

# *The Rate of Private Returns to Schooling*

## *A Policy Perspective for Zambia*

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*3 issues to look at*

- **Nuanced Ramifications for:**

- 1 Individual and Household schooling decisions
- 2 Education financing mix across sub-sectors
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## ● **Individual and Household schooling decisions:**

- ① Education is one of the most significant investments a person or household makes
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# *Our Approach*

## *Intuition of the Methodology*

- **Taking care of recent innovations:**

- ① **controlling measurement bias due to:**

- ① unmeasured or unobserved individual ability linked to effort and earnings
    - ② measurement error and proxy of schooling endowment by years spent in school

- ② **Used 2010 LCMS**

- ③ **Estimations based on a semi-parametric procedure called Generalized Propensity Score Matching and Re-weighting Method**

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*A tale of two decades*

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- 2 Predominantly public tertiary education
- 3 University Act No.11 of 1999
- 4 Amendment to TEVET Act in 2005
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- 6 Expansion in access: NER above MDG target
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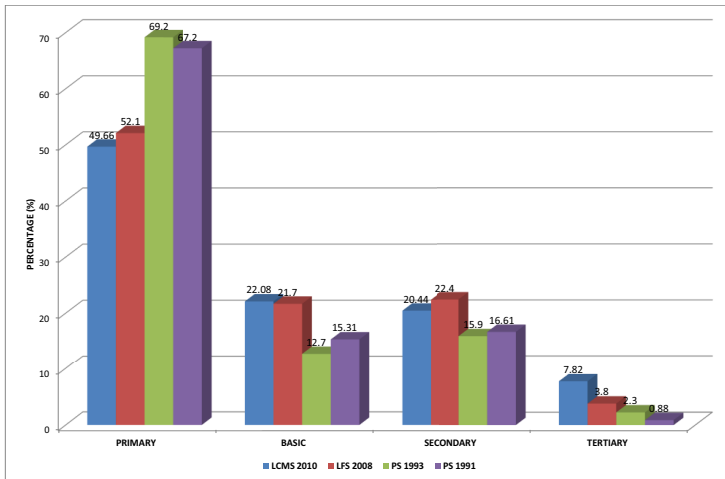
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# *A Look at the Results*

## *Summary findings*

Table A: Gross Monthly Earnings and Rate of Returns

<b>School Level</b>	<b>Primary</b>	<b>Junior Sec</b>	<b>Senior Sec</b>	<b>Tertiary</b>
<b>Monthly Earnings</b>	469	597	1100	4507
<b>Returns(%)</b>	17.2	21.2	39	47.5

# *What do the Results Entail?*

## *Implications of the evidence*

- 1 **Public provision to concentrate on primary and junior secondary**
  - 1 *Indeed 50% allocated to the Basic Sub-sector for much part of BESSIP*
  - 2 *Proliferation of private high schools, colleges and universities certainly a good thing*
- 2 **Evidence questions public expansion of tertiary education though with caution**

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  - ① *Regulation - Academic, infrastructure and competition*
  - ② *Provision of strategic skills that cannot be adequately offered by the private sector*
  - ③ *safeguard equity- Adopt Hybrid financing*
- ② **At Primary and Secondary, public sector should ensure convergence in schooling endowments**
  - ① *A powerful weapon in the battle to equalize opportunities in life chances among citizens*

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