary education by 2015. This pledge echoed the commitments made at the April 2000 Dakar conference on “Education for All” organized by UNESCO. Are these the signs of the dawning of a new era, one in which the plague of illiteracy will finally be eradicated?

Illiteracy has inflicted great harm on the lives and livelihoods of many in developing countries. It has reduced their ability to contribute to prosperity at large, and to share in any prosperity that arises around them. Literacy is a great asset: It provides the extended means to communicate across space and time, beyond listening and speaking. It is an essential tool for participating in all of society’s processes, and in particular for participation in work that pays sufficiently to escape poverty. It is power, and it is a means to feel more secure and more respected.

The solemn pledges of the G8 and the UNESCO conferences are not going to be the antidote against illiteracy. The road towards universal primary education will be steep and rocky. It will require the full commitment of a country’s leadership; it is not just the Minister of Education, but the Prime Minister and his or her full team that will have to carry the torch. It also requires the support of the international community, in areas — such as debt relief — where international cooperation can be effective.

In this paper, I will first consider the impact of a person’s education on his or her future life. Education in general, and literacy in particular, is the gateway to one’s chances to enjoy life fully, contribute to society, and get better-paying work. The drive to achieve universal high-quality primary education and 100% literacy is therefore logical. This route offers great promise for all citizens, but in particular for the poor — for whom education offers an escape route out of poverty. It is equally clear that this promise is not easily realized. In many countries, the education effort of

the state is not focused on the poor, as I will discuss today. In fact, the pattern of spending often seems perversely targeted at the rich. This tilt toward the wealthy not only leaves the poor behind, but it also harms the long-run prospects for the upper and middle classes.

Yet there is an enormous variety in the experiences of poor countries. Some countries (like Botswana) have managed to pull quickly out of the vicious cycle of poverty caused by limited access to education for poor children. Yes, history counts, but there is a substantial margin for change — or, as I prefer to call it, “room for maneuver”.

But what makes such change possible? In the next section of my speech, I will explore in greater detail the factors that make a difference. Increasingly, the ability of the education system to learn from the international experience could be pivotal. Benchmarking of performance and increased transparency might be potent elements to provide politicians with room for maneuver, with a margin for change.

Much depends on the commitment of countries in order to realize universal primary education and literacy for all. But the international community is not an innocent bystander. Morally, it has a role to play to help poor countries break the cycle of poverty, and in practical terms, there is also much room for true cooperation between richer and poorer countries. This all calls for an action plan to follow up on the pledges of the participants at the UNESCO conference on Education for All and the G-8 meeting. From an economic perspective, the timing is propitious for such an action plan, as GDP growth rates in developing countries are projected to average 5.6% in 2000 and 5.1% in 2001 — the highest rates in over a decade. We must help poor countries to seize this moment, or else we will be forced to watch as poverty eradication eludes their grasp.

2. EDUCATION AND THE POOR

There is no doubt that whatever his or her talents are, the education a youngster participates in has a tremendous positive impact on his or her cultural, social, and material prosperity in later life. Quality education is truly the gateway to participation in society, as well as to better paid jobs.

In the next section we briefly review what we know about the impact of literacy and the education “received” on people’s lives. Labor is the main asset of many people, especially among the poor, and education is the primary way of enhancing the value of that asset. Yet access to education is limited in most developing countries. It is striking to see how the level of development (indicated by GNP per capita) is associated with literacy rates and primary school enrollment (as a percentage of all children in the primary school age group). But even more striking is the evidence that a low per-capita income does not have to be a barrier to literacy. Among countries, there is an enormous variance in primary enrollment percentages and literacy that has nothing to do with income per capita. A large part of this variance has to do with whether government ensures that the children of the poor are educated. All governments have a duty to ensure education for all children, regardless of the income of their parents. Some governments fulfill this duty, but many others do not: in most places, the children of the rich have much better opportunities than do poor children. Where governments fail to realize a reasonable degree of equality of opportunity for education, they are simply tilting the societal playing field further against poor people. Higher education subsidies can be a particularly egregious case of this: they often go overwhelmingly to children of richer parents, exacerbating social inequities.

2.1 The impact of literacy and education on people’s lives

As outlined in the World Bank’s Education Sector Strategy, the main reason why quality education for youngsters is important is that it contributes to their future lives and may help them escape from poverty.¹ The major pathways through which this occurs are illustrated in Figure 1.

Perhaps one of the most robust results in modern applied micro-economics is the wage increment to education. Education as an investment in human capital yields a return in the labor market. Not surprisingly, there remain debates about this result — about the underlying quality of the micro-data used, the specific methodologies of estimation (for example, whether estimates properly take into account the effect of self-selection into the wage labor market), and the issue of

¹ World Bank (1999).

which level of education yields the highest return. Nevertheless, virtually all studies find that wages increase significantly with educational attainment.²

There are potentially significant returns to education among non-wage workers as well. Findings from the Green Revolution in India suggest that farmers with more education adopted new higher-yielding technologies faster than did less well-educated farmers. And some of the benefits from their education spilled over to others: once the “early adopters” demonstrated the value of the new technologies, their success encouraged other farmers to switch to the higher productivity varieties.³

More and better education as a youngster also results in better health later in life. This in turn improves overall well-being of the person, and also increases productivity, making higher wages or non-wage earnings likely. For example, a study of Brazilian men showed that adult height was strongly associated with wages, and that wages increased faster with height among individuals with some (as opposed to no) education.⁴

Furthermore, the education a person has received can affect the health and nutrition of his or her children. This is especially true in the case of mothers. Child health is found to be related systematically to the level of education of the mother.⁵ For example, in the six countries included in Figure 2, the under-5 mortality rate among children of primary-educated mothers was far less — between 13 and 47 percent less — than among children of mothers with no education. And secondary education appears to matter even more: the mortality rate among children of mothers with secondary education was 26 to 63 percent lower still than those with primary education. Figure 2 also shows one of the pathways by which this occurs: children of educated mothers are substantially more likely to have received all recommended vaccinations.

² Some studies focus on the potential credentialing effect of education – whereby schooling signals ability rather than conferring skills. Even in cases where this is true, schooling is performing a vital function by mitigating a market imperfection (that is, the poor information that employers would otherwise have about worker abilities).

³ Foster and Rosenzweig (1995, 1996).

⁴ Strauss and Thomas (1998).

⁵ Glewwe (1997) explores the underlying reasons for this association.

At the macroeconomic level, the evidence suggests that improving educational quantity and quality does lead to more rapid economic growth and thus a more prosperous society. Most of the empirical research to date has used quantity measures of education — enrollment rates at first,⁶ then more recently measures of the stock of human capital embodied in the labor force (based on attainment profiles for the various age cohorts of workers).⁷ Other recent research has tried to estimate the effects of labor-force quality, by using the data on student achievement provided by the international achievement tests discussed above. Reassuringly, these studies find that higher educational quality also appears to raise growth rates.⁸ The canonical examples in this case are the high-performing economies of East Asia, which invested heavily in education on their way to prosperity.⁹

Education can enhance social development by transmitting shared values, beliefs, and traditions. This “citizenship education” is the bedrock of many educational systems, although as we move to systems that are more decentralized and based on models of autonomy, this aspect of the educational system may become diluted.¹⁰

Finally, education enriches lives directly through the pleasure of intelligent thought and the sense of empowerment that it gives students. Economists tend to overlook this “consumption” aspect of education, and prefer to focus instead on the more quantifiable effects of education on productivity or aggregate growth. But most of us remember from our school days that education is not just something to be suffered through for the sake of investment, but also a welcome opening of doors onto new realms of ideas. This year’s *World Development Report* takes up this theme, emphasizing that a lack of education is itself an element of poverty, not just a factor contributing to poverty.¹¹

⁶ See, for example, Romer (1990) and Mankiw, Romer, and Weil (1992).

⁷ See, for example, Barro and Lee (1993).

⁸ Lee and Lee (1995), Hanushek and Kimko (forthcoming).

⁹ The World Bank’s widely cited *East Asian Miracle* report (1993), for example, asserts that these economies “achieved high growth by getting the basics right. Private domestic investment and rapidly growing human capital were the principal engines of growth” (p. 5).

¹⁰ Ritzen, Easterly and Woolcock (2000)

¹¹ World Bank (2000).

Note that these many benefits of schooling do not depend solely on childhood education. Formal school among youth is not the end; when childhood schooling is not available, literacy programs for adults can profoundly improve their lives as well.

2.2 Educational access of the children of the poor is too limited

The cross-country association between income and education attainment indicators

Quality education is a gateway to prosperity in later life, yet many children in the world do not have access to that education. It matters greatly where you are born. A child born in a rich country has a very high chance of being literate as an adult. In a poor country, the chance is considerably smaller. This is borne out in Figure 3, which plots the percentages of the population of 15 years and older that are illiterate against GNP per capita (calculated in purchasing power parity [PPP] equivalence terms). The second result of Figure 3 shows the sizeable differences in primary net enrollment rates – the percentage of the children of the relevant age group in primary school. Each graph shows the relationship for 1980 and 1997, drawing on data derived from the World Bank’s World Development Indicators database. A simple regression of the indicator on (the logarithm of) income captures about 50 percent of the variation in both indicators (regression results in Annex).

Besides this basic result, two additional points are clear. First, between 1980 and 1997 there was an improvement in the average outcome at all levels of income, indicated by a shift in the trend line shown in the graph. In other words, even an economy that stagnated economically over this period — such as many of those in Africa — would usually have seen an improvement in educational outcomes. Second, and more important, there is substantial variation in country performance around the mean. Compare Ukraine with Morocco in Figure 3, for example. Ukraine with a GNP per capita (in Purchasing Power Parity terms) of \$3257 in 1997 had an adult illiteracy rate close to zero, whereas Morocco — with GNP per capita of \$3096, or only slightly less than Ukraine’s — had a strikingly high adult illiteracy rate of 54 percent. Similar contrasts are visible in the second chart in Figure 3, which uses enrollment levels as a measure of educational investment. Nicaragua and Guinea have similar GNP per capita levels (roughly \$1800), but Nicaragua had a net primary enrollment rate of 79 percent, while Guinea lagged far behind at just 46 percent. Some of these differences are of a regional nature: adding a set of regional dummies “captures” about an

additional 10 percent of the cross-country variation. To put it less technically, some regions are simply better than others at providing chances for all children, regardless of per capita income. But the largest degree of the variation — about 40 percent — is the result of the country’s own choices and circumstances, independent of the GDP of the country.

Differences within countries

The policy concern everywhere should be to guarantee opportunity for literacy to every child, and, beyond that, equality of opportunity for further education. For poor and rich countries alike, the pivotal statistic for measuring progress on this score (that is, “benchmarking”) is differences in educational attainment between children from different socio-economic groups within the country.

Figure 4 shows the median grade completed for the cohort aged 15 to 19 in the poorest and the wealthiest households, based on an analysis of data from forty Demographic and Health Surveys. “Poor” is defined here as the households in which the poorest 40 percent of the population live, and “rich” as the households in which the richest 20 percent of the population live. Within-country poverty rankings are derived from an index of a household’s asset ownership and housing characteristics.¹²

In ten of the 40 countries analyzed, the median grade completed for the poor is *zero*: in other words, over 50 percent of the youth in that cohort have failed to complete even one year of schooling. In 25 of the 40 countries, the median grade completed among the poor was grade four or less. Strikingly, it is not the entire population that has such low attainment, as the discrepancies between rich and poor can be quite large. The data for India reveal a staggering differential: the median grade attained among the rich in India is 10, whereas that for the poor is zero.

Behrman and Knowles (1999) review the relationship between income of the parents and educational attainment of children in 42 studies from 21 countries. The indicators for attainment used by the studies they analyze vary, but they include children’s enrollment, grade attained, repetition, and achievement test scores. Behrman and Knowles find that three-fifths of the

¹² See Filmer and Pritchett (1998).

attainment is significantly related to household income, and that the elasticity of the relationship tends to be larger in poorer countries. In other words, in poorer countries children from poor families will suffer a double hit in their chances of participating in education —first, because chances decrease for all children (on average) the lower the income in the country, but second, because the chances are even lower for children from poorer families in those countries.

While they give a basic picture, the indicators discussed so far clearly fall far short of telling the whole story. Here, we consider several other indicators of educational success.

Functional literacy: Across societies illiteracy can mean a variety of things. The International Adult Literacy Survey (IALS) has attempted to assess functional literacy in a variety of countries, primarily in the OECD.¹³ They define literacy as “[t]he ability to understand and employ printed information in daily activities, at home, at work and in the community — to achieve one’s goals, and to develop one’s knowledge and potential.” In these societies, all of which by conventional methods have close to 100 percent literacy and have close to 100 percent enrollment at the basic level, there is nevertheless a substantial portion of the population that cannot perform the most basic literacy-related tasks.

To take one example, consider the scores on the “document” test of literacy. To reach the lowest performance level on the “document” scale, respondents were required only to locate one piece of information in a short text based on a literal match with that given in the directive. In the United States, about 24 percent of the sample could not carry out this simple task. In the Netherlands, the share was 10 percent; in Germany, 9 percent. And in Poland, a disheartening 45 percent could not. Not surprisingly, educational attainment is strongly related to success on the test. However, Figure 5 shows that even among adults who have completed secondary schooling, over ten percent of the sample could not carry out the simplest “document”-reading task in Canada, in the United States, and in Poland.

Educational achievement in rich and poor countries: We know, then, that educational attainment profiles tell only part of the story when it comes to labor force quality. The same is true

in the case of students: quantity — high enrollment levels — may or may not be associated with high-quality education. One way to gauge this association is through international standardized testing. In the early and mid-1990s, the International Association for the Evaluation of Educational Achievement carried out science and reading achievement tests in a variety of countries, including developing ones. The variation across countries is astounding. On the comparison of reading performance of 10-year-olds, Venezuela and Indonesia were 6.5 standard deviations below the average of the developed countries.¹⁴ On an assessment of science performance of 10-year-olds, students from Nigeria and the Philippines were 2.6 and 3.7 standard deviations respectively below the developed country mean.¹⁵ Within poor countries, the quality of education is often shockingly poor. In separate country level studies, primary level students who were tested in Ghana and Kenya gave answers that were barely distinguishable from random guessing.¹⁶

Perhaps the best known recent study of educational achievement is the TIMSS (The Third International Maths and Science Study). The results from this study have fed into the popular press in many countries and spurred policy debate on educational quality. Figure 6 illustrates why the results are so compelling.¹⁷ Countries are ranked from poorest to richest in PPP GNP per capita terms. For each country the graph shows the median and the inter-quartile range on the eighth grade math test. While one can observe a mild positive trend, the striking feature of the graph is the weakness of that relationship. The wealthiest country (the USA) is about 5.6 times richer than the poorest country (Lithuania), and yet median math achievement in the two countries is almost identical. Within each country, the inter-quartile range is large and most of the countries have large overlaps.

The process that leads to enrollment and attainment: the “attainment profile”: Another way in which the basic indicators fall short of capturing relevant information is illustrated in Figure 7, which demonstrates the importance of considering the entire “attainment profile.” The points of the profile corresponds to the percentage of 15- to 19-year-olds that have completed each grade or

¹³ OECD (1995) and updates.

¹⁴ Elley (1994).

¹⁵ Postlethwaite and Wiley (1991).

¹⁶ Glewwe (1998); Glewwe, Kremer, and Moulin (1997).

¹⁷ Based on data in Beanton et al. (1996).

higher. For each country, the figure shows the average profile for the entire cohort (the dotted line), straddled by the profiles for students from the richest and poorest households, respectively.¹⁸

Each of the three graphs tells a very different story. We can see this first by looking at the dotted line, representing the attainment profile for all students. Almost all Brazilians in the cohort had completed Grade 1; the dropout rate was apparently quite high through the rest of primary school, however, as only 56 percent had completed Grade 6. Compare this figure to the one for India. Again, only 56 percent had completed Grade 6, but the profile was quite different. Far fewer students had ever started school, but for those who did start, dropout rates during primary school were substantially lower. Indonesia shows a third pattern: enrollment remains very high throughout primary school but then drops off sharply at the end of Primary school and in the transition to Junior Secondary.

If we now turn to the outer profiles and focus on the difference between children from rich and poor households, we can see just where in the system the poor are falling through the cracks. In Brazil and Indonesia, even people from poor households have completed grade 1. In Brazil, they then drop out steadily throughout primary and junior secondary school. In Indonesia, by contrast, relatively few poor students drop out during the primary years; again, the major change takes place in the transition to Junior Secondary. In India, whereas almost all children from richer households have completed grade 1 and then remained in school through at least basic education, more than half of the children from poorer households do not even start school. Once in primary school, however, poor Indian children are more likely to remain through Grade 6 than are their Brazilian counterparts.

From a public policy perspective, I would argue that the Indonesia profile is the preferred one. The public policy perspective seeks to equalize rich-poor differences and simultaneously guarantee access to literacy (full participation for about 6 grades) for all; Indonesia has largely achieved this goal, while Brazil and India have not.

¹⁸ Again, this is based on Demographic and Health Survey data, with “richest” and “poorest” defined as before; see Filmer and Pritchett (1998).

2.3 Public spending on education is often regressive

Public spending and outcomes – cross-sectional relationship

The general lower access to education of children from poorer families is an indictment of government. Government should protect and empower those who most need its assistance, but the previous paragraph shows that this is too seldom the case. Public spending on education is often regressive — at least in the sense that poor people receive less per capita than do rich people — and it reinforces income inequalities rather than helping to reduce them.¹⁹

Figure 8 illustrates just how severe this problem is in many countries. It graphs the share of education subsidies going, respectively, to the poorest and wealthiest quintiles of the population in 22 countries. What is striking is that in 20 of the 22 countries, the *wealthiest* quintile — not even just the middle class — receives more subsidies than the poorest quintile. This pattern is not confined to any one region or type of country. The four most severe cases are found in Nepal, Nicaragua, Madagascar, and Armenia: in each of these four countries, the wealthiest quintile receives more than *four times* as much subsidy as the poorest quintile.

The single factor most responsible for this pattern of regressivity is the inequality of access to tertiary education. Education at the university level generally costs so much more than at lower levels of schooling that this can drive the overall distribution of educational subsidies — at least when government is footing the tertiary-education bill for all students. Note that this is not solely a phenomenon of poor countries. A pattern of education spending tilted toward the rich has been amply documented for rich countries. Some countries (like Norway, Sweden, the Netherlands) have answered to this challenge by increasing the university tuition fees for students from richer parents, but it remains a challenge for many other countries. Apparently the room for maneuver for politicians, who fear the wrath of students, is limited on this point.

¹⁹ In a loose sense, we may want to think of this as “redistribution” from the poor to the rich. Technically speaking, however, an assessment of whether this spending is truly redistributive requires analyzing the incidence of both taxes and spending. If the share of taxes that the wealthy pay is larger than the share of education spending that they receive, then the overall effect of the tax and spending package will be to redistribute from rich to poor.

3. ROOM FOR MANEUVER

3.1 Experiences of change

The picture presented in the sections 2.2 and 2.3 is that the per capita income of the country does not uniquely determine whether the population is more or less literate. Some very poor countries have managed to provide relatively large parts of their population with literacy, thus creating the springboard for rapid development, whereas other countries with a similar per capita income do much less well for their inhabitants. The good practice of some countries might stimulate other countries to follow suit, along lines that are consistent with their historic and cultural background.

Recent experience makes it clear that history is not destiny. Countries can take decisive policy steps to improve rapidly the educational access and attainment of students from poorer families. Sometimes the reforms are intended to increase the magnitude and effectiveness of public spending on such students, as was the case in Uganda; in other cases, as in El Salvador, the reform simply made it easier for poor households to spend their own private resources to support the education of their children. Let me say a few words about each of these examples.

In 1997, Uganda's President Museveni made an election pledge to provide free primary education to all.²⁰ Up until that point, education had not appeared as a government priority and the sudden shift was perhaps due to short-term political considerations. More likely though, it reflected Uganda's recognition of education as an important aspect of human development as well as an investment in its future. The economic recovery paved the way for committing the resources necessary for such a substantial undertaking. After being elected, President Museveni followed through on his promise, waiving enrollment fees, abolishing parent association fees, and creating a climate where all parents expected an affordable place for their children in school. The response was overwhelming: enrollment rates skyrocketed (a doubling of official enrollments, although these may overstate the true change). Children who were previously marginalized from schooling — those from poor families, those with uneducated parents, and girls — are now enrolled, and primary

²⁰ This description is based largely on Appleton (2000).

enrollment is nearly universal. This increase is truly remarkable, though it should come as no surprise that there are still problems. Public financing is an issue of course, although a simultaneous effort to enhance the transparency of public funds for education has dramatically increased the percentage of funds that actually make it to schools. Sustainability is another issue, and the experience of Tanzania is cautionary: in that country, primary enrollment rates rose tremendously in the 1970s but today are slipping. Finally, preliminary studies are showing a negative impact the rapid increase in enrollments on quality. Nevertheless, a deadlock seems to have been broken: the issue has shifted from how to get children into school, to how to keep them there and ensure that they learn.

El Salvador in the 1990s took a very different tack to increasing the percentage of children in school—especially in rural areas.²¹ Building on a community-based model that developed after civil war, the EDUCO²² program formalized and expanded this educational system in rural areas with schools managed autonomously by community education associations (made up of elected parents of the teachers). The ministry of education contracts with these associations to deliver a given curriculum to an agreed number of students in exchange for a specified budget. The associations are then responsible for hiring and firing teachers, monitoring teacher performance, and equipping and maintaining schools. Initial evidence suggests that the program played a substantial role in increasing enrollment, lowering absences, and lowering dropout rates. Perhaps surprisingly, although the expansion of rural schools through the EDUCO program was rapid, it did not result in lower achievement test scores (after controlling for the generally lower socio-economic background of EDUCO school students). A large part of maintaining quality has been attributed to the increased community involvement that this schooling model engenders.

3.2 Education systems: strategies for learning of good practices

The education content of a country is firmly rooted in the national culture. Similarly, the broad parameters of the education system — such as the organization of primary, secondary, higher education, as well as the division of labor between general and vocational education — is to a large

²¹ This description is based largely on Jimenez and Sawada (1999) and Jimenez and Sawada (2000).

extent determined by historical development. Yet these national characteristics of an education system do not preclude international learning. Those responsible for decisions on the education systems can learn a great deal from the wealth of international experience with the organization of education in a system.

“Good practice” in the organization of educational systems will generally point to empowering the professionals, the teachers and the principals, as well as the communities and parents. Systems that maximize their commitment to and input in the education system will presumably generate better quality of education – including better quality for the poor, as El Salvador and Nicaragua have shown. School autonomy or “decentralization” is frequently used as a term to denote those systems with a large responsibility vested in the professional community of the education system. The term “autonomy” should not be taken to mean a lack of accountability; responsibility cannot survive without accountability and transparency. Transparency of the results of schools (preferably in terms of value added — i.e., correcting for differences in the entry level of children in the school) is a relatively new phenomenon in the education world, but it is quickly taking hold in many countries. Parents and communities are eager to know whether “their” school is living up to expectations, and hence they welcome the comparisons. Once schools have full professional autonomy and are transparent in their performance, parental pressure on schools and parental choice between schools may create a further incentive for the school’s professional community to reach for the best possible quality.²³

None of these notions of good practice is easily achieved, as all require extensive debate and small steps in education policy. The notions are also not a rigid framework, but have translations in different countries in very different forms. I would argue, however, that there is less need to debate the appropriateness of targeting the children of the poor or children in poor areas. There the measures taken during the East Asia crisis (in particular in Indonesia) show that such targeting is not only a gain to the poor, but to society as a whole.

²² *Education con Participacion de la Comunidad.*

²³ Pritchett and Filmer (1999) review the education production function literature in the light of differing incentives between parents, teachers, and school authorities.

3.3 A supportive international community

As I noted earlier, the international community must not think of itself as an innocent bystander in all this. If poverty reduction is a global public good, and if illiteracy is a persistent element of and contributor to poverty, then we have a responsibility to work together in support of developing-country governments that are willing to attack the problem. Let me suggest at least four major vehicles for doing so:

Information about comparative performance: I spoke a moment ago about the importance of benchmarking a country's performance in the educational arena against that of other countries. One role for the international community is to support the development of such benchmarking information, as well as its use by developing countries. For example, donors may need to help sponsor the design of tests that are appropriate not only for the developed world, where the largest market may exist, but also for the developing world. And to encourage poor countries to make their educational performance more transparent, donors should be willing, at least initially, to assume some of the costs of implementing the tests. On International Literacy Day last month, an International Comparative Study was launched under the title: "Benchmarking Adult Literacy". Other documents also strongly embrace the notion that, indeed, there are standard reference points that can be used by countries in navigating their education policy.

Debt relief and other long-run finance: Countries that are pinned down by excessive debt burdens may understandably lack the strength and maneuverability to implement poverty-targeted reforms of their educational systems. The Bank understands this, which is why we have pushed for the establishment and, more recently, the expansion of the HIPC debt relief program. As you may know, the "expanded HIPC" formula requires that countries spend the proceeds of debt relief on incremental health and education expenditures. Our analysis earlier suggests that the international community, not to mention citizens and advocacy groups within the HIPC countries, will need to be vigilant about where this incremental spending goes. We will need to ensure that it does not merely replicate existing patterns of unequal distribution of educational subsidies, and that subsidies are not wasted due to a lack of accountability. But assuming that we are successful in doing this, debt relief can represent a large step forward in the efforts to eradicate illiteracy.

Debt relief is only one way to augment a country's long-run capacity to increase access to quality education. There may be also international debate on other ways to provide long-run finance, if that is the major bottleneck to achieve universal primary quality education.

Information about worldwide experience: A third way in which the international community can help is by providing the government and other stakeholders with information about successes and failures of education reform in other countries. At the World Bank, we try to do this in several ways. First, our educational project teams draw on their own considerable cross-country experience, as well as the experience from their colleagues and other experts that has been codified through the Bank's knowledge management system. Second, the Bank both carries out and sponsors research, in order to turn "good practice" anecdotes into generalizable lessons about what works and under what circumstances. (An example is the assessments of the El Salvador education decentralization project that I spoke about a moment ago.) Third, the Bank organizes and provides inputs to seminars for policymakers and others in developing countries; one of the most useful tools is peer learning, in which we help connect participants with their peers from other developing countries who have already designed and implemented similar reforms. As in the case of benchmarks, there is a public-good nature to some of these services (especially research), implying that they will tend to be under-supplied by the market.

Cross-agency coordination: It is easier to launch reforms if all of a country's education-related efforts are working in the same direction, rather than being dissipated in a thousand different directions. It is important to coordinate well, both within the government and among its partners in the donor community. Within the government, the country needs to ensure that efforts in one area are complemented by efforts in another. This is one of the core insights guiding the Comprehensive Development Framework approach that the Bank has adopted over the past two years. Efforts to expand educational access by building schools may be blocked by shortcomings in other sectors — road problems that keep students from getting to school, civil-service procedures that encourage corruption or absenteeism among teachers, or macroeconomic conditions that require children to work full-time to support their families. Similarly, donors need to coordinate their efforts to make sure that they are not tugging the government in different directions.

4. AN ACTION PLAN IS NEEDED

In June 2000, the UN, OECD, IMF and World Bank reiterated in a joint Progress Report that the world is falling short of realizing its development potential. The report, entitled “2000, A Better World for All”, showed clearly that progress towards the International Development Goals (including universal primary education by 2015) is **not** on track. And there are no signs of consistent action to put the education goal back on track, despite the good work of agencies that work on Education for All, the outcry of civil society, and the willingness of organizations like the World Bank to increase lending for education substantially. In such a context, what we need is a comprehensive action plan.

Any action plan will have to start with country ownership. Development cannot be imported: it has to start with a consistent drive from within the country. One key element is a national dialogue with stakeholders on the need for universal high-quality primary enrollment as the basis for a literate citizenry and workforce. It is questionable whether the Minister of Education can do this on his or her own. Experience has shown that successful expansion of quality education is more easily achieved with the active involvement of the President or Prime Minister (an example is Egypt). Active involvement of the chief politician in the country would also imply presumably the active participation of the Minister of Finance. Ministers of Finance are always quick to point out the high costs of education and the possible inefficiencies in the system. They are often reluctant to engage in expansion of quality education because of significant implications for the Government budget.

Unfortunately, the political leadership in many countries is severely constrained in setting out the policies necessary to eradicate the plague of illiteracy. These are the constraints inherent in education change: the vested interests of teachers, well-educated parents, university students, and the civil service all make it difficult to shift towards the efficient use of education resources for the whole population. Then there are the constraints due to the competition among development priorities, in which literacy may not come first or even second. And finally there are the financial constraints — i.e., the virtual inability of the country to make sufficient resources available for a policy towards full literacy. All three types of constraints are intertwined.

The political challenge is to use the existing room for maneuver as much as possible, and to augment it to take the small steps that strategically make the difference. Augmenting room for maneuver is a careful process of dialogue and conviction, based on facts and figures. Room for maneuver can also be gained through international comparisons that show that the country is not always at the top of the international standings.

But we are all brothers and sisters in this world and we need to recognize that we create conditions for one another. International development cooperation can help create room for maneuver for the political leadership and generate true ownership for a rapid take off of education and literacy for all. Helping to create room for maneuver — that is, helping the leadership to help themselves — is the key in development coordination.

One area in which international cooperation can help first is in increasing the transparency of international comparisons. I am speaking here from the experience of the OECD. The OECD reviews and the critical benchmarks of OECD studies have greatly boosted the room for maneuver for the political leadership in OECD countries. Without the OECD studies on science and mathematics scores (e.g., the TIMSS), the US political leadership would still be constrained from bringing about improvements in the US system of science and math teaching.

What we need in this context is far more evaluative research on education systems and the components that count. This is to elaborate the points made in section 3.2 on school autonomy, transparency, parental choice and competition. By “research” I refer not to the simplistic and superficial data crunching on the effect of the class size — to take one example — but rather to the more sophisticated comparisons of education along all major organizational lines of the education system. Does the system provide the right incentives for teachers to fully employ their professional capabilities?

Another element of transparency is the international comparison of the quality of the education policy. Such measures have been developed in the past decade, in line with measures on the quality of institutions (here agencies like Freedom House that produces the Survey of Freedom

around the world, and the PRS group that produces the International Country Risk Guide have made a great contribution). Unfortunately the only World Bank measure has to be kept confidential. But it would be useful to have a publicly validated measure (which will always remain crucial) in order to signal and to provide room for maneuver.

Last, let me say a word about gaining financial room for maneuver for developing-country leadership. Debt relief, grants, and loans all must be part of the package.

An action plan must be infused with both a sense of urgency and by self-assurance. Urgency, because too long too many have been excluded because of insufficient access to education. Self-assurance, because worldwide experience shows that education for all is achievable, and that what we need is a concerted and serious national and international effort to achieve it.

Annex

Annex Table: Descriptive regressions: Adult illiteracy and primary net enrollment rates as functions of a country's GNP per capita.								
	1997				1980			
	Adult Illiteracy		Primary Net Enrollment Rate		Adult Illiteracy		Primary Net Enrollment Rate	
Ln GNP per capita (PPP)	-15.37	-10.97	12.45	7.26	-20.7	-15.5	13.3	7.77
	(-10.9)	(-6.74)	(11.0)	(4.46)	(-10.3)	(-6.61)	(9.01)	(3.57)
1=East Asia and Pacific		12.79		0.206		1.39		6.06
		(2.84)		(0.05)		(0.22)		(1.03)
1=Latin America and Caribbean		6.49		0.295		5.25		-2.85
		(1.60)		(0.08)		(1.04)		(-0.66)
1= Middle East and North Africa		22.5		-5.35		34.33		-17.8
		(4.69)		(-1.07)		(5.89)		(-3.40)
1= South Asia		22.7		-2.17		20.25		-6.66
		(3.43)		(-0.29)		(2.32)		(-0.74)
1= Sub-Saharan Africa		21.9		-20.5		26.0		-22.6
		(4.91)		(-4.18)		(4.26)		(-3.83)
Constant	149.2	100.1	-19.40	30.39	206.1	148.7	-31.7	23.2
	(13.0)	(6.88)	(-2.01)	(1.94)	(12.53)	(6.89)	(-2.51)	(1.11)
Number of observations	119	119	119	119	94	94	103	103
Adjusted R-squared	.4992	.6094	.5024	.5993	.5303	.7136	.4400	.5846

Source: World Bank Social Indicators of Development database. Notes: T-statistics in parenthesis.

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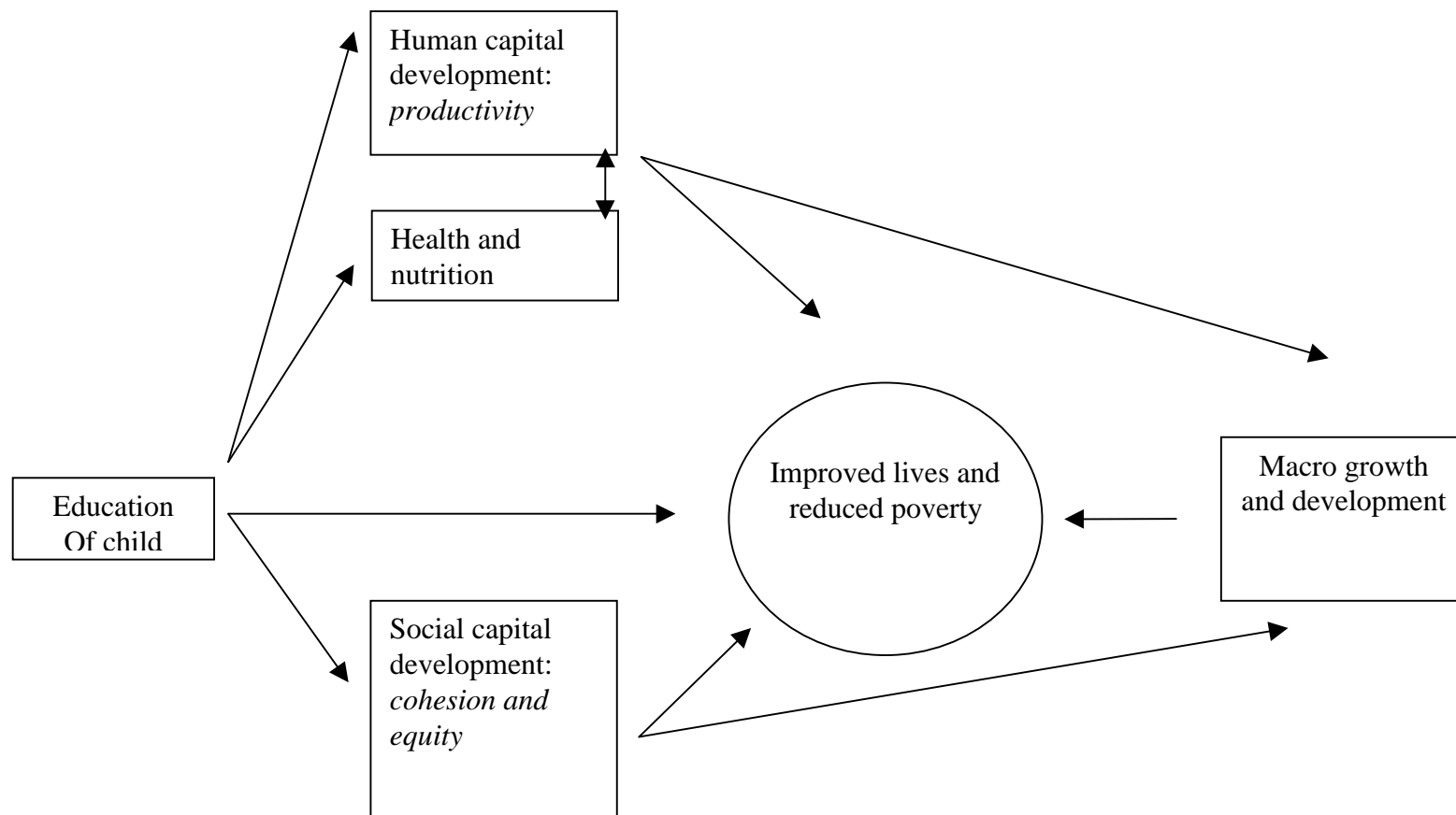
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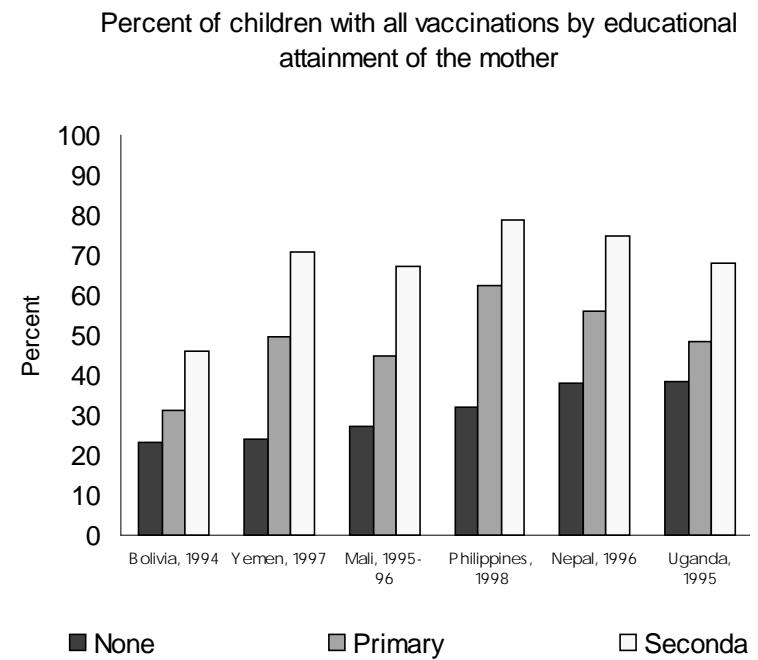
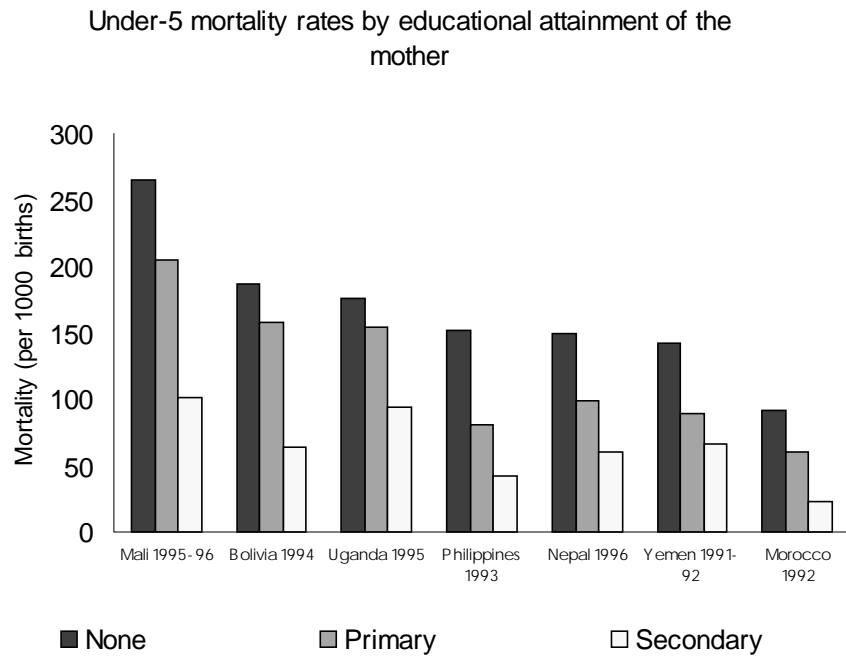
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Figure 1: The impact of education on people's lives



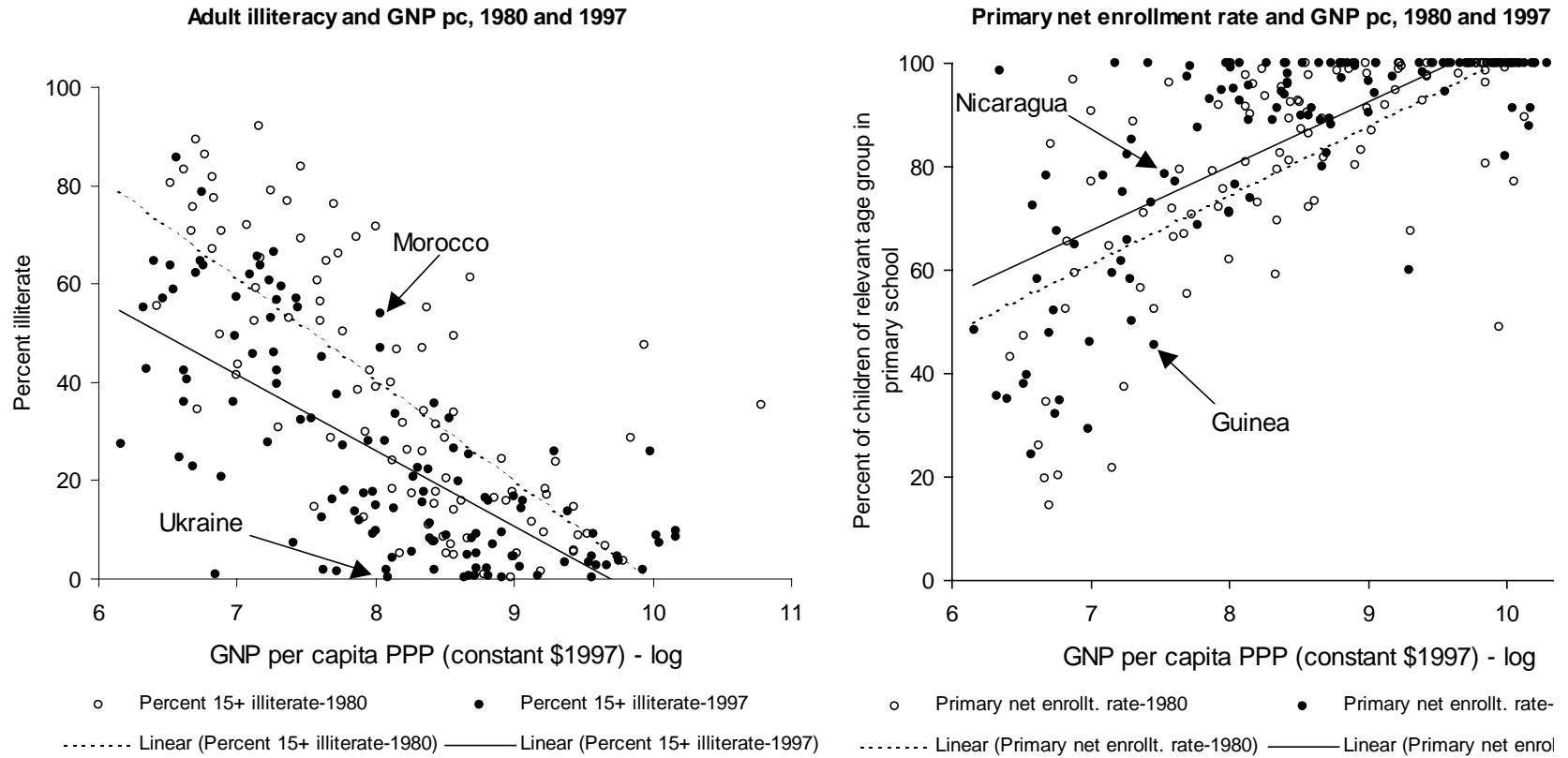
Source: Adapted from World Bank Education Sector Strategy (1999)

Figure 2



Source: Macro International (various years)

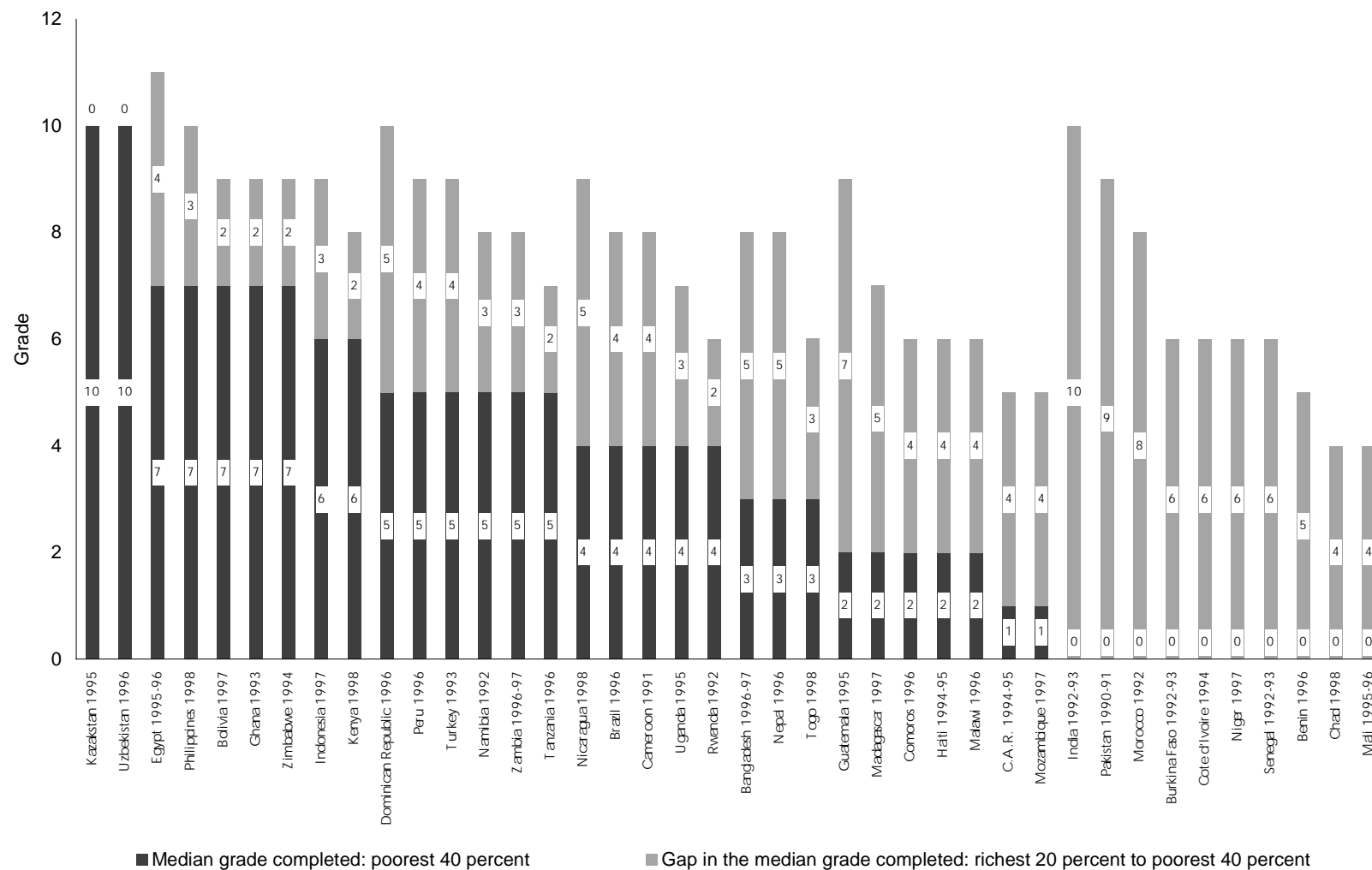
Figure 3



Source: World Bank data.

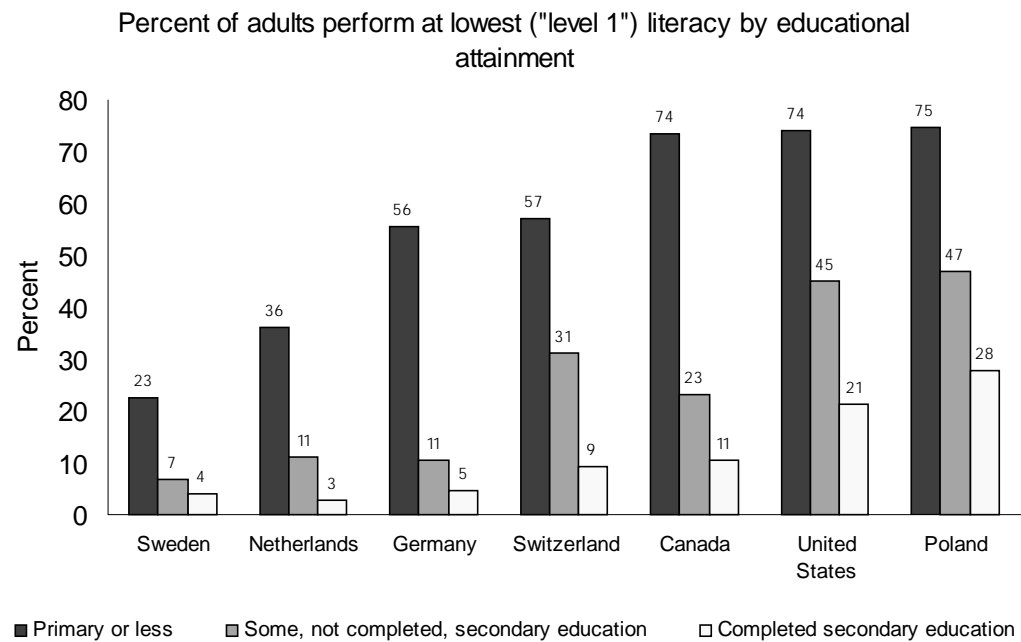
Figure 4

Median grade completed by 15-19 year olds in the richest and poorest households



Source: Updated from Filmer and Pritchett (1998)

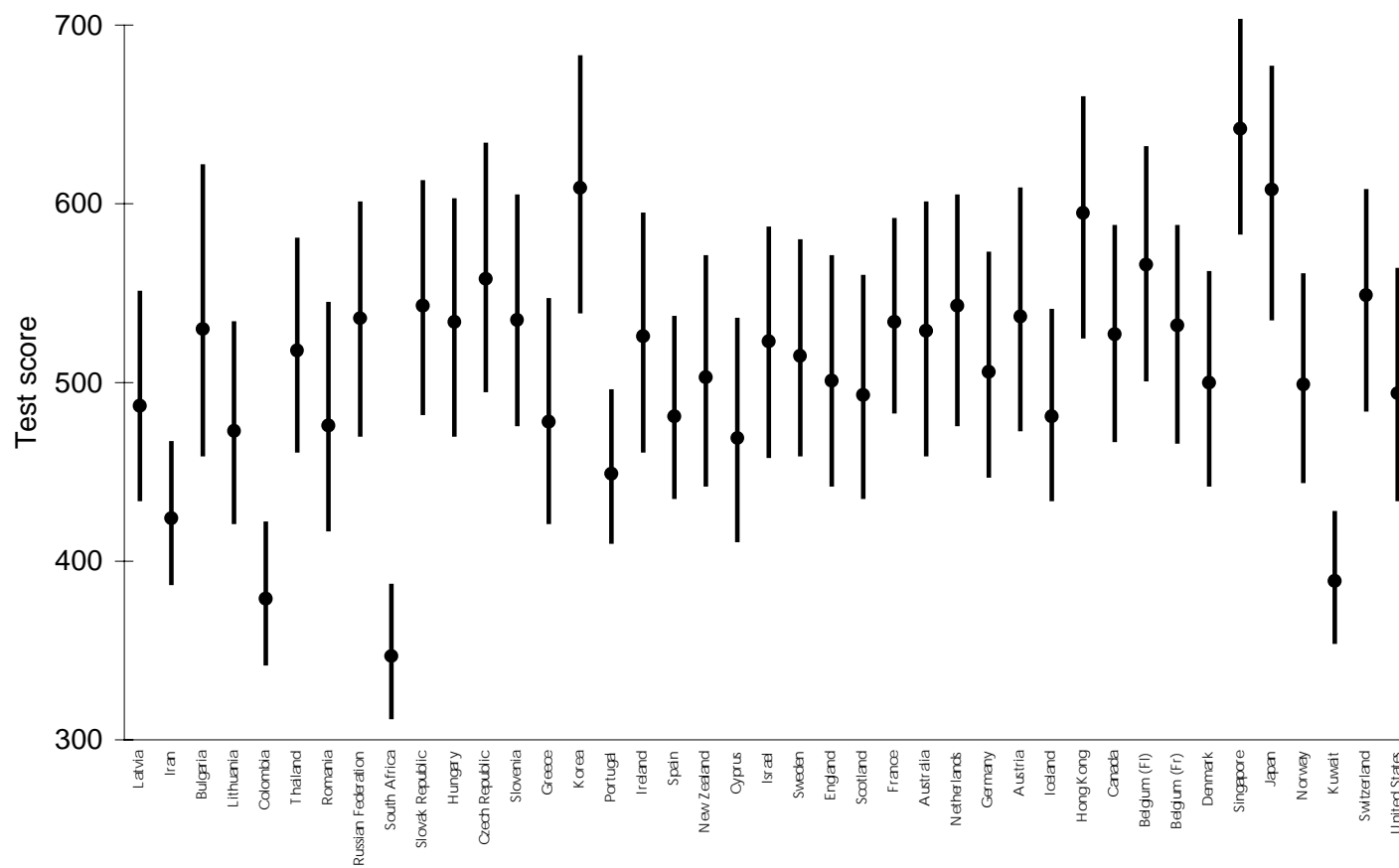
Figure 5



Source: OECD (1995)

Figure 6

TIMSS: Achievement in mathematics for students in the eighth grade:
median and interquartile range: Countries sorted by GNP per capita (PPP)

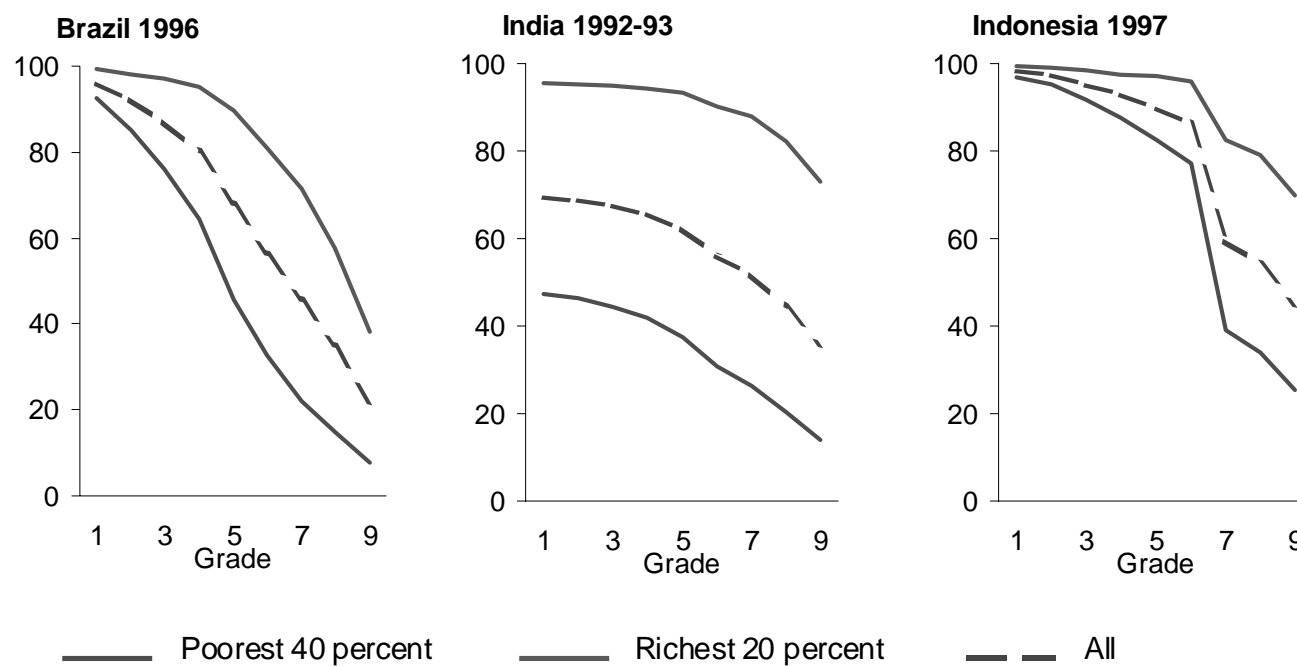


Source: Based on Beanton and others (1996)

Figure 7

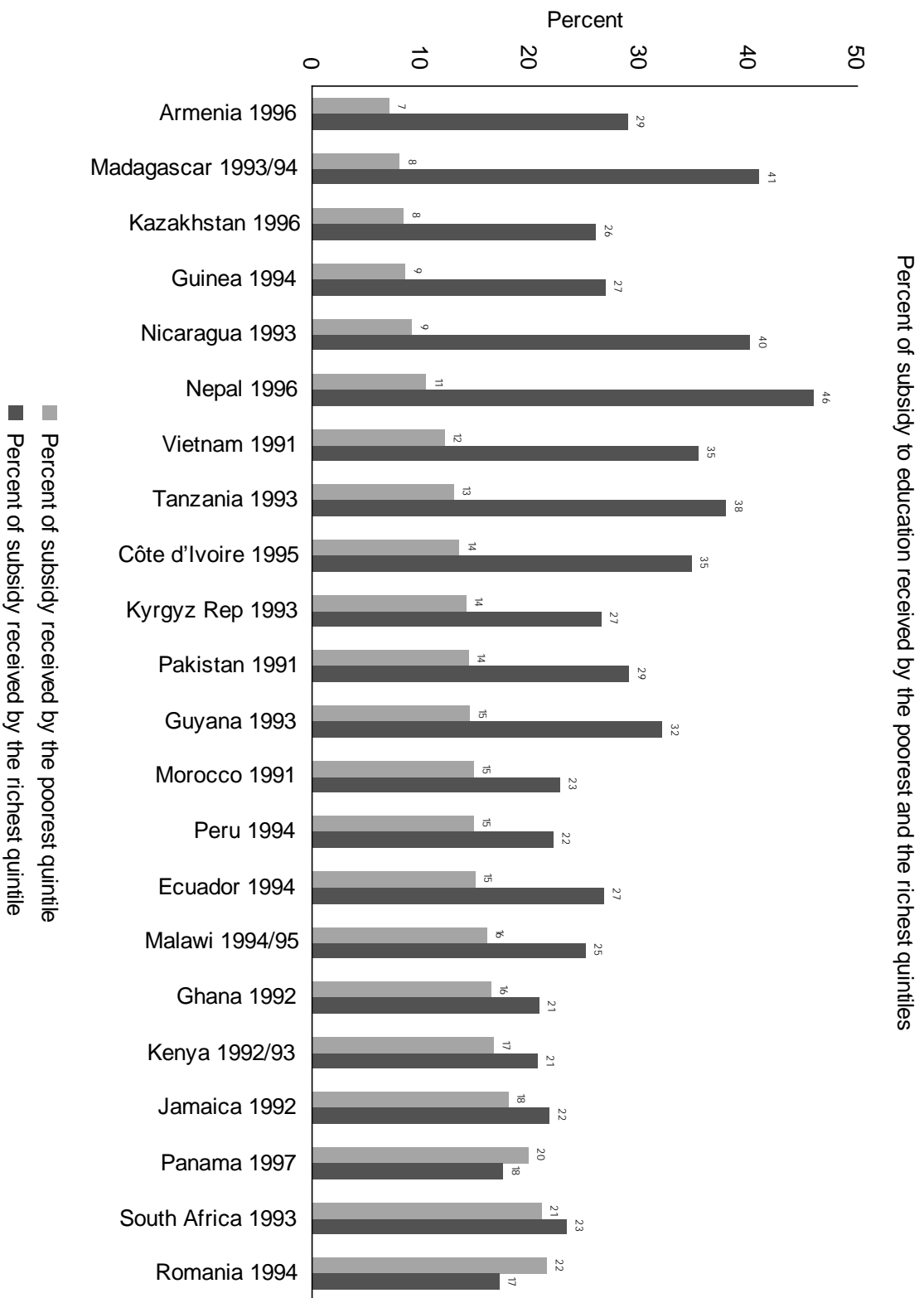
Patterns of educational attainment across countries

Percent of 15-19 year old cohort that has completed each grade



Source: Filmer and Pritchett (1998)

Figure 8



Source: Li, Steele, Glewwe (1999)