Regulatory Environment in the Education Sector

The Philippine Case

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Despite booming economies and a huge population, there is a huge shortage of skills and talent in Asia

- Serious shortage of professional staff, legal and medical professionals, ICT personnel, good managers and accountants

- Illustrate:
  - India: by 2010 shortfall of IT professionals will reach 500,000 (NASSCOM)
  - China: over next 10 years, it will need 75,000 good managers; currently, it only has 3,000 - 5,000 (McKinsey Global Institute)
• Illustrate (cont.):

• China: currently, only has 4,000 general medical practitioners. If it wants community hospitals for its 500M urban residents, it will need 160,000 doctors (Jui San Society report to Chinese Party Congress)

Bottom-line

Schools and universities are unable to keep pace with rapid economic growth - a failure of education.
Skills shortage comes in two forms

• Rising wage costs
  • a. Fast rising executive pay
  • e.g. HR Director in Shanghai gets $250,000/year
  • b. Pay rise for low level staff well above inflation rates

• High staff turnover
  • As much as 30% in some places in Asia
    - puts upward pressure on wage costs
  • Huge problem for expanding companies
Bad news: Shortage is set to get worse

- Increased inflow of investments, plus growth of domestic companies
- Demographics: Shrinking labor forces in China and Japan, for example
- Bigger threat - it may take generations to fix education problems
The Challenge

Governments will seek to respond to this emerging crisis. But even with enough resources and will, governments, by their nature, will not be able to address this shortage in a timely manner and at a pace that can match the exponential demand for skills and talent.

How do we then create an environment that will give incentives to non-government players - communities, local governments, private sector, and civil society - to influence the direction and the management of the reform process?
The Philippines

Deeply embedded systemic education crisis festering for more than three decades; now, a serious impediment to its ability to exploit the opportunities from global knowledge- and information-based development.
Philippine Basic Education

Basic Facts

- Total Population (2007 estimates) 84M
- Total Enrollment (’05-’06)

  > Pre-School ................................. 911,899
    Public ................................... 524,075
    Private ................................... 387,824

  > Elementary ................................. 12,923,845
    Public (free and compulsory) .......... 11,982,462
    Private .................................. 931,383

  > Secondary ................................. 6,267,015
    Public (free) .............................. 4,979,030
    Private .................................. 1,287,985
Philippine Basic Education

Basic Facts

- Total Number of Teachers
  - Elementary
    - Public: 341,789
    - Private: 34,298*
  - Secondary
    - Public: 126,241
    - Private: 42,928*

*SY 2003-2004
Philippine Basic Education

Basic Facts

- Total Budget (2007) Php 126.8B (US$2.76B)
- % of Total Budget 11.5%
- Per Capita Php 7,270/child (US$ 158/child)
Education Crisis 1: Poor Competency of Population

• Among 10-64 years old population, only 41% high school graduate or higher; 65% can read, write, compute and comprehend; 84% can read, write and compute but not comprehend, 89% can only read and write

• 9.2M (of 84M population) are functionally illiterate: 98% of unschooled, 35% of elementary drop-outs, 29% of elementary graduates are functionally illiterate
Education Crisis 2: Poor Competency of those in School

- 1,000 children enter Grade 1: 312 drop-out before Grade 6 (2/5 between G1-3; 3/5 between G4-6)
- Of 638 elementary graduates, 439 complete in 6 years; 249 complete in 9.6 years due to repetition
- Of 638 elementary graduates, only 7 mastered all minimum competencies for elementary level
- Only 23% of Grade 6 pupils are independent readers in English
Education Crisis 3: Entrenched Exclusion

- More children who do not finish school or fail targeted competencies are boys, or from poorest families, or with least educated parents, or from poorest regions, or from rural areas

- 1/5 of poor families have children 7-14 years old who never attended school or dropped out early (compared to only 1/10 of non-poor families)

- 25 years old or more adults who are poor have 3 years less schooling than non-poor counterparts
Education Crisis 4: Meaningless Credentials

- High School diploma does not mean anything: 44% not mastered English, 52% not mastered Math, 74% not mastered Sciences competencies

- College diploma does not mean anything: only 2-7% of college graduate applicants to ICT jobs are accepted

- Even professional license does not mean anything: 46% of practicing M.D.s in Visayas did not pass competency-based test - admitting patient, administering correct drugs or oxygen
Response to Crisis: Basic Education Sector Reform Agenda (BESRA)

Five Key Reform Thrusts:
1. Get all schools to continuously improve
2. Enable teachers to enhance their contribution to learning outcomes
3. Increase social support to attain desired learning outcomes
4. Improve impact on outcomes from early childhood education alternative learning systems providers and the private sector
5. Change institutional culture of Department of Educations (DepEd) to support key reforms
What policy environment will allow BESRA to become politically irreversible and sustainable?

- Strengthen civil society engagement in social preparation toward community involvement
- Empower parents and communities and neutralize adverse effects of patronage/partisan politics
- Encourage more local government investment and involvement and accelerate the devolution process
- Create more opportunities for the private sector to invest in basic education and accelerate right sizing of bureaucracy
- Pass enabling/complementary legislation to attain permanence of above reforms
Let communities reclaim their schools: parents and local government executives must also take leadership

- Organize multi-sectoral School Governing Councils in school, municipal, and division levels
- Institute School Improvement Planning
- Increase levels of resources managed and controlled at the school level
- Increase levels of authority exercised at school level
Increase contribution of ECCD and ALS providers and of the private sector

- Strengthen and expand local (municipal, city or province) delivery models for cost-effective early child care development (ECCD) for preschoolers and alternative learning systems (ALS) for the out-of-school youth
- Promote private sector engagement in basic education beyond traditional charity and philanthropic engagements
Private sector engagement in basic education

• Private sector management of public schools (e.g. Center of Excellence)
• Participation in public school governance (e.g. School Governing Councils, Philippine Business for Education)
• Private enterprises performing public education function as contractors or suppliers (e.g. Education Service Contracting, B-O-T of school buildings, outsourcing of testing/assessment and training)
• Private financial contribution (e.g. “adopt-a-school” project, scholarships, teacher training)
Reform DepEd institutional culture to support reforms

• Re-define roles and functions at different levels of bureaucracy:
  
  **Central:** Vision/Goal setting, policy direction and coordination, policy advocacy

  **Regions:** Staff/Technical support and services

  **Divisions:** Operational responsibilities for schools

  **Schools:** Operational responsibilities for classrooms
NB: District supervisors (DS), except in few huge divisions, were re-classified as academic supervisors (AS). Previously, DepEd, as HRD institution, had more DS than AS.
Reform DepEd institutional culture to support reforms

New national budget framework for basic education based on--

• New multi-year national budget framework
  >sufficient to meet basic resource needs of schools
  >w/ sub-allocations to localities to match LGU allocations
  >w/ school-based sub-allocation to serve as basis for school-based allocations

• Increase annual budget to meet enrollment and cost increases, eliminate resource gaps and attain target goals
Reform DepEd institutional culture to support reforms

Develop and adopt a strategy for cost effective use of information and communication technology for classroom instruction, training of teachers and for administrative purposes.
Conclusion: After more than a year, no dramatic changes but promising trends

- Greater awareness of crisis and heightened sense of urgency for education reforms among business, NGOs, media, parents and multi/bilateral institutions
- Decentralization of key functions, such as hiring of teachers, payroll services, procurement
- Extensive adoption of school-based management practices (w/ significant investments by AusAid, JBIC and WB)
Conclusion: After more than a year, no dramatic changes but promising trends

- Privatization and outsourcing of certain functions, like testing and assessment, production of textbooks, training, and ICT services
- Increased public-private partnerships (PPPs) not only on project level, but also in policy advocacy
- Increasing re-allocation of local government budgets for basic education reforms
Conclusion: But serious policy and political roadblocks remain

- Resistance from Central and Regional Office personnel
- Instability in DepEd leadership: 4 secretaries in the last 3 years
- Patronage/partisan political orientation of local government executives
- Flawed policies: trifocalization, language policy, election duties for teachers and school heads
- Weak national leadership: legitimacy questions and political survival mode of governance
Thank you.