Most developing countries are close to attaining universal primary completion, and enrolment at the secondary level has increased dramatically in the past two decades for most of these countries. Yet the skills learned while in school are disturbingly low compared to the learning that occurs in developed countries. Within developing countries there are large gaps in learning between “advantaged” and “disadvantaged” students. This paper uses recent data from Peru and Vietnam to decompose this learning gap into four components: a) Differences in child and household characteristics that increase learning, such as parental education, between the two groups; b) Differences across the two groups in the impacts of the child and household characteristics that increase learning; c) “Sorting” of advantaged children into better schools; and d) Differences in the impact of school characteristics on learning between advantaged and disadvantaged children within schools.