

**Strategies to achieve Pro-Poor Growth in Brazil, China, India and Europe:
The case of the Education Sector
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Conference Report

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1. Introduction

Economic growth is a key condition for sustained poverty reduction. However, as history has shown, economic growth does not automatically reduce poverty. In order to achieve sustainable poverty reduction, they must therefore identify policies with a positive effect on economic growth and a negative effect on poverty and inequality. These types of policies have become known as pro-poor growth policies.

The aim of the workshop “Strategies to Achieve Pro-Poor Growth in Brazil, China, India and Europe” organised by InWEnt and the German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE) on 11–12 December 2009 was to analyse the impact of basic education¹ on pro-poor growth in different countries. It was designed as a platform for mutual learning and peer-to-peer discussion. It is straightforward to assume and there is ample empirical evidence that basic education is a pro-poor growth policy, i.e. that it fosters growth and reduces poverty. However, the actual achievements of basic education policies vary considerably across and within these countries. For example, in Brazil and India, where member states of the federation have much autonomy in education policies, some achieved only mediocre results with regard to growth and poverty reduction even though they have an even higher level of basic education spending than others. This shows that in order to promote pro-poor growth it is not enough to identify key sectors, which have a high potential of contributing to growth and poverty reduction, such as basic education. Also, it is necessary to find out which kind of policies have to be implemented in the respective sector and how these should be implemented. Therefore, the lead questions of the conference were which kind of basic education policies are especially promising for the promotion of pro-poor growth and what are the main institutional challenges for their implementation.

2. Main findings

2.1 How pro-poor has growth been in Brazil, India and China?

Not only China, but also India and Brazil have seen considerable progress against poverty during the last 20-30 years. However, all three countries have made different experiences in terms of pattern of growth and distributional change.

China was the first to launch its economic reforms. Starting from very low levels of per-capita income, growth and inequality, the country boosted its growth rates to a globally almost unique level of more than 10 % annually, thereby quadrupling the mean income between 1983 and 2003 and considerably reducing poverty. At the same time, however, inequality increased dramatically. When the main focus of the economic reforms shifted away from agriculture to an export-oriented manufacturing sector, the incomes of the rich started to rise by much higher rates than those of the poor. If the country does not address

¹ Basic education is here understood as the education of students between the age of seven and the age of fifteen.

this problem, it will face serious difficulties in the future to maintain past paces of progress towards poverty reduction.

Like China, India used to be a low income / low inequality country before embarking on economic reforms in the early 1990s. And since the mid 1990s, the country has also experienced a period of remarkable economic growth. However, while initial poverty rates were lower than in China, the speed of poverty reduction was also slower than in China with the effect that the share of people living in poverty today is considerably higher than in China. Inequality again has also risen in India but somewhat less drastically than in China.

Brazil is a different case again. The country has experienced considerably lower growth rates than India and China, which might be due to very high initial income inequality. However, Brazil is the only of the three countries that was able to reduce inequality since the 1990s. This effect has given an additional impulse on poverty reduction during the same time period. The decreasing inequality and poverty reduction can in part be attributed to conditioned cash transfer programs such as Bolsa Familia, which were initialised in the late 1990s. Some 35-50 % of recent poverty reduction in Brazil go back to reductions in inequality while the remainder is due to the effect of growth

The experience of the three countries shows that governments have different options to promote pro-poor growth. On the one hand, there is an indirect way of making the poor participate in the effects of growth through the extension of government transfer programmes such as public works schemes or cash transfer programmes like the Bolsa Familia in Brazil. On the other hand, governments can interfere more directly by stimulating growth in **sectors where the poor predominate**, building on **factors that the poor possess** or focusing on **regions where the poor live** (e.g. rural areas, West of China, Northeast of Brazil). The government can also improve the **access of the poor to markets, know-how and institutions** or increase their **real, financial and human capital**.

Education and especially basic education is an important tool for the second strategy. Not only does it enable the poor to participate in economic progress, it also drives the pattern of growth, which depends on whether a country has been able or not to endow its population with human capital.

2.2 How is the current situation and which main challenges remain in the education sector in Brazil, India and China?

All three countries have had different experiences in terms of educational achievements. While India increasingly invested in education during the reform period, the educational progress has not been particularly pro-poor. Large differences in access to education and the quality of education remain with regard to gender, between rural and urban regions and between the North and the South of the country. This goes so far, that **Professor Stephan Klasen**, Chair in Development Economics at University of Göttingen, acknowledges that the quantity and quality of education are becoming an increasingly binding constraint for growth and poverty reduction in India.

Meanwhile, Brazil has made considerable progress since the early 1990s with regard to quantitative indicators of education and the equality of distribution of quantitative education achievements across genders, regions and income classes. However, this success of a quick integration of large parts of the young population into the schooling system has also had costs: It has caused a significant decline in the average quality of education. In addition, it has affected the distribution of quality education because the better-off are increasingly opting out of the public education systems and sending their children to exclusive private schools.

China's education system has also reached comparatively high levels with regard to quantitative indicators. For example, the country has almost universalised 9 years of school enrolment. Also, China has been able to close the gender gap in access to education, but problems remain, just like in Brazil, with regard to the quality of education, which has deteriorated significantly during the last one and a half decades. Quality gaps between rural and urban areas and the West and the East of the country have widened over the last years

and constitute increasingly a challenge for the achievement of pro-poor growth. Furthermore, high drop-out rates especially among migrant children jeopardize educational improvements.

2.3. To what degree can successes in pro-poor growth be attributed to educational achievements in Brazil, India and China?

The question to what degree pro-poor growth achievements in India, Brazil and China can be attributed to progress in education policies has repeatedly been brought up during the workshop, but no definite answer was given. There was much consensus on the fact that there is a strong link between basic education and pro-poor growth from a theoretical as well as from an empirical perspective. Investments in education cause the accumulation of human capital, which is expected to trigger increases both in employment and productivity, generating economic growth and reducing poverty and inequality. In addition, the accumulation of human capital is particularly helpful for members of disadvantaged groups who normally possess only limited endowment with physical, financial and human capital.

However, the workshop has shown that this relationship is not that obvious in reality, since data has proven that good economic performance is possible even without investing in basic education. Furthermore, states that invested in basic education did not automatically perform well in economic terms. In addition, it could not be proven that if the poor benefited also from more and better education, their socio-economic situation improved as a consequence. Their education might have been useless on the labour market (that they are locally able to access) or other social constraints could impede their economic advancement.

The lack of data, in turn, renders the analysis of the links between educational achievements and growth difficult, making further research indispensable. The difficulty to answer this question revealed again the need to analyse the policy implementation process as a whole in order to identify optimal education policies. What factors influence the different outcomes and impacts of education policies even when they are similar in terms of framework conditions, per-capita income and the level of education spending?

2.4. Why do education policy outcomes differ?

The comparison of China, Brazil, India, South Africa and Germany has shown that educational outcomes and impacts depend on a range of aspects.

The **structure of the educational system**, has a huge impact on educational progress. For example, the pattern of privatisation plays an important role not only on the way a society is organised but also on the poverty impact of educational progress. On the one hand, privatisation intensifies the gap between different schools in terms of educational quality and enables the wealthier parts of the population to send their children to better schools. This again fosters inequalities in terms of access to quality education and reproduces income inequalities. On the other hand, privatisation can also contribute to the economic progress of a country, providing necessary good quality education to a small elite. A highly educated elite is essential for economic growth in a country, as long as the government is not able to provide good quality public education.

Decentralisation is another ambiguous tool. It is supposed to increase accountability and thereby the quality of education. Especially a transfer of power to community-level can have huge impacts on accountability and the adequacy of curriculums. If decentralisation is implemented without taking into account regional disparities and without ensuring vertical coordination, however, it can increase educational inequalities. First, the state policy implementation process can differ significantly between schools in different municipalities. Second, the coincidence of state and municipal schools, subsisting for example in Brazil, creates inequalities if municipal schools are not equally able or willing to implement state education policies as federal and state schools. Third, there needs to be an effective redistributive system to prevent rising regional inequalities. This again, underlines the importance of vertical coordination between different public administration bodies (e.g.

different ministries responsible for education). If duties and responsibilities are not clearly coordinated, education outcomes will necessarily differ between schools, municipalities and regions.

Finally, it has been shown that multiple tier education systems, splitting students at a very early age into different tracks, such as e.g. in Germany, can reproduce inequalities by providing different education and employment opportunities according to school performance at a really early age. Unfortunately especially early school performance depends highly on the socio-economic and educational background of the student's family.

Priority of spending within the education sector is another factor influencing profoundly on the impact of education policies on economic performance. For example, fast achievements in education quantity bear the risk to deteriorate the average education quality and particularly the distribution of quality education. Furthermore, the lack of pre-school education is an important factor that reproduces social inequalities within the educational system. It has been underlined several times, that the efficiency and the design of education policies are at least as important as the amount of educational spending.

Pre-school education has been shown to be especially important as pro-poor policy. It has the highest rates of return of all different levels of education. Furthermore, it benefits especially children from lower socio-economic or migration background. If this is not addressed migration can increasingly challenge educational achievements. Students with deficits in the teaching language need special support, otherwise they will not be able to attend the classes properly and will slow down the learning process in the whole class.

It has also been shown that it is promising to maintain a chronicle order in the priority of spending; first a good and equitable basic education should be provided to create a favourable economic environment that attracts foreign investment and enables the emergence of new markets. Just then should the attention shift towards secondary and tertiary education, leading to a more diversified endowment of the workforce with human capital.

Another important factor which influences the quality of education is the **monitoring** of educational processes. The lack of well-defined quality standards of education as well as the insufficient control of their universal compliance cause huge gaps between schools and regions in terms of quality of education. The lack of control for corruption and the lack of transparency in policy formulation also influence the quality of education and the impact of basic education on pro-poor growth. To foster the participation of pupils and parents in decision making at school and policy level and to encourage poor students and their parents to interfere in and criticize educational processes, even if they feel they should not do so because they are not paying for schooling, is believed to influence highly on educational quality. Finally, the need for accountability in education policies is especially urgent to convince tax payers of the need to invest in basic education, even if they are not using it by sending their children to private schools.

The **demand for education** needs to be considered on different levels. Gaps between a low interest in education among children and their parents and growing rates of return to education need to be addressed. Therefore, transparency is needed in order to provide necessary information to all stakeholders about the needs and opportunities of the (local) labour market. And finally more demand oriented curriculum formulations can facilitate the transition to the labour market.

Furthermore, each policy formulation has to bear in mind the **political framework**. The success of policy implementation depends on the commitment of policy-makers, their ideology, determination and power. Political legitimisation can facilitate the formulation and implementation process, irrespective of whether it is achieved through democratic affirmation or through the success of previous measures.

3. Conclusions & the way ahead

The workshop through its multidisciplinary concept revealed that basic education plays an important role for social and economic progress on several levels. To begin with, it

enables the individual to access the labour market and to benefit from economic growth. By providing better income opportunities, education thus enables social mobility. On the national level, education can push start economic development as it creates a favourable environment for investment. Furthermore, the educational level of a society has positive impacts on human capital accumulation and on technical progress (through achievements in research and development). Other externalities would be, that a more educated and wealthy population can facilitate the emergence of new markets. Still, the positive externalities of education are not limited to economic terms; education has consequences for the society as a whole, being a key factor for human development.

However, education as such does not solve inequalities, but is a mirror of the social structure. Only by recognizing education as a basic social right related to human development can the full potential of education be unfold. Despite their different performance all five countries (China, India, Brazil, South Africa and Germany) seem to have recognised the need to invest more in basic education and to rethink their incentive structure. The way ahead will be to adapt policy measures to the changing needs of the society guaranteeing therefore the economic and social progress of each country.

3.1 What should educational policies look like to be pro-poor?

In the course of the workshop different educational policies and institutional conditions could be identified, which seemed promising to foster the pro-poor pattern of economic growth.

Consensus was reached, that in order to be pro-poor, educational policies have to address both equity and quality issues of education. This can be achieved through different measures, the most important of them being more public investment in education and the establishment of nationwide monitoring systems. Setting standards and examining educational achievements regularly has the advantage of informing policy-makers and stakeholders to which degree targets have already been achieved and where the main challenges remain. In order to guarantee high educational quality, good infrastructure and good teachers are needed especially in remote regions. Regular teacher trainings, smaller classes and adequate teachers' salaries are further indispensable policies.

However, these measures might be difficult to implement, due to their high administrative and political costs. Other, less expensive measures were proposed, such as increasing the transparency of policy formulation and implementation. More transparency can be reached by tracking educational expenditure and achievements. This could be underpinned by installing reward mechanisms for good performers and disincentives if minimum standards are not met. Promoting accountability through the introduction of output based financial plans, fostering parental involvement through the creation of parents councils and other incentives such as free meals, conditioned cash transfers or free book provision are believed to increase the demand for education services especially within the poorer segments of the population.

Furthermore, the need to increase attention to pre-school education was underlined given its high impact on future learning achievements.

On the political level, the need for long-term planning, the continuity of policies and implementation processes was identified. On the international level, finally, the conception and implementation of an international index of pro-poor education were proposed.

3.2 How should institutional settings be to promote pro-poor growth?

The relevance of institutional settings for the success of educational policies was underlined several times during the workshop. Some conclusions and perspectives could be drawn.

First, the question should not be whether more or less decentralisation is good for educational progress, but how to realise a successful decentralisation that enables efficient

vertical coordination and inter-regional and inter-school equality in terms of quality and equity of education. Decentralisation policies should always bear in mind the importance on inter-regional redistribution and vertical coordination to ensure nationwide access to good quality education.

Second, it was found that political commitment and vision matter. There needs to be a consensus among society and among policy makers that education is necessary. Teachers need to be respected, as well as the different values attached to school and education within a society.

Third, the relevance of political economy was underlined. Policy makers should take into account the distribution of power within a society while formulating and implementing education policies.

And finally some solutions to overcome political resistance were identified. For example, is there a need to inform the poor on their rights. Also, dialogues between stakeholders should be increased and the voice of the socially and economically poor with should be strengthened, so that they can express their needs.

4. Summaries of presentations and discussions

Session I: The pro-poor growth debate

The first session was chaired by **Guojun Xing**, Senior economist at International Cooperation Center of National Development and Reform Commission of China. It presented some theoretical insights on the pro-poor growth debate and dealt more extensively with the achievements of India, Brazil and China in growth and poverty reduction.

Stephan Klasen, Professor of Economics at the University of Göttingen, presented the findings of his study on the linkages between growth, inequality, and poverty reduction in India. The second part of his presentation dealt with achievements in the education sector analysing the question, whether education had become more pro-poor in recent years. He compared these developments with progresses in Brazil and China, giving the panel a broad overview on pro-poor growth trends in the three countries.

Professor Klasen observed that albeit India's growth had accelerated remarkably since the mid 1990s, poverty reduction had continued roughly on a steady path due to high increases in inequality. This had two consequences. While the rising inequality increased poverty directly; it also reduced the poverty impact of growth substantially. China experienced a somewhat similar development, but its economic growth was significantly higher, thereby producing more poverty reduction than India. Meanwhile Brazil has presented low growth rates than India and China, the declining inequality in the country permitted a significant reduction of poverty.

With regard to the pro-poor pattern of growth, Professor Klasen detected that agricultural growth had a higher poverty elasticity than industrial growth and that this elasticity was almost constant all over the country. However, the impact of non-farm growth depended strongly on low rural-urban disparities and on a low share of landless households. He also found that a higher gender gap in literacy and employment reduced both, growth and the poverty impact of growth. Since the recent growth in India depended highly on the availability of highly skilled workers, the poverty impact of growth had been limited. Klasen concluded the first section of his presentation by underlining again the key role of education (especially female education) to promote pro-poor growth in India.

The second section of Professor Klasen's presentation dealt with the question whether the recent educational progress in India had been pro-poor. He found that despite an increase in the average years of schooling and the reduction of the gender gap over time and in all income groups, large disparities between gender and between rural and urban regions remained. He emphasized that the differences in attendance rates needed to be addressed, being that the drop-out rates among the poor were far too high. According to Klasen, the educational progress had not been particularly pro-poor and future policies needed to focus on the most disadvantaged population groups. Professor Klasen stressed,

that if these problems were not addressed, education would become an increasingly binding constraint for growth and pro-poor growth in India.

During the **discussion** some key messages were identified. The first one was that education is the key production factor of poor people. In addition, inequity in access to quality education is a major reason for rising income inequality. Furthermore, a country's failure in providing good quality mass education can prevent future growth and poverty reduction.

The importance of public commitment to education was underlined. Concerns were raised that this commitment had declined in rural areas in China, having serious impacts on the educational quality and equity. Policy makers should give priority to basic education and create incentives especially for poor students in rural areas to attend school. These incentives could include the introduction of a public transport systems bringing poor children to school, the creation of parents' councils monitoring teachers or cash transfers conditioned to the enrolment of school-age children. The possibility of introducing a conditioned cash transfer (CCT) program in India was discussed; concerns were raised that this would exceed administrative capacities especially in rural areas. Nevertheless, Professor Klasen proposed to give such a reform a chance, since CCT programs had been able to contribute significantly to poverty reduction in other countries.

Another issue was whether high growth rates in India and China could have been achieved even without rising inequality. Professor Klasen underlined that this would have been possible and that poverty reduction in China could have been much faster if public attention had not shifted away from agricultural development towards more urban based and export oriented growth. He further stated that future poverty reduction in China depended heavily on the country's success in avoiding further increases in terms of income inequality.

Some important priorities for education policies in order to generate successes in pro-poor growth, such as e.g. the quality of training of teachers and incentives for students, were identified. But apparently other factors such as the way the education system is organised, e.g. the monitoring and accountability of schools, are equally important.

Session II: Country experiences with pro-poor growth

Nicole Rippin, researcher at German Development Institute (DIE) and University of Göttingen, chaired the second session and opened with a short definition of pro-poor growth. She recapitulated the differences between the relative and the absolute definition of pro-poor growth. While the former ignores the actual rate of poverty reduction, but concentrates only on whether the change of per capita income of the poorest quintile of the population is higher than the average change of per capita income, the latter defines every growth as pro-poor that increases the income of the poorest quintile. She stressed that both definitions had their strengths and weaknesses, while concluding that any sustainable poverty reduction had to deal with inequality as well.

In his presentation, **Dr. Edinaldo Tebaldi**, Assistant Professor of Economics at Bryant University, analysed growth and poverty reduction trends in Brazil. He highlighted the importance of good institutions and high quality basic education for growth and pro-poor growth. According to him, poor quality institutions in Brazil influence poverty via market inefficiencies, the misallocation of resources, and "broke" incentives. On the other hand, Tebaldi stated that the inequality in access to quality education in Brazil was one major reason for income inequality. By this, he concluded, the educational system was reproducing existing income inequalities.

Nevertheless, the demand side of education should not be ignored. Tebaldi identified the lack of transparency on and the inflexibility of the labour market as major factors contributing to the decreasing demand for education especially among the poor. He also stated that poor quality in public basic education was a major factor contributing to the high drop-out rates among the poor. He proposed institutional reforms and the implementation of micro and macro strategies that might increase the incentives for poor people to stay in school.

Dr. Ning Ning Ding, Senior Research Fellow at the Development Research Center of the State Council (DRC), China, elaborated on the evolution of China's basic education system. He emphasized that basic education in China had undergone three major transformations over the past 30 years. First, the provision of rural basic education shifted from rural communities to the government. Second, the financing of basic education shifted from multi-channel fund-raising to government's responsibility, putting in place a more stable source of funds. Third, the length of compulsory education was extended from 6 to 9-year compulsory education. Ding also highlighted the main challenges, the Chinese education system was facing. While the quality of education remains critical especially in rural areas, high drop-out rates especially among migrants' children jeopardize educational achievements.

Dr. Arindam Banik, Professor in International Economics and Finance at the International Management Institute, India, analysed in his presentation the causal relationship between spending for education and growth in selected Indian states, finding a rather bidirectional causality between both. He concluded that expenditure in education had driven economic growth in the long run in some states. Where this was not the fact, he presumed that the educational systems in those states had not been adequately developed and tailored towards the implementation of curriculum along the lines of technical and scientific subjects needed for industrial growth and development. As an other reason, he identified that those states either failed to provide environments conducive for boosting production, or promoted atmospheres for production that fell far behind those in other states that were considered an ideal destination of foreign investment. And finally, he suggested that improvements in the quality and level of education had not been focused on allowing workers to take advantage of the opportunities offered by technological progress.

During the **discussion**, there was further debate on the discrepancy between high rates of return to education and the low demand for education in Brazil. It led to the conclusion that individual perception of benefits from schooling can differ significantly from ex post statistical findings. However, other social constraints that could prevent poor people from participating adequately in the labour market were mentioned and the importance of addressing these was highlighted.

Other objections referred to measures that would ensure institutional quality especially in rural areas. Concerns were raised that accountability was difficult to increase given the low literacy rates among parents in rural regions. One proposal to solve this was by attributing more power to the communities, so that these could interfere within the schools and guarantee a minimum of educational quality.

Other concerns were raised with regard to the increasing privatization of education observed in many countries. However, the panel concluded unanimously, that privatization of tertiary education was less of a problem, while the main responsibility for basic education should remain with the state.

Panel discussion: Education and pro-poor growth

The panel discussion was chaired by **Bettina Boekle-Giuffrida**, researcher at German Development Institute (DIE) and Free University of Berlin. It dealt more generally with the links between education policy and achievements in poverty reduction in Brazil, China, India and South Africa.

Mansheng Zhou, Professor and Deputy Director General of the National Center for Education Development Research, Ministry of Education, China, presented the main achievements and remaining challenges of education policy in China. He underlined the huge achievements in terms of educational coverage and in terms of enrolment the country made during the last years, emphasizing that the government has increased public investment in education by 84.5% from 2002 to 2007. However, he stated that difficulties remained with regard to the still uneven regional distribution of financial resources. According to Zhou, the urbanization process is currently challenging the educational achievements due to high drop-out rates among migrants. The main target for the future should in his opinion be

to reach a balanced regional development, guaranteeing high quality and modern education for all children.

Ravishankar Arunachalam, Joint Secretary, Head of Math Content Development, Association for India's Development (AID), presented the main educational achievements and remaining challenges in the case of India. He acknowledged the progress the Indian education system made over the last 50 years with regard to enrolment in basic education and educational coverage. New programs such as Sarva Shiksha Abhiyan contributed a lot to bring children back into school. However, he emphasized that most poor children dropped out by Class-5 and even more by Class-8. According to him, this was not due to parents taking their children out of school. In fact, he stated that despite the parents being completely aware of the importance of education, the educational quality was so bad, that there was no reason for the children to stay in school. He referred to national surveys that confirmed his assumption. Arunachalam underlined the importance of introducing nationwide standards and tests to measure learning outcomes. These tests should focus on transparency, regularity and reliability in order to render the educational system and every school accountable. By this parents would be enabled to question teachers and learning methods. And in combination with strengthened village-level committees this could ensure that pupils achieve learning targets. In his opinion, this would be the only way to attain educational quality and in the second step enable poor students to participate in the labour market.

Paulo Corbucci, Researcher and Education Coordinator, Instituto de Pesquisa Econômica Aplicada (IPEA), Brazil, stated again the importance of education for poverty reduction. Nonetheless, he strengthened the fact, that education, when detached from other public policies, had its impact reduced. Just improving education would not be sufficient to reduce inequalities. Rather he deemed a progressive tax collection necessary in order to expand income transfers directly and indirectly. He identified some transfers that could benefit especially the poor, among them being, for instance, the distribution of textbooks, the provision of free meals, increases in pre-school enrolment and the reduction of the number of students per class. Corbucci recommended that these initiatives should initially be applied in rural areas and urban peripheries, thus in the regions where the poor predominate. Furthermore, he underlined that management accountability and the participation of parents in school life should be fostered.

The South African case was analysed by **Thabo Mabogoane**, Senior Statistician at JET Education Services, South Africa, who stressed the problems emerging from the institutionalised reproduction of inequalities within the educational system. Despite high public commitment, these inequalities could not be reverted in a short time frame because of the lack of trained teachers. He described the efforts undertaken by the South African government since the end of Apartheid; for instance, teacher salaries were increased in order to retain the teachers and a new equitable share formula has been introduced to allocate budgets especially to the poorest provinces. Nutritional projects were started, providing free meals for school children, and efforts undertaken to improve educational coverage. Currently, the expenditure in education is 5.5% of GDP, higher than in many developing countries. Despite achievements in terms of enrolment ratio and gender parity, Mabogoane stated, challenges remained with regard to educational quality. He proposed the fixation of clear goals with regard to educational achievements and the development of monitoring systems able to test school performance at different ages and on a regular base. Furthermore, he illustrated the importance of specific trainings for teachers.

After the inputs, **Bettina Boekle-Giuffrida** asked further questions to every panellist. She started by inquiring about the linkages between education quality and opportunities on the labour market. **Mansheng Zhou** answered that the main challenge in China was to close quality gaps between urban and rural regions and between the East and the West of the country in order to provide the same opportunities on the labour market for every person, irrespective of its geographic or social background. According to him, the Chinese government was tackling this by allocating more funds to remote regions and by the formulation of uniformed and unique standards to measure educational achievements.

Then, **Bettina Boekle-Giuffrida** shifted the attention towards learning outcomes, questioning how the public system could address the lack of educational quality in India.

Ravishankar Arunachalam explained that by introducing national test, the education system would become more transparent and that the parents could then gain the power to force teachers to fulfil a minimum of learning expectations. He stated that current mechanisms on community level, such as the needed approval from the village-committee for infrastructural investments in schools, were a first step, but that the competencies of village-committees needed to be increased further.

With regard to the Brazilian education system, **Bettina Boekle-Giuffrida** wondered whether it was not contradictory that the government invested so much in public universities, while the poorest had no access to these universities because of the difficult selection process. **Paulo Corbucci** contested that this was indeed contradictory, but that the problem lay in the poor performance of public basic and secondary education that does not prepare students adequately for the admission tests, not in the high investment in public tertiary education. He stated that each educational level influenced the other and that good higher education was necessary since most part of the research was happening in public universities. Lowering the investment in these universities would decrease the competitiveness of the country substantially.

To conclude this section, **Bettina Boekle-Giuffrida** asked Mr. Mabogoane which concrete reform steps he proposed in the South African case. **Thabo Mabogoane** recommended the repeated training and retraining of teachers, as well as the introduction of monitoring systems that allowed parents and communities to intervene when a minimum of educational quality could not be guaranteed.

After these questions, the discussion was opened to the audience. Concerns were raised that monitoring systems were useless, as long as teachers resisted to use the outcomes and to improve their performance. **Mr. Corbucci** reacted by confirming that in fact teachers could feel uncomfortable about the introduction of evaluation systems, given that they were not well enough trained and considering their low salaries. He underlined that a change in the social perception of teachers was needed. As long as they were neither respected nor paid adequately, their performance obviously could not improve.

Further points of discussion were how the completion of basic education could be facilitated for the poor, given that their lack of skills challenged the sustainable development of a country. Again the difficulty of providing equal access to and quality of education for all segments of the population was underlined.

The session was closed with a keynote speech by **Dr. Silke Weber**, Professor of Sociology at Federal University of Pernambuco (UFPE), Brazil. She tried to identify how education could be made pro-poor, which key policy reforms were needed and which challenges ahead remained. She emphasized that basic education was necessary to give poor people the abilities to participate in and receive significant benefits from economic activities. However, while education was certainly a condition of social progress, it in itself could not produce equality. She underlined therefore the importance of perceiving basic education as a fundamental human right and that education should not be detached from other social policies. Furthermore, she highlighted the importance of transfers facilitating the access of poor students to and their continuation in school and the necessity of adequate training for teachers, not without criticizing reward systems that hold only the teachers responsible for students' failure in school. She concluded that there were many more factors constraining the quality of education than just teachers' performance and that putting the guilt on individual teachers through reward systems would be contra productive.

The following **discussion** centred in the question of how monitoring systems that would not blame single persons for systemic failures could be designed. Consensus was reached that monitoring was necessary to ensure a certain level of education for all children. However, uncertainties remained with regard to how this system should be designed. By grading schools or binding rewards to learning outcomes, the competition between schools could be increased so much that especially disadvantaged students would suffer from those reforms. On the other hand, it was observed that accountability could also act as motivation and that teachers needed to be accountable for what they were doing. Again, Dr. Weber stated that monitoring systems needed to recognise the needs of schools and teachers in order to motivate them and that educational achievements depended on much more than just

teachers' performance, therefore concluding that educational reforms should never be detached from other social policies.

Session III: Country experiences with education policies

The third session was chaired by **Ina Dettmann-Busch**, Senior Project Manager at InWEnt – Capacity Building International, Germany. The session dealt with country experiences of Brazil, India, China and Germany with education policies. The session was closed with the keynote speech “PISA in developing and developed countries – Comparative lessons to be learned for making education more pro-poor growth directed”.

Bettina Boekle-Giuffrida, researcher at German Development Institute (DIE) and Free University of Berlin, explored in her presentation the contributive or hampering role of education policy for pro-poor growth in the case of Brazil. She found that differences in access to quality education was an important factor for inequality in salaries in Brazil. While the Brazilian government was undertaking serious efforts to tackle the problem, the high decentralisation of educational policy was a main challenge for achieving equity and quality in basic education. According to Boekle-Giuffrida, the decentralisation process in Brazil caused the co-existence of two autonomous systemic networks, namely the state network and the municipal network, for basic education (age 7-14). Despite the existence of a national fund designated to equalise the allocation of educational resources within the country, high inequalities between states and municipalities remain, especially with regard to educational quality and school performance. She underlined the importance of strengthening the cooperation between state and municipal levels within the decentralised framework to buffer further inequalities and to tackle quality issues of education.

In her view, another challenge was the supply-demand gap for qualified labour. Interviews with business associations in the industrial and services sector evidenced a huge lack of numeric and literacy skills among young employees, resulting in an gap between the supply and demand for qualified labour. This led her to the conclusion, that the public education system could not prepare employees sufficiently for economic future perspectives and therefore was not pro-poor growth oriented.

Nicole Rippin, researcher at German Development Institute (DIE) and University of Göttingen, presented lessons and insights from India. She asserted that the problems of the Indian educational system were due to several factors, including limited monitoring, prevailing corruption, dysfunctional buildings and a persistent lack of accountability. The results of her empirical research revealed that especially poor households seemed to be reluctant to question the school management. Apparently, they felt they had no right to do so, since they were not paying for the service they received. She concluded that a higher degree of decentralisation and the shift of responsibilities from the state government to Village Education Committees could strengthen the communities and in consequence increase educational quality. Another proposal was to mobilise voters to render education an issue in elections and to put pressure on state government to increase state releases. However, she raised concerns with regard to the assignment of para-teachers since this seemed to have deteriorated learning achievements in Andhra Pradesh. Again the urgent need for an independent monitoring system, in order to reduce corruption, to reveal the problem of dysfunctional buildings, etc. was underlined. She concluded, that beneficiaries of public services should be informed and trained in citizen rights and should be actively engaged in monitoring implementation processes to promote educational accountability on all levels.

The following **discussion** centred on the question, how decentralisation could be designed in order to increase accountability without rising regional inequality. Consensus was reached that the achievements resulting from decentralisation depended highly on the age of a democracy and on the degree of decentralisation. However, mechanisms to prevent rising regional disparities, such as e.g. inter-regional transfers, were found to be crucial for nationwide access to quality education. Different comments were made, for example stating

that the Brazilian education system was indeed pro-poor oriented, but that other rigidities remained which impeded the transmission of educational achievements to the labour market.

The last question discussed was the influence of corruption within the education sector, resulting in the conclusion that corruption could seriously challenge educational quality, but that there were a lot of possible mechanisms to prevent this, for instance, good democratic control, monitoring systems or by strengthening the influence of parents' councils.

The second part of the session started with the presentation of **Dr. Guojun Xing**, Senior Economist and Researcher at International Cooperation Center of National Development and Reform Commission, China. Dr. Xing analysed the difficulties rural workers were facing due to the downfall of export industries after the financial crisis. He emphasized that in order to alleviate the situation of rural workers the level of their professional education needed to be increased. According to him, China had been conducting numerous projects in order to implement employability qualification training for rural workers since 2004 and further increased those efforts in 2009. However, in his opinion, the performance of the professional training for rural workers was not very strong and far from satisfying the demand, due to lacking training infrastructure, a low per capita average of training subsidies and the low overall training level. In order to strengthen the rural workers' ability to participate in the labour market he proposed four measures; namely, building up a Public Employment Training System, increasing the public investment in the training of rural workers, increasing the rural workers' awareness of the Legal System and, finally, perfecting the mechanisms of education and training for rural workers.

Rita Nikolai, Head of the BMBF Junior Research Group "Education and Transition into the Labour Market", Wissenschaftszentrum Berlin für Sozialforschung (WZB), Germany, described the institutional setting of the German education system, compared it with other EU and OECD countries and closed with a résumé of the main challenges for basic education policies in Germany. She started with an overview on the German education system, stating that Germany presented a highly decentralised education system with a broad range of stakeholders on different levels. She found that the central government had only little influence on the educational system, while the federal states were responsible for most decisions. In her opinion, this explained the huge differences in educational systems between the federal states, especially with regard to different school tracks and caused severe disparities in educational quality between schools and regions.

She also highlighted the difficulties Germany was still facing with the completion of the Lisbon-Benchmarks, especially with regard to educational quality and equity and in terms of life-long learning. The high influence of the social background on students' learning achievements was particularly challenging and, in her opinion, increasingly constraining economic progress.

Finally, she stated that education policies focused too much on higher education (secondary and university), whereas efforts for pre-school and basic education were still insufficient. She underlined the importance of early childhood education, especially for children from lower socio-economic and migration background.

During the **discussion** the German educational system was compared to the educational systems of other developed and developing countries, leading to the conclusion that like in Brazil, the decentralisation in Germany had led to increased geographical and social inequalities in terms of quality of education. However, other country examples were cited and led to the affirmation that decentralisation was not per se bad for educational equity and quality. Nevertheless, certain tasks were identified that should remain with the central government, such as setting curricular standards, performing national tests, providing equitable funding, as well as monitoring and evaluation. The role of parent's initiatives was also discussed, highlighting the success these initiatives had in some countries, such as e.g. Canada. The benefits from increased subsidies for pre-school education observed in Eastern Germany were also highlighted. With regard to the comparatively bad performance of countries with high immigration rates, such as Germany, France or the United States, in PISA tests, it was questioned whether the test results were not influenced by the bad results

of immigrants. However, it was emphasized that this was even more a reason for higher investments in pre-school and basic education. Finally, the possibility of introducing “tracking” systems, such as the German system, in developing countries in order to tackle the lack of workers on medium technical level was discussed. While this proposal was widely accepted, some concerns were raised with regard to the time children spend at primary school, four years being considered as too short, and with regard to the difficulty of transition from one school type to the other.

The session was closed with by keynote of **Bernard Hugonnier**, Deputy-Director for Education, Directorate for Education/ Unit for Co-operation with Non-Member Economies (NME), Organisation for Economic Co-operation and Development (OECD), France. Hugonnier compared the learning achievements of OECD and non-OECD countries and tried to identify an optimal education based development strategy. First, he presented the main objectives of the PISA study, emphasizing that PISA does not only provide a reliable assessment of learning outcomes, but also gives information on how well education systems prepare their students for life by equipping them with appropriate skills. While every test assesses the reading, mathematical and scientific skills of the students, the main emphasis of the test differs every time. Hugonnier presented the principal results of the PISA study realized 2006 in 29 OECD and 27 non-OECD countries, which had focused on scientific literacy. Highlighting the importance of international comparison for an adequate interpretation of national results, Hugonnier compared the achievements in OECD and non-OECD countries. He found that OECD countries were facing difficulties due to the high share of underperforming students in terms of proficiency levels, still this problem seemed to be much more serious in non-OECD countries, where the lack of high performing students was challenging the future economic performance of those countries. Linking educational performance to per capita income resulted in a positive correlation; however, these links were not always obvious, which highlighted again the importance of efficient educational systems. The key to achieve good results was, in his opinion, a well designed and efficient educational system rather than high investments in education alone. With regard to the question, whether there was a trade-off between educational quality and equity, empirical evidence for both answers was presented. Hugonnier concluded that, despite the competitive advantages of OECD countries over non OECD countries given the higher numbers of well performing students, in OECD countries educational systems were not always better performing and were not more equitable than in non-OECD countries.

Finally, Hugonnier compared educational achievements in Korea and Mexico, in order to identify an optimal education based development strategy. He showed that Korea performed extraordinarily well due to its focus on good quality and high equity basic education, which had a direct effect on the productivity in manufacturing industries. At the same time, higher education was increased by providing scholarships and opportunities to students at foreign universities. Meanwhile, Mexico’s efforts to achieve economic development through the emphasis on the higher education of a small elite did not push start economic development and resulted in an elitist educational system with considerably low equity and average quality. He concluded that for economic development purposes, priority should be given first to primary, then secondary and finally to tertiary education.

During the **discussion**, concerns were raised whether this interpretation of the achievements in Korea and Mexico were not simplistic and left out a lot of other contributing factors. Moreover, it was criticized that the comparison of educational achievements did not take into account differences between countries in terms of social and ethnic homogeneity, which was presumed to lead to different results. Finally, the importance of international and national assessments of learning achievements was once more emphasized.