

Education and Training in the East Asia and Pacific Region

June 11, 1998

Education Sector Unit
East Asia and Pacific Region

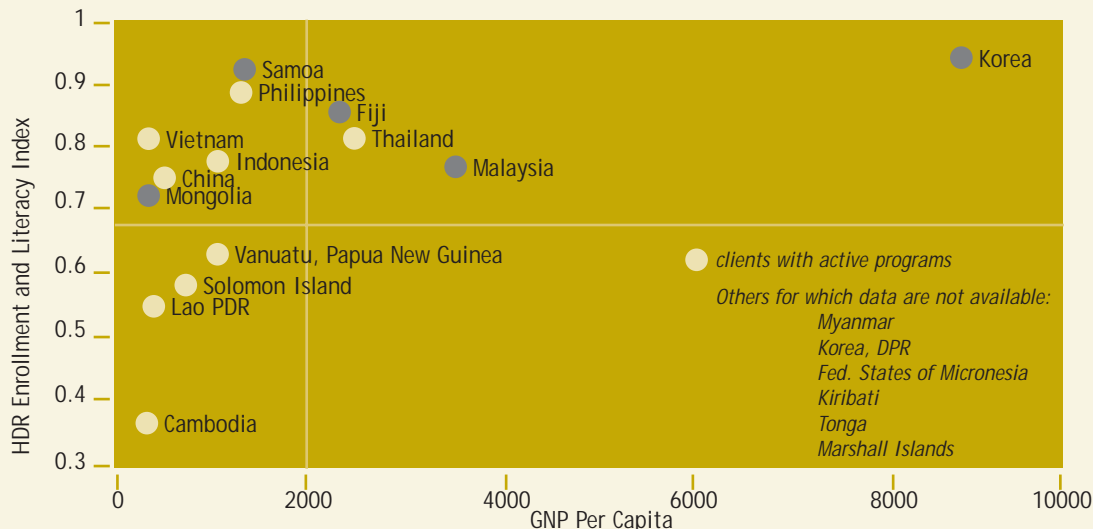
OUR MISSION

- 1 Education is the heart of development. It helps people build productive lives and cohesive societies. On the ground this means getting all children to school and delivering a high quality education. It means that teachers need to be well educated and equipped with materials which reflect the history and heritage of the nation. It means making everyone literate. It requires a strong university sector that has world class teaching, learning and research. It demands a vocational education and training system that is responsive to and shapes the demands of the people and the economy.
- 2 The values that underpin how we go about helping our clients fulfill these goals and aspirations are: equity, efficiency, partnership and responsiveness. Equity means that educational opportunities should be open to all regardless of income, location, gender or race. It means respecting cultural and linguistic differences while providing high quality services. Efficiency means ensuring that public and private resources are used wisely and effectively to provide the highest possible return. Partnership means that we will work with governments, communities, civil society and other lenders and donors to maximize our impact and leave self sustaining institutions. Responsiveness means that the client is the center of our business. We must respect and respond to our clients' priorities while providing the best possible advice based on our global knowledge and understanding of the local needs.

THE CLIENTS

- 3 There are 21 clients in the region (See Annex 1). They can be roughly classified into three groups according to their income level and ranking in the Human Development Report Education Index: very low income countries with poorly educated populations (e.g., Cambodia and Lao PDR); poor countries with relatively good educational outcomes (e.g., China, Viet Nam, Indonesia and the Philippines); and relatively wealthy countries with comparatively well educated populations (e.g., Thailand, Malaysia, and Korea).
- 4 The clients seek a wide range of products from the Bank, including analytical work, policy advice, lending, training. Some clients have also asked the Bank to help develop a sector investment framework that would facilitate donor coordination. Requests span all sub-sectors of education but roughly focus on basic education in the poorest countries and higher and technical education in the wealthiest countries. Large and diverse countries such as Indonesia and China have portfolios in all sub-sectors.
- 5 The Bank's relationships with its clients are generally effective but somewhat uneven. Most clients value the Bank's technical advisory services and use projects to promote constructive reform and to leverage additional resources for education. Relationships with some clients, however, are less effective. This is due to a combination of factors, including weak capacity on the borrower side, gaps in service from the Bank's side, and distortions in the relationship brought about by the pressing need for IDA financing in some countries.

Education Outcomes and GNP Per Capita



MOVING UP, MOVING OUT

6 The characteristics of the education system change as a country moves up on the scale of educational outcomes and out on the scale of income. By definition, moving up on the education index means higher levels of adult literacy and increased participation in basic and tertiary education. But other education indicators (see Annex 2) show that the education system changes in other ways:

(a) First, the progression of students through the education system improves, with an increased percentage of the cohort reaching grade four, fewer repeaters, and an increased rate of passage from primary to secondary school.

(b) Second, public expenditure per student increases, particularly at the primary and secondary levels. In high income countries, some of this expenditure goes toward lowering the student/teacher ratio or increasing teacher wages, but a significant amount is also used to purchase teaching materials.

(c) Third, access to education improves, particularly at the secondary and tertiary level, and especially for girls. This trend parallels the diversification of the economy away from the less skilled agriculture sector to more highly skilled services sector.

EMERGING CHALLENGES IN EDUCATION

7 While there are significant differences between our clients they face some common challenges in education development.

(a) **Quality and relevance.** The few existing internationally comparable statistics on educational achievement clearly show that achievement is lower in developing countries than in OECD countries. Countries in East Asia are worried about a wide range of quality issues for which we have no easy answers — from finding ways to ensure basic literacy and numeracy skills after leaving school, to stimulating creativity, to building a scientific research and development capacity. Our clients need to educate a generation of citizens who can deal creatively with complex

issues associated with environmental degradation, rapid urbanization, and global economic competition.

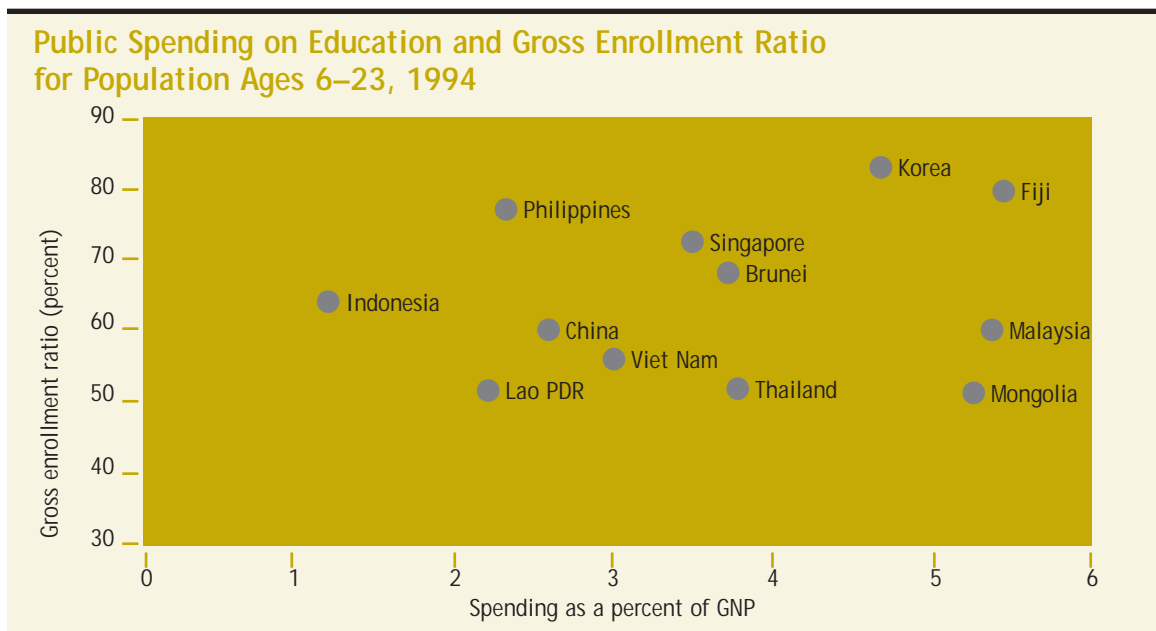
(b) Teachers and teaching conditions.

Teachers are the most important link in the delivery of education to the students. In trying to build an effective and efficient teaching corps, our client countries need to make difficult decisions about salary levels, the size of classes, teaching hours, teacher training, and the intended instructional time for students. These decisions are especially complex in countries with severely limited education budgets. The profession's attractiveness is also affected by how teachers are regarded by society as a whole, the relative isolation teachers feel in their work, and the degree to which they are treated as professionals.

(c) Participation and equity. There are still large numbers of basic school age children who are not enrolled. The problem is worst in the poorest nations of southeast Asia — Cambodia and Laos. But it is also significant

in the poorer parts of relatively prosperous countries such as China and Indonesia. Those who never enroll in school and those who drop out, tend to be from the most disadvantaged and difficult to reach parts of the society: girls, linguistic minorities, the poor, and working children. These children are especially vulnerable during times of economic crisis. Beyond basic education, governments in the region are facing enormous pressures from the business community and from families to expand the number of school places in secondary and higher education.

(d) Resource mobilization and use. The recent financial crisis in Asia highlights the need for more effective and efficient public spending. Even Governments which have generously funded education in the past are looking for ways to improve the impact of their spending. There is enormous potential to improve the efficiency and equity of public spending in the region. This is quite apart from the question of appropriate level of spending. The following chart shows that



Balance Sheet	
Number of Projects	41
Commitment Value	\$ 3,225.7 m
Undisbursed at start of FY	\$ 1,985.8 m
Supervision (Average staff weeks)	12.8
% of IP/DO Problem Projects	4.9
Number of Planned Projects FY 1999-2000	18
<i>Source: MIS: 5/26/98</i>	

countries with similar levels of public spending relative to GNP have achieved very different levels of enrollment. There are many reasons for the disparities, including the levels of private spending and the internal efficiency of public spending. The challenge is to generate resources to expand access to education and to ensure that both public and private resources are spent in an effective and efficient manner.

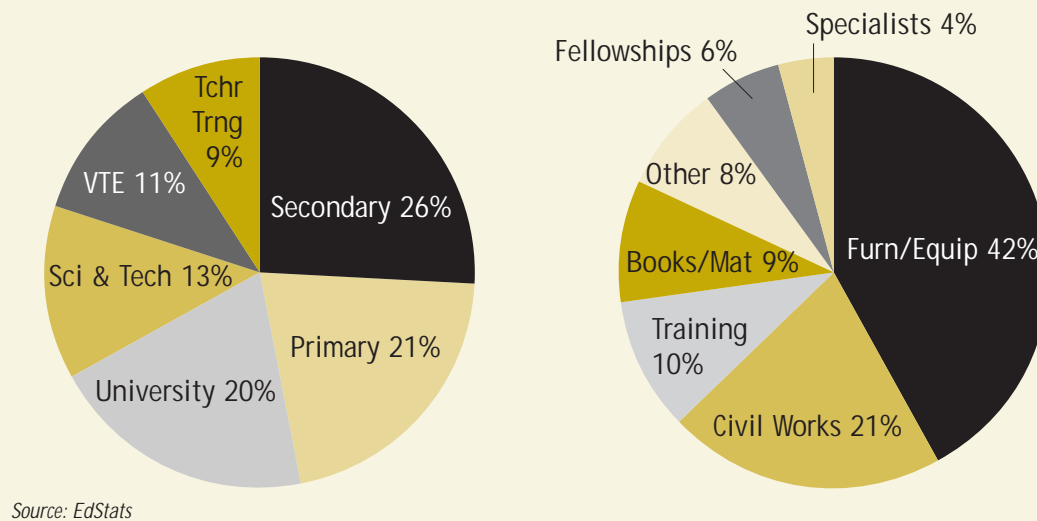
8 Economic and social transition: Countries in transition from a centrally planned to a market economy present a unique set of challenges. These include new manifestations of poverty and inequality, shortages of counterpart funding, organizational rigidity, limited absorptive capacity, and the challenges of adapting education and training systems to the market economy. Countries hit hard by the recent financial crisis face special challenges to maintain investment in education and to protect vulnerable segments of the population.

9 These common issues and our overall mission are reflected in the shape and scope of the lending portfolio and the sector work we do.

SECTOR WORK, LENDING PORTFOLIO, AND CLIENT RELATIONSHIPS

10 The composition of the lending portfolio broadly reflects goals of expanding access to basic education, improving the quality of education, and advancing science and technology. Almost half of the lending since 1992 was for primary and secondary education, 20% was for higher education, and over 20% for science and technology or higher level technical training. The largest category of expenditure was furniture and equipment, followed by civil works, training, and books and materials.

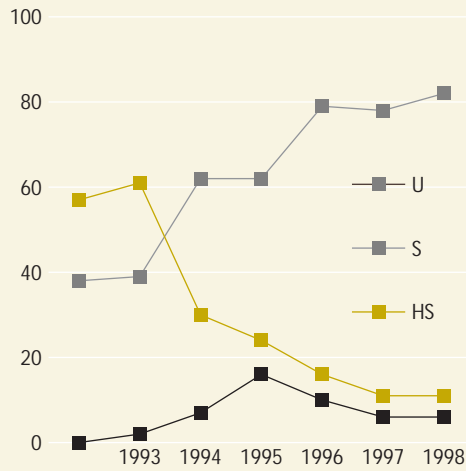
Lending by Level and Category, 1992–1997



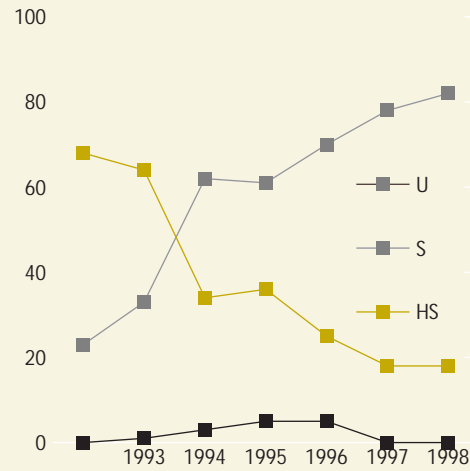
- 11 Recent sector work has focused on issues of education financing (Viet Nam), higher education reform (China), management and financing of education (Lao PDR), and educational quality, access and equity (Thailand and Indonesia). EASED has also produced a series of short, "rapid response" analyses of the effects of the financial crisis on education in client countries.
- 12 Measured by the degree to which projects were meeting their development objectives and implementation progress prior to the crisis, the portfolio seems to be in fairly good shape. There are, however, several issues to be concerned with:

(a) Performance: The proportion of projects rated "highly satisfactory" has declined sharply since 1993. Staff report that most projects were downgraded due to the introduction of more stringent performance ratings and an evolution in the ways of thinking about development objectives. In some cases, the change in the ratings between 1992 and 1998 belies the perception that some projects that were downgraded actually improved performance. Nevertheless a few projects were downgraded because design flaws, implementation, or procurement problems emerged. Three factors put future portfolio performance at risk: (i) the entry into the portfolio of countries with weaker foundations for development (e.g. Lao PDR, Viet Nam); (ii) overstretched staff and budget resources, and (iii) implementation lags as the effects of the crisis divert government attention and counterpart funds are less readily available.

Implementation Progress



Development Objectives

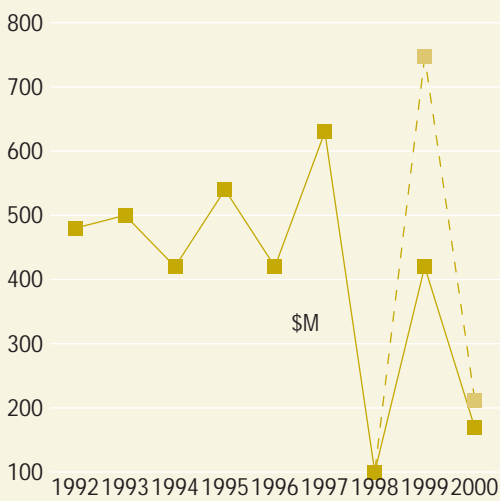


Source: MIS 5/26/98

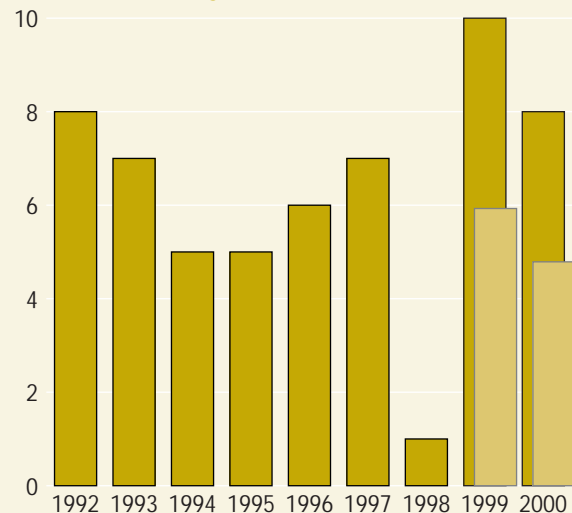
(b) Pipeline: The pipeline of new projects is weak. Eighteen projects with estimated commitments of \$951 million are under consideration for FY 1999-2000 (See Annex 1). With a regional desire to reduce overprogramming and increase selectivity, the number of pro-

jects realized will be much lower with a fall in lending volume. The weak pipeline is not an issue of demand. Governments remain keenly interested in education lending, particularly for basic and higher education.

Education Lending in EAP



Number of Projects



Note: 1992-98 Actual; 1999-00 projected from Query MIS, 5/26/97, lower figure adjusted for bankwide 60% likelihood of being realized.

(c) Economic and Sector Work: We need to do more sector work in order to lay a foundation for future lending and to improve the quality of projects. Currently seven pieces of country specific sector work are planned in FY 1998-99. These should be complemented by strategic regional sector work, funded outside the country budgets, on such issues as governance, efficiency and the balance of public and private investments.

(d) Staffing and organization: A new organizational structure was put in place nine months ago and the relationship between country units and education is being defined. As education staff are split across six locations building effective teams with clear lines of responsibility for project management becomes a greater priority. Quality assurance, team work and mentoring of staff become the highest management priorities in these arrangements.

(e) IDA – IBRD transition: There is reluctance among some clients to borrow on IBRD terms for human resources development. The issue is pressing in China, which is in the transition from IDA to IBRD.

(f) Lending for “software”: Some clients are unwilling to borrow for critical investments in capacity building, knowledge generation, training, and technical assistance. 63% of FY 1992–97 lending for education in EAP was for civil works, furniture, equipment, and vehicles compared to 41% elsewhere in the Bank.

(g) Client Relationships: The Bank renewal has changed the way we work. We are fostering more regular interaction with key policy makers and attempting to develop stronger analytical foundations to support the dialogue with our clients. These are especially

important steps in times of political transition, as many new voices enter the education policy debate. We now have senior education specialists in Viet Nam and Thailand and strong human resources staff in Indonesia and the Philippines. We also have strong pieces of sector work in Indonesia, Thailand, and Viet Nam on which to base our dialogue with Governments and members of civil society. Sector studies for China, the Philippines, and Papua New Guinea are under preparation.

STRATEGY

- 13 The environment in which education is offered is changing in our client countries. New demands are placed on education systems as the foundation of the economy shifts away from agriculture and toward services. Employees in service sector economies need to communicate well, work together in teams, and solve complex problems. Increased urbanization, environmental degradation, political transition, and migration also pose new challenges.
- 14 EASED will take the following steps to better address the needs of our clients:

(a) Focus on school quality. An analysis of the most reliable research on the relative effectiveness of education inputs and processes done for the bankwide sector strategy shows that student learning is affected by the amount of time spent in teaching and homework, teachers' education, curriculum coverage, and availability of textbooks and materials. We aim to work with our clients to conduct more research on issues of school quality in the region, and to engage them in frank discussions about goals and priorities which will lead to sets of decisions that support strong, stable economies and cohesive nations.

(b) Support regional initiatives to address issues which cut across countries, such as investment strategies, education indicators, assessment, and innovations and partnerships in education. Cooperation with, and support for, regional organizations such as SEAMEO or a new regional organization with a mandate similar to the Donors to African Education could help us advance cross-cutting regional issues more effectively than we have done in the past. We will work with the ADB and other large donors to support such initiatives.

(c) Develop diversified strategies for country groups. Our clients can be grouped into roughly three categories, each with special needs. In the very poor, low performing countries we will continue to work on a broad range of basic economic and education issues in order to lay the foundation for further growth. Cross-sectoral coordination is a key issue in these countries in order to build sustainable mechanisms to deliver social services. Capacity building and organizational development are especially critical in transition economies. In countries which are relatively wealthier and better educated — such as China, Indonesia and the Philippines — we are especially focusing on issues of quality, knowledge generation, integration with labor markets, decentralization and governance, and equity. Our most economically developed clients seek assistance in areas of technology, research systems, and financial efficiency.

(d) Fully utilize expertise within the region. We aim to take greater advantage of the increasing levels of world class technical skills and training opportunities in the region. In our projects and sector work we will seek to leverage experience, people and funding from the highest performing countries in the region.

(e) Provide critical support during periods of economic crisis. The Bank has identified education as a key factor in helping countries emerge from economic crisis. We will encourage countries to preserve spending on education and provide subsidies to children at risk. We will also assist clients to analyze the human capital issues arising from and contributing to crisis and the implications for investments in education and training in the post-crisis period. Finally, we are closely monitoring and restructuring portfolios in countries affected by the recent financial crisis.

(f) Renew the basis for high quality lending. Country economic and sector work and resources for project preparation provide the basis for future lending. We need to increase our investment in regional and cross national sector work to ensure that lending projects are well grounded and prepared in a cost efficient way. To this end, we are seeking funding for regional sector work on education governance and decentralization, skills for competitiveness, and the role of the private sector.

(g) Build bridges to inactive and non-borrowing members. After a 14-year hiatus in borrowing for education Thailand recently reactivated its relationship with the Bank. Malaysia and Myanmar are potential clients. Funding is available to most Pacific Islands on the most generous of terms, yet only the Solomon Islands and Vanuatu have programs. Building relationships with non-borrowing countries will require up-front investments in time, sector work and dialogue.

(h) Seek cofinancing arrangements to make IBRD more attractive. Those countries which are reluctant to borrow on IBRD terms for education might find projects more attractive if substantial cofinancing could be

generated to soften the terms. This is especially the case in China because responsibility for repayment is passed on to the provinces, some of which have a very weak basis to generate revenue. Possibilities include partnerships with the European Union, Japan, and other OECD donors.

CONCLUSION

- 15 While there has been rapid progress in expanding access to education in the region during the last two decades there is no cause for complacency. Significant pockets of children are not in school, and large groups of children are vulnerable to economic shocks and large scale social change.
- 16 Education systems play a key role in building healthy economies and societies. Our clients face challenges not only to ensure access to education and to provide students with an education that will help them cope with and create changes in labor markets and social structures in which they live. Issues of time for learning, teacher skills and teaching practices, curriculum coverage and textbooks and materials are especially important.
- 17 We believe that careful, systematic analysis from the Bank and from and within ministries, coupled with a frank discussion about goals and priorities, will lead to more effective development of education systems in the region. To achieve this goal, we will work closely with clients and other partners. We will seek to be more strategic in our lending and sector work, and where feasible, to address issues in a more efficient way through regional initiatives or through new lending and sector work products. Achieving this in the new organizational structure of the Bank will require significant support from country directors and effective team building.

ANNEX 1

Country	Status	Lending terms	Number of on-going education projects
Cambodia	Active	IDA	
China	Active	IDA/IBRD	8
Fed. States of Micronesia	Not borrowing	IDA	
Fiji	Not borrowing	IBRD	
Indonesia	Active	IBRD	16
Kiribati	Not borrowing	IDA	
Korea, Rep. of	Graduated	IBRD	5
Korea, DPR	Inactive		
Lao PDR	Active	IDA	1
Malaysia	Not borrowing	IBRD	1
Marshall Islands	Not borrowing	IDA	
Mongolia	Not borrowing	IDA	
Myanmar	Inactive		
Papua New Guinea	Active	IBRD	1
Philippines	Active	IDA/IBRD	3
Solomon Islands	Active	IDA	1
Thailand	Active	IBRD	3
Tonga	Not borrowing	IDA	
Vanuatu	Active	IDA	1
Viet Nam	Active	IDA	1
Samoa	Not borrowing	IDA	
TOTAL			41

ANNEX 1

Breakdown of the Current EAP Education Portfolio by Country		
Country	Education Portfolio	Percent of Total
Indonesia	1206.3	37%
China	876.2	27%
Korea	420.0	13%
Thailand	256.9	8%
Philippines	210.4	7%
Malaysia	107.0	3%
Vietnam	70.0	2%
Papua New Guinea	35.0	1%
Lao PDR	19.0	1%
Solomon Islands	16.9	1%
Vanuatu	8.0	0%
Total	3225.7	100%

Source: OIS MIS Report, 6/1/98

Education as a Percent of Total Portfolio in Each Country			
Country	Education Portfolio	Total Portfolio	Education/Total
Solomon Islands	16.9	16.9	100%
Vanuatu	8.0	11.4	70%
Malaysia	107.0	227.0	47%
Papua New Guinea	35.0	105.7	33%
Thailand	256.9	1815.9	14%
Indonesia	1206.3	8357.0	14%
Philippines	210.4	2512.6	8%
Korea	420.0	5957.4	7%
Lao PDR	19.0	307.1	6%
China	876.2	18393.0	5%
Vietnam	70.0	1769.4	4%
Fiji	0.0	31.2	0%
Cambodia	0.0	165.4	0%
Mongolia	0.0	108.7	0%
Samoa	0.0	19.1	0%
Tonga	0.0	0.0	0%
Total	3122.5	36743.9	8%

Source: OIS MIS Report, 6/1/98

ANNEX 1

FY 1998–2000 Planned Projects		
Country	Project Name	Loan/credit Amount
Cambodia	First Education Project	5.0
China	Higher Education Reform	70.0
	Provincial Education and Training Reform	5.0
Indonesia	Child Development I	30.0
	Sumatra Basic Education	116.0
	District Primary Education	50.0
	Sulawesi Basic Education	116.0
	Higher Education Development V	65.0
	Distance Learning	30.0
	Training and Institutional Reform	50.0
Lao PDR	Education II	10.0
Philippines	Teacher Development	50.0
Samoa	Education	6.0
Thailand	Secondary Education Quality Improvement	194.8
Vanuatu	Education II	8.0
Viet Nam	Higher Education	79.7
	Teacher Training Pilot	15.0
	2nd Primary Education	50.0
TOTAL		950.5

Source: MIS Query 6/1/98

ANNEX 2

	Per Capita GMP (US\$) 1994	Adult Illiteracy (%) 1994	Average years of adults 1990	Duration of primary education 1994	Duration of secondary education 1994	Duration of compulsory schooling 1994	Gross enrollment ratio (%) primary 1994	Gross enrollment ratio (%) secondary 1994	Gross enrollment ratio (%) tertiary 1994
Low Income, Low Outcome									
Cambodia	240.0	34.7	..	6.0	7.0	5.0	118.0	25.0	1.4
Lao PDR	320.0	43.4	..	8.0	6.0	5.0	107.0	25.0	1.5
Solomon Islands	810.0	..	..	..	5.0	6.0	97.0	17.0	..
Vanuatu	1140.0	30.0	..	..	7.0	6.0	106.0	18.0	..
Papua New Gui.	1240.0	27.8	2.3	..	6.0	6.0	81.0	15.0	3.2
Low Income, High Outcome									
Vietnam	200.0	6.3	..	5.0	7.0	5.0	114.0	41.0	3.2
Mongolia	350.0	..	..	8.0	7.0	3.0	84.0	60.0	13.6
China	530.0	18.5	5.9	9.0	5.0	5.0	118.0	55.0	3.8
Indonesia	890.0	16.2	4.6	6.0	6.0	6.0	115.0	45.0	8.5
Philippines	940.0	5.4	6.9	6.0	4.0	6.0	111.0	80.0	26.8
Samoa	970.0	30.0	..	..	7.0	7.0	..	..	..
High Income, High Outcome									
Fiji	2240.0	8.4	7.9	..	6.0	6.0	125.0	61.0	11.9
Thailand	2400.0	6.2	5.6	6.0	6.0	6.0	87.0	49.0	20.6
Malaysia	3460.0	16.5	6.0	9.0	7.0	6.0	93.0	61.0	9.6
Rep. of Korea	8460.0	2.0	9.9	6.0	6.0	6.0	98.0	96.0	50.8
Other									
Kiribati	700.0	10.0	..	9.0	5.0	7.0	..	..	..
Tonga	1590.0	..	..	6.0	7.0	6.0	..	..	..
Marshall Islands	1720.0	9.3	..	..	..	..	..	..	..
Myanmar	..	16.9	2.5	5.0	6.0	5.0	100.0	30.0	5.1
Federated States of Micronesia	..	..	..	..	..	..	..	..	..
Korea, DPR	..	..	..	..	..	..	..	..	..

	Percentage enrolled in population aged 6-23 1990	Pupils reaching grade 4 (% of cohort) 1994	Repeaters as % of total enrolled, primary 1994	School life expectancy (years) 1990	Progression to secondary school (%) 1994	Repeaters as % of total enrolled, secondary 1994	Public expenditure on education as % of GNP 1994	Public expenditure per student (% of p.c. GNP), primary 1994	Public expenditure per student (% of p.c. GNP), secondary 1990
Low Income, Low Outcome									
Cambodia	..	..	30.4	..	53.0	..	..	..	..
Lao PDR	42.0	..	26.2	6.7	63.0	..	2.3	4.9	..
Solomon Islands	..	88.8	8.7	..	..	..	4.2	16.0	107.3
Vanuatu	..	..	12.6	6.9	25.0	..	..	15.6	47.2
Papua New Gui.	30.0	76.9	..	..	38.0	..	..	..	..
Low Income, High Outcome									
Vietnam	52.0	..	..	..	..	..	..	..	..
Mongolia	56.0	..	1.0	9.3	..	0.6	5.2	73.3	..
China	43.0	91.9	3.7	..	70.0	..	2.6	5.6	24.4
Indonesia	58.0	93.0	8.4	9.6	50.0	1.8	1.3	..	..
Philippines	64.0	84.8	2.0	10.8	100.0	..	2.4	8.5	3.6
Samoa	..	..	..	..	..	..	4.2	..	..
High Income, High Outcome									
Fiji	70.0	..	..	..	..	15.6	4.7	11.9	25.4
Thailand	45.0	..	..	..	48.0	..	3.8	13.4	12.1
Malaysia	58.0	98.4	..	..	..	..	5.3	10.9	21.3
Rep. of Korea	74.0	99.8	..	13.7	99.0	0.0	4.5	14.7	8.2
Other									
Kiribati	..	94.3	0.6	..	23.0	0.5	6.0	13.9	..
Tonga	..	96.6	7.9	..	76.0	11.9	4.8	10.7	..
Marshall Islands	..	..	..	..	..	..	..	..	..
Myanmar	39.0	..	..	..	..	..	2.4	..	..
Federated States of Micronesia	..	..	..	..	..	..	..	..	..
Korea, DPR	..	..	..	..	..	..	..	..	..

ANNEX 2

	Public expenditure per student (% of p.c. GNP), tertiary 1994	Public expenditure on teaching materials, primary (%) 1994	Public expenditure on teaching materials, secondary (%) 1994	Public expenditure on teaching materials, secondary (%) 1994	Ratio of pupils to teachers, primary 1994	Ratio of pupils to teachers, secondary 1994	Girls as % of total enrolled primary 1994	Girls as % of total enrolled secondary 1994	Private enrollment as % of total primary 1990	Private enrollment as % of total secondary 1990
Low Income, Low Outcome										
Cambodia ..	..	45.0	18.2	44.4	37.6	..	..	..	..	..
Lao PDR ..	0.3	30.1	13.0	43.4	38.9	..	..	..	..	..
Solomon Islands ..	6.5	..	24.1	17.5	44.8	37.6	..	..	..	..
Vanuatu ..	2.8	28.7	18.3	47.1	43.2	..	..	..	..	..
Papua New Gui. ..	..	..	33.4	43.0	44.9	40.9	2.0	4.0	..	..
Low Income, High Outcome										
Vietnam ..	..	34.9	25.3	..	..	..	..	..	..	..
Mongolia ..	..	23.7	18.0	50.6	57.5	..	..	..	..	..
China ..	..	22.4	15.0	46.8	43.7	..	..	..	..	..
Indonesia ..	14.5	23.1	17.3	48.4	45.9	17.0	50.0	..	..	..
Philippines ..	11.1	..	33.6	36.1	49.5	49.9	7.0	36.0	..	..
Samoa ..	..	20.8	39.3	47.8	..	14.0	..	..	..	..
High Income, High Outcome										
Fiji ..	81.3	0.1	9.8	33.6	19.8	48.7	49.4	96.0	87.0	..
Thailand ..	3.4	5.5	19.1	17.5	48.6	49.2	10.0	10.0	10.0	..
Malaysia ..	73.9	7.6	8.8	20.0	18.9	48.8	51.5	..	4.0	..
Rep. of Korea ..	4.9	1.4	0.1	29.5	23.9	48.1	47.3	1.0	41.0	..
Other										
Kiribati ..	5.9	8.3	30.4	17.6	49.4	53.6	..	78.0	..	..
Tonga ..	0.1	0.7	22.3	18.4	47.6	47.8	7.0	81.0	..	..
Marshall Islands ..	..	..	..	..	..	..	..	..	..	..
Myanmar ..	..	..	48.7	21.9	48.5	49.1	..	..	..	..
Federated States of Micronesia ..	..	..	..	..	..	..	..	..	..	..
Korea, DPR ..	..	..	..	..	..	..	..	..	..	..

Source: EdStats. Note: Figures in italics are for years other than those indicated.