



THE CONVERSATION

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Teach all young people universal basic skills by 2030 – it will give huge boost to GDP

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Quality control: in Liberia in 2014, all students failed their university entrance exams. Ahmed Jallanzo/EPA

Ministers and education officials from a wide range of countries and international agencies are converging on Incheon in the Republic of Korea this week to discuss a new set of development goals at the World Education Forum. A draft document lays out a set of Sustainable Development Goals (SDGs), which will follow on from the Millennium Development Goals (MDGs) that included education goals to be accomplished by 2015.

It is difficult to fault the SDGs as noble ambitions – end poverty everywhere, combat climate change, and more. But it is also clear that, even though they provide a plethora of targets, it will not be easy to use them either as policy levers for change or as a means of charting

progress. There are also historical reasons to believe that what is not measured will not get done.

The MDGs were clearer on measureable goals. In education they called for universal access to secondary schooling. And, they showed real progress was possible: primary school enrolment rates in South Asia rose from 78% in 1999 to 94% in 2012 while they moved from 59% to 79% in sub-Saharan Africa over the same period.

Unfortunately, the best available evidence shows that many of the students appeared not to learn anything. The evidence on international achievement tests showed dismal levels of knowledge for many of the countries that improved in school access – seat time is not the same as learning. This is a huge problem, because it is knowledge and skills that pay off economically.

In a new report issued by the Organisation for Economic Co-operation and Development (OECD), *Universal Basic Skills: What Countries Stand to Gain*, we show the economic impact of meeting a quality goal of bringing all children up to a level of basic skills. The economic impact is huge, even for developed countries. We estimate that introducing universal basic skills by 2030 could boost GDP for lower-middle income countries by 1,302%, and 162% for high-income OECD countries.

Back to basics

Basic skills can readily be measured for a large number of countries, ones that participate in the international testing of either the Programme for International Student Assessment (PISA) or the Trends in International Mathematics and Science Study (TIMSS). These tests allow country comparisons of mathematics and science skills. In our research, we considered basic skills to be Level 1 on PISA. This level of skills corresponds to what might today be called modern functional literacy, and it provides a measuring rod for judging the skills needed for economic participation.

Our estimation of the economic impact of bringing all children up to this level comes from seeing how educational improvements translate into more economic growth. In other analysis that we have done, we show that differences in growth rates across countries are very closely related to the aggregate achievement of societies – what we call the knowledge capital of nations.

In measuring the economic impact of achieving universal basic skills, we placed countries in four income categories: lower middle income, upper middle income, high income non-OECD, and high income OECD. Based on the assumption that each of the 76 nations reaches the goal of all youth attaining at least basic skills by 2030, we calculated the average present value increases in “discounted future GDP” compared to current GDP. Discounted future GDP means that in all our calculations, the estimates further in the future were weighted less than those close to the present. By making these estimates of “present value”, we were able to make direct comparisons to current GDP when we project the impact of educational improvement on growth.

Poorest countries have the most to gain

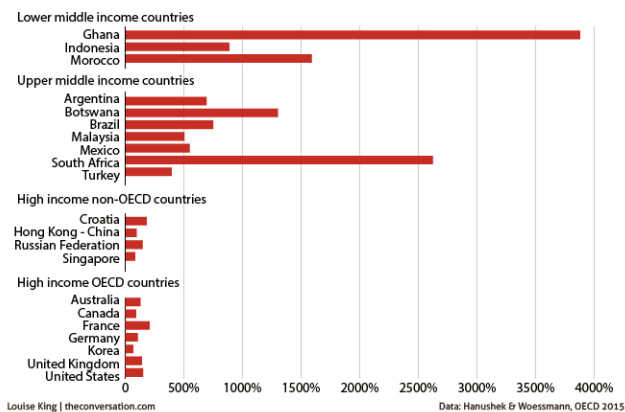
As the graph below – which gives a selection of the results from our research – shows, the

largest gains typically come for the countries in the lowest income group. The differences between countries reflects the variety in both current enrollment rates and the current achievement levels between countries.

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Effect on GDP of achieving universal skills (in % of current GDP)



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Ghana, for example, has the lowest enrollment rate in secondary schools (46%) and also the lowest achievement levels for those in school (291 PISA points). It is extraordinarily unlikely that Ghana could move quickly enough to meet the universal skills goal in 15 years; but if it did, it would see a gain that in present value terms was 38 times its current GDP. This is equivalent to an average annual increase in discounted future GDP of 83%. The goal is more realistic for a number of other middle income countries, where the results would still be stunning.

A development goal of universal basic skills would also have meaning for high income OECD countries. High income countries have generally been left out of previous development discussions. While most of these countries have achieved nearly universal access to secondary schools, all continue to have a portion of their population that fails to achieve basic skills and that represents a group not included in any growth.

On average, these countries would see average GDP rise 3.5% over the next 80 years, which is almost exactly the average percentage of GDP they devote to public primary and secondary school expenditure. The present value of gains for the high income OECD countries averages a nontrivial 1.6 times current GDP.

Our research also separates out what would happen to economic gains under three different scenarios: increasing the quality of schools for all current students so that they reach basic skills; expanding access to secondary schools to universal enrollment at current quality levels; and simultaneously increasing enrollment and ensuring basic skills for all.

Quality over quantity

It is not surprising that the gains from expanded access are slight for the high income OECD countries, given that their average enrollment rate for secondary schools is already 98%. But even in the lowest income countries we looked at, where the secondary enrollment rate averages just 75%, the gains from improving the current quality of schools for those currently

in school are three times as large as those from expanding enrollment with the current quality. Guaranteeing access to higher quality schools is six times more valuable than just expanding access to current quality schools.

The inclusive growth made possible through universal achievement of basic skills has tremendous potential as a way to address issues of poverty and limited healthcare, and to foster the new technologies needed to improve the sustainability of growth.

The SDGs on education being developed in Incheon could be substantially accomplished by focusing first on universal basic skills. No other approach has been identified that offers similar possibilities of facilitating the inclusive growth needed to address the full range of development goals. To us, the primary development goal should be universal basic skills.