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# Ending Extreme Poverty: How Does Early Learning Matter?

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2015 Global Education Summit  
@USAIDEducation

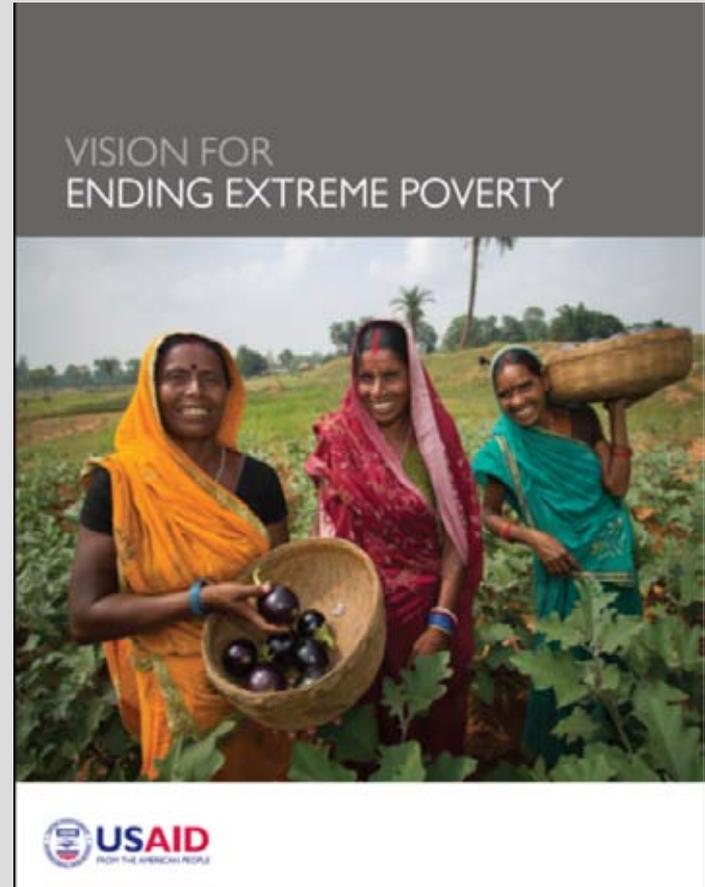
#LetGirlsLearn

#endpoverty



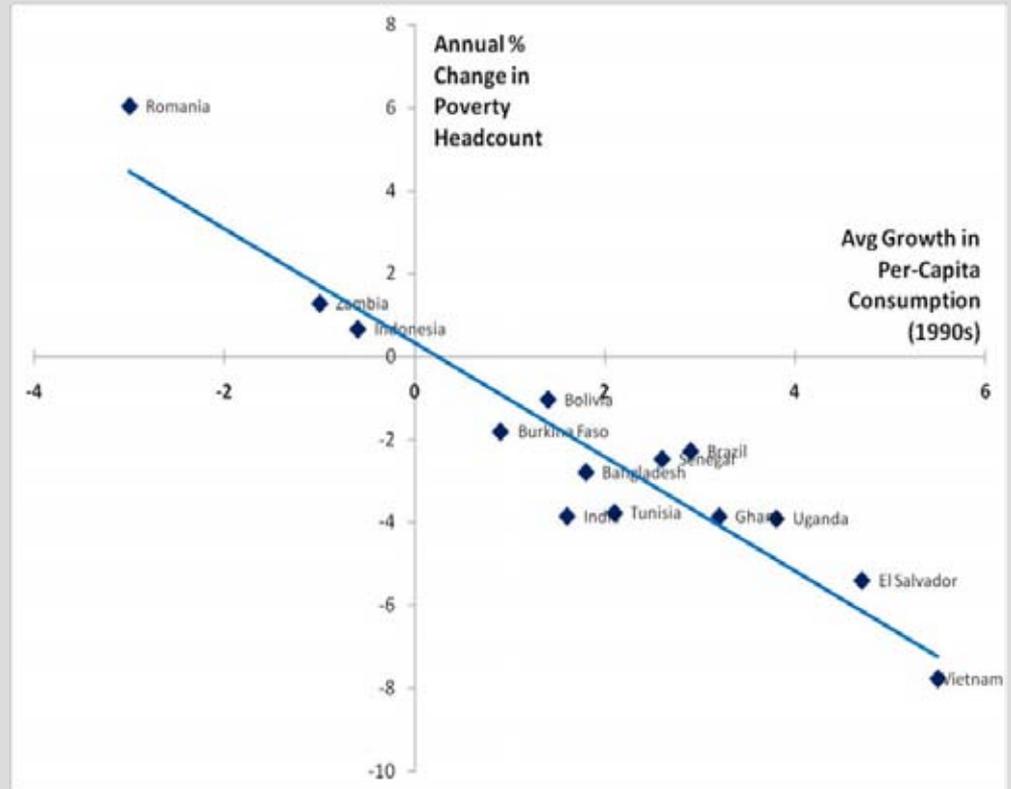
# USAID's "Vision" for Ending Extreme Poverty

- Released September 24, 2015
- Outlines how USAID will contribute to the global goal of ending extreme poverty in a generation
- Goal + theory of change  
=> broad implications for USAID programs
- Education plays a prominent role (of course!)
- USAID Education Strategy the best-aligned of any sectoral strategy



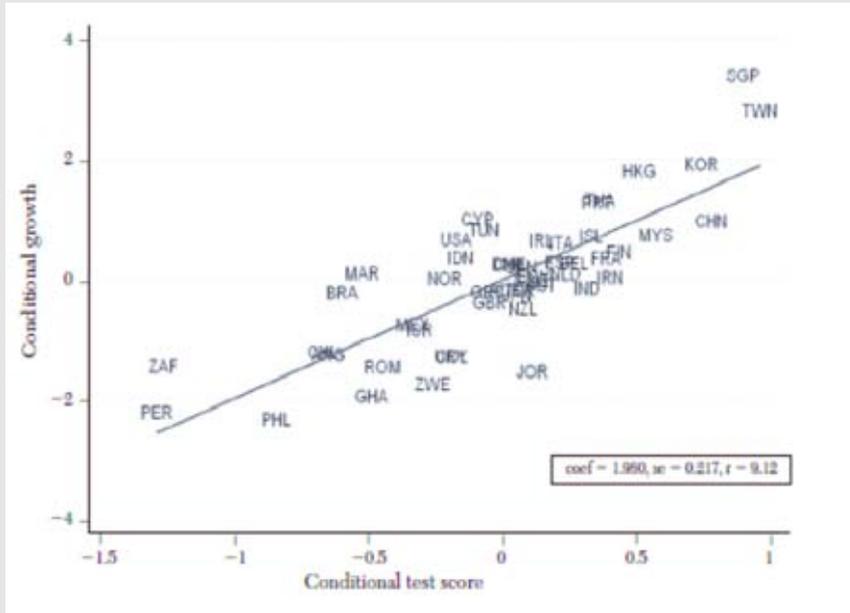
## *Economic growth drives poverty reduction... but **inclusive** growth is even better*

- Kraay (2004): over 5-10 year periods, **97%** of cross-country differences in rate of poverty reduction reflect differences in rate of growth
- Growth is distribution-neutral *on average* across countries, but there's lots of variation around that average
- The poverty-reducing impact of growth can be blunted if the poor lack access to emerging opportunities

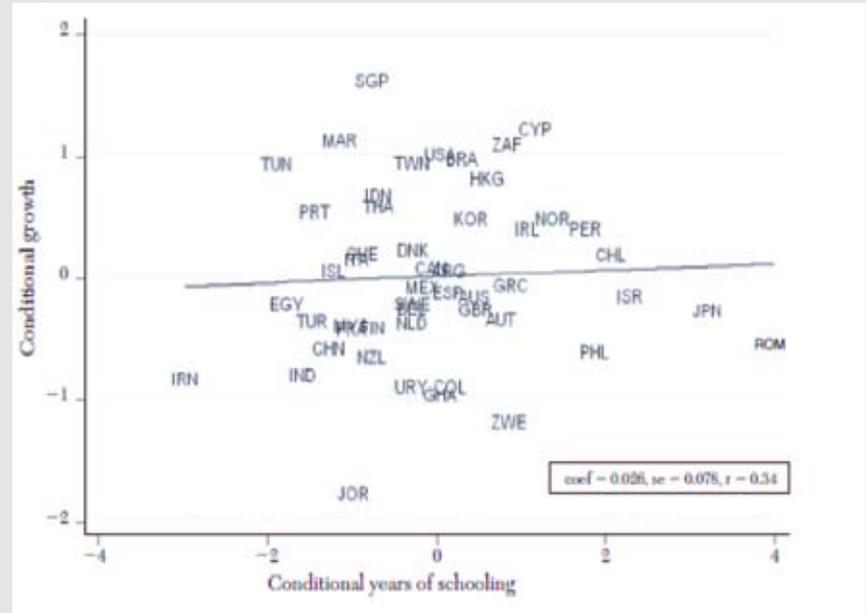


# Hanushek and Woessmann (2008): Schooling matters (a lot) for growth, but only if kids are learning

Holding attainment constant, better skills strongly boost growth



Holding skills constant, increased attainment has little or no growth impact



## *Hanushek and Woessmann (2012): Rocket Scientists or Basic Ed for All?*

- “Rocket scientists” = students scoring at least one standard deviation *above* the OECD mean.
- “Basic skills” = students scoring within 1 standard deviation *below* the OECD mean.
- Growth impact of increasing each group’s share of the population by 10 percentage points:
  - Rocket scientists: **1.3** percentage points
  - Basic skills: **0.3** percentage points/year
- Large positive interaction – more workers with basic skills makes the highly skilled more productive, and vice versa
- H&W’s recommendation: ensure that all kids gain basic skills, test to identify the brightest, and help them to go further



## *Schooling that creates skills makes growth more inclusive – by making people more productive*

- Priorities for increasing inclusion overlap strongly those for growth: in a market economy, people's earnings reflect their productivity
- Growth creates opportunities to work more productively in existing jobs and in emerging industries ...  
but only for those with the necessary skills
- Not easy to distinguish between more years of schooling and skills as sources of increased earnings ...
- ...but the available evidence confirms that it's skills that command higher wages, not attainment *per se*  
(e.g., Jolliffe 1998, "Skills and Schooling in Ghana")

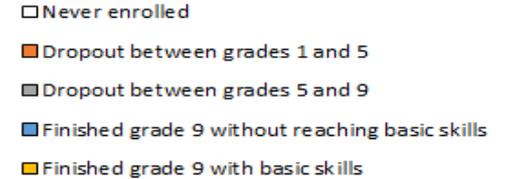
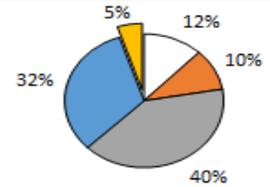


## Weak learning outcomes in many countries

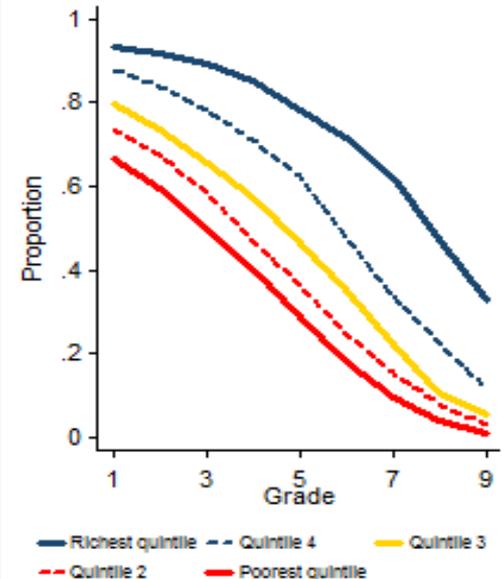
- In many developing countries, a large share of kids never start school or drop out early, while even many of those who graduate don't achieve even basic skills.

### How do we know?

- Few developing countries participate in international testing (PISA, PERLS, TIMSS, etc.), but the results from those that do tend to be quite bad.
- Pratham and ASER in India, other NGOs in other countries administer their own tests.
- Early Grade Reading Assessments (EGRAs) have identified many countries where few children have even begun to read after multiple years in school.



Attainment profile, ages 15-19



## *The source of educational failure differs across countries*

- Malnutrition *in utero* and in early childhood leads to stunting and brain impairment
- Teacher absenteeism plus lack of effort in teaching
  - social distance from poor students (“They’re donkeys!”)
- Teachers not trained in an effective pedagogy, through neglect or ideology
- Over-ambitious curriculum optimized for producing small numbers of students who pass the exit exam, go to university, and enter the civil service
  - caters to the needs of the best-prepared
  - language of instruction  $\neq$  mother tongue
  - Poor kids get lost as soon as they enter the system, and never catch up
  - Grade repetition and early dropout

# *What difference does it make that poor people lack skills?*

*It depends ...*

- Education allows people to deal with novel situations. Where people are trapped in a technologically stagnant environment, learning has limited value – the best way of doing things has already been handed down from one generation to the next.
- But doing things the traditional way means doing them at very low levels of productivity – just enough to survive but not enough to escape from extreme poverty.



## *Economic reforms and other changes that open up the economy can cause the return to skills to skyrocket*

- Heath and Mobarak (2015) show that growth of ready-made garment industry in Bangladesh has dramatically increased parents' demand for girls' schooling
- India and elsewhere – frustration with government schools that fail to equip students to qualify for skilled employment a prime factor fueling demand for low-cost private schooling.



## *Timing is everything*

- Economic reforms can and do happen quickly
    - Examples: China since 1979, India since 1991
  - Reforms predictably spur
    - increased demand for skills
    - higher wage premia for skilled workers
    - Increased rural-urban migration
    - increased political demand for improved schooling
  - In contrast, educational reforms take *lots* of time
    - The new curriculum developed
    - Teachers (re)trained
    - *At least* a decade before better-skilled students start joining the labor force
- Implication – There's not a moment to lose!





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