

## Regaining an Educational Advantage - Investing in the Philippines' Economic Future

### Background

For decades, the Philippines could boast of being one of the most highly educated developing countries. Its enrollment rates at all levels of education were higher than those of other countries with comparable, or even higher, income levels. But no longer. Any edge that the Philippines might have had in its human capital has eroded as more developing countries – Indonesia, Malaysia, Thailand, and Vietnam, as cases in point – have achieved higher enrollment rates even at the secondary level (figure 1). In addition, a large number of children who enter school do not reach the last grade in the cycle—about 30 percent of those who enter grade 1 and about 25 percent of those who enter first year high school. And since transition rates from elementary to high school are still low, the rate of high school completion for children who enter grade 1 is less than 50 percent.

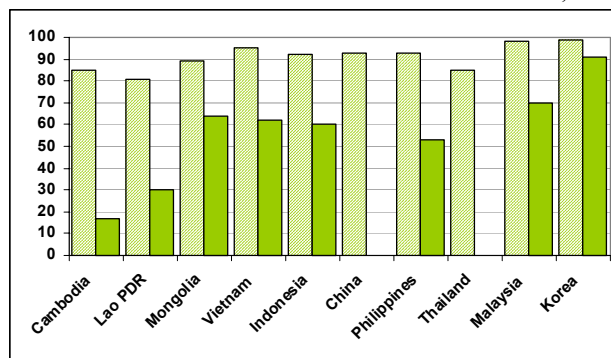
But much more troubling than lagging enrollment rates and completion levels is that students do not learn what they are supposed to in schools. One, Filipino eighth-graders performed dismally on international tests given in 1999, ranking 36<sup>th</sup> of 38 countries in math and science tests (Table 1).

**Table 1. Nearly last in student performance on mathematics and science tests: Ranking among 38 countries**

Country	Mathematics score & rank	Science score & rank
Singapore	604 (1)	568 (2)
Korea	587 (2)	549 (5)
Taiwan	585 (3)	569 (1)
Hong Kong	582 (4)	530 (15)
Japan	579 (5)	550 (4)
Malaysia	519 (16)	492 (22)
Thailand	467 (27)	482 (24)
Indonesia	403 (34)	435 (32)
Philippines	348 (36)	345 (36)

*Data source:* Trends in International Mathematics and Science Study 1999

**Figure 1. Net enrollment rates at the primary and secondary education levels illustrate differences within East Asia, 2000**



Notes: Countries are listed according to their GNP per capita for 2002—from Cambodia to South Korea. Data on Thailand's and China's net enrollment rates at the secondary level are not available. The striped bars represent the primary level; the solid bars represent the secondary level. *Data sources:* UNESCO, 2003; World Bank 2003.

Two, students have performed dismally on several national tests. On average, over the years, students are able to answer only about one-half of the test material given in NEAT and NSAT. Diagnostic tests given by the Department of Education in 2002 showed that only 40 percent of Grade 3 students had mastered the expected learning competencies in English, Math, and Science, and only 30 percent of Grade 6 students had mastered their expected competencies in these same subjects. The dismal results of the High School Readiness Test given in 2004 to first-year students further support the conclusion that the elementary education system fails to produce graduates who have mastered the school curricula.

Nowhere is this low education quality more visible than in poor areas outside large cities and provincial capitals. And thus nowhere is it more critical to improve the coverage and quality of the education system than in the most impoverished parts of the country. Education is valued highly by Filipinos, rich and poor alike. For the poor, education is a means to get a good job and thus escape poverty and deprivation, so many poor families work hard to get at least one child through high school and some college,

mortgaging land and selling other assets, if necessary. But there is a widespread and growing perception that education no longer guarantees a job with a decent wage.

For the rich, the state of public education, except for a few coveted state schools at the secondary and tertiary levels, is largely irrelevant. Rich families have always sent their children to private schools or to schools abroad. Indeed, education policy for elementary and secondary education has largely been about schooling for the poorer segments of the population. But even the rich have good reason to worry about the quality of public schools: the economic future of the country depends greatly on the quality of the work force, for three main reasons. First, the export of professionals, technicians, and other skilled workers has been a lifeblood for the Philippine economy during its years of political instability and economic downturns. For example, remittances from overseas workers account for about 8 percent of the GNP. This helps stabilize the peso, improve currency reserves, maintain consumption, and prevent unemployment from being worse than it is. In 2001, overseas workers sent home \$6.2 billion. Indians sent home twice the amount – but with 13 times the population. (Wired, 2002).

The second reason is that the country's future attractiveness to investors is affected by the skill level of its labor force, and thus how quickly the country can regain an educational advantage over its neighbors. Before the crash of 1997, education was said to be "propelling South-East Asia's breakneck growth"; "now it is seen as the factor that could fuel another boom" (The Economist, 2003).

*... South-East Asian leaders are terrified that their countries will lose out on foreign investment and economic growth unless they produce more skilled workers. So they want to improve the quality of teaching and keep children in school longer. Thailand, for example, has just extended compulsory public schooling from nine to 12 years and is considering providing up to 15 years' free education. Malaysia is targeting 40% university enrolment by 2010. (The Economist, 2003)*

Third, the benefits of education spill over to many other aspects of family and community well-being. For example, by enhancing people's

capacity to use and share information, education gives them the confidence to avail of public and community services more effectively, and to participate in the political arena as informed citizens.

## **Policy responses to the education crisis:**

### ***Progress and gaps***

The country's leaders have been aware of its chronic education problems. In the past decade alone, three major reviews have been conducted with government support, each culminating in a long list of recommended priority actions. These are the Congressional Commission on Education (EDCOM) of 1991, the Philippines Education Sector Study (PESS) of 1998, and the Presidential Commission on Educational Reform (PCER) which reported in 2000. As a result of EDCOM, for example, three separate government agencies with more focused mandates now govern education: basic education is managed by the Department of Education; higher education is managed by the Commission on Higher Education (CHED), and technical and vocational education is governed by the Technical Education and Skills Development Authority (TESDA). PESS and PCER recommended other actions: ensure adequate financing and improve the quality of basic education; slow and reverse the haphazard expansion of low-quality tertiary institutions; provide equitable access at all levels so that deserving poor households and communities can benefit from public education provision; and improve overall sector management through greater local participation and accountability. These recommendations still apply. As the current Secretary of the Department of Education states, "We can hardly point to a problem—whether it is lack of facilities, corruption, declining academic standards—that we had not seen before."

### ***The record on implementation***

In *basic education*, there have been a number of important gains in the past decade. Policy actions have mitigated input shortages in textbooks and school buildings, particularly in the poorest provinces. In 2003, additional measures were taken by the Department of

Education to ensure that textbooks arrived in schools in a timely manner, utilizing community organizations to help monitor textbook distribution. A new generation of instructional policies lays the foundation for better learning, provided that the material and systems support for their implementation are adequate: the new restructured basic education curriculum (RBEC); a performance-based grading system that eliminates the use of a transmutation table that converts raw scores into final grades and that has resulted in grade inflation; and a high-school “bridge” program that would eventually bring the length of the Philippine basic education cycle closer to that in other Asian countries. The impact of these policies on learning outcomes should be evaluated as a means to build broad and sustained political support for them.

Noteworthy progress has been made in rationalizing *higher education*. To stop the mushrooming of low-quality state colleges and universities throughout the country, a rationalization of the establishment of new state colleges and universities has been recommended—and indeed, CHED has slowed down the rapid growth of low-quality state institutions. The share of tertiary education in total government spending for education seems to have been contained, and the best institutions have been deregulated, with many moving ahead with their own quality improvement programs. But the creation of new state universities and colleges still threatens to speed up due to political interests within the nation’s legislature.

The country has a large variety of *technical-vocational education and training* options (TVET), mostly in the private sector, with wide variations also in the quality of those offerings. The past recommendation has been to rely primarily on private providers so that programs can respond more quickly to the market, and to use public financing mainly to induce private providers to deliver high-quality programs. It was also recommended that an education service contracting scheme for providers and a development fund to assist private providers be established. TESDA has focused correctly on the overall improvement of quality, efficiency and equity of all programs across the board,

rather than only on its own—but the full transformation of TESDA from provision to monitoring, evaluation, regulation, and financing TVET is far from complete. Limited budgets have been a significant constraint.

### ***Why past progress has been limited***

Gains have been realized because education leaders have shown capacity to implement some tough decisions. But these have not been enough to turn the education system around. There has been no substantive progress in creating mechanisms for sector-wide accountability, leadership, and planning; in improving the quality of new teachers or the average performance of the existing teaching force; in building support systems around standards of performance and efficiency; in upgrading the quality of state universities and colleges and providers of TVET; or in addressing large resource gaps so that poor and disadvantaged youths can have access to good education. What have been missing?

*No broad political support for real reform.* Past recommendations have been contested by national education stakeholders even at the time of the deliberations, resulting in a weakening of the resolve to implement right from the start. This willingness to put lobby interests ahead of reforms attest to a lack of a widely shared sense that such reforms are a matter of survival for the education system, an imperative due to decades of neglect or inadequate effort. Is there readiness in the central education agencies to be hard-nosed about the required changes in their organizational structures? Is there political commitment among national legislators and local government officials to make adequate resources available and to take political risks or forego opportunities for political gain for the sake of educational development? Are teachers’ unions ready to commit their members to better performance and to efforts to measure that performance?

*Weak institutional environment for change.* The current lack of an integrated leadership in the education sector cripples the ability of the policymakers to act strategically across the sub-sectors. “Trifocalization” has weakened the ability of the central government to act

strategically and coherently across the sub-sectors. The National Coordinating Council on Education (NCCE), created to coordinate and harmonize the cross-cutting education issues, formulate sectoral policies and priorities, and decide on the rational allocation of resources across different parts of the education system, remains inoperative and most of the actual coordination among the sub-sectors have occurred informally. Secondly, the fast turnover in Department of Education secretaries (once about every two years) has not been conducive to implementing, much less sustaining, specific reforms. Thirdly, the system does not have adequate accountability mechanisms to ensure performance. For example, the “rigidity of law has made it nearly impossible to weed out nonperformers” (Luz 2004): Civil servants enjoy job security regardless of performance, and teachers are not required any probationary period before attaining permanent status.

*Rapid population growth.* The Philippines’ population growth has not slowed down in the past decade, and continues to expand the need for school spaces, teachers, and supplies, stretching the limits of the country to meet its educational challenges. The population grew at an average annual rate of 2.3 percent in the 1990s, while Thailand and Indonesia had reduced their growth rates to 1.4 and 1.6, respectively. Even if the economy were to grow as fast as these two economies, it would still be very difficult to increase the level of both public and private investments in education per child.

### **Suggested Policies and Actions**

The government has, at its disposal, several policy tools to achieve its education goals, not only to provide and finance, but also to alter policies, structures, and incentives to improve the effectiveness of education expenditures. Public spending and public provision can be more effective by targeting additional resources to reach poor and disadvantaged populations, using incentive systems to raise performance, and leveraging public resources with resources from the private sector and communities. Education leaders and experts are all quick to note that “we can hardly point to problem—whether it is lack of facilities, corruption,

declining academic standards—that we had not seen before” (de Jesus 2004), and that hardly any solution has not already been recommended in the past. However, discussions with leaders and experts identify a wide-ranging set of recommended policies and actions that have faltered in implementation. Of that set, the following are priorities.

### ***Accelerate quality improvements in basic education, especially in poor and disadvantaged areas***

A large number of children sit in crowded classrooms without the rudiments of instruction—textbooks, a blackboard, writing supplies, and a teacher who has mastered the curriculum. The situation is worse in poor urban and remote communities. It is tempting to remedy this problem through special assistance programs for the poor, but stop-gap measures tend to lose support eventually, especially in times of fiscal crisis. The remedy must be systemic, built into the way things operate. The Secretary of the Department of Education has proclaimed that “focusing on outcomes has become almost a mantra for the Department” (de Jesus 2004). This is how it should be.

- *Sustain initiatives that improve the learning conditions in schools*, such as DepEd’s improvements in the distribution of textbooks, school construction, and teacher deployment, and the remediation offered through the new Bridge Program.
- *Ensure that each school receives a basic, cost-indexed allocation per student* that is sufficient to provide at least minimum acceptable learning conditions. This per-student allocation would cover the per-student cost of teacher salaries as well as per-student non-salary costs (e.g., textbooks, classroom supplies). While more resources is not a sufficient remedy for the weaknesses of the education system, it is important to address the serious resource gaps. Many local government units (LGUs) use their local funds (both their IRAs and the Special Education Fund) to supplement teacher salaries or to cover non-salary outlays of schools. The result has been huge differences in education spending per pupil

across LGUs. The central government, as well as divisions, can reinforce pro-poor budgetary behaviors by awarding LGUs that achieve large improvements in the education indicators of the poorest communities or schools, and conversely, taxing those that have worsening indicators.

- *Expand school-based management and offer incentives for schools to perform against standards.* With the 2001 Governance of Basic Education Act (RA 9155), more authority is being transferred to the division and school levels, empowering school principals to provide instructional leadership and administrative management and mobilizing community support. In 2004, a total of 1,937 schools were implementing school-based management (SBM) on a pilot basis. Assessments of their experiences suggest positive results: student attendance has improved; student scores have increased; teacher motivation and enthusiasm grew, perhaps as a result of their involvement in planning and managing school improvement. Expanding SBM makes the most sense, however, if schools have resources to manage and if the availability of these resources are based on performance against clear standards.
- *Establish a scholarship program to cover the costs of schooling for poor and disadvantaged youths.* Education costs go beyond tuition fees, so “free” education still imposes direct and indirect costs on families. According to data from the Annual Philippine Income Survey, about one-fifth of those who drop out at the primary and secondary levels say they do so because schooling costs are too high. The Philippine experience with financial assistance to families and students on the basis of need has been limited, but such programs have been used successfully in other countries, including Brazil, Indonesia, Mexico, and the United States.
- *Intervene in preschool ages to improve the school-readiness of children*—invest in the nutritional status of children below age two, and improve the quality of preschools.

Evidence from southern Philippines suggests that nutritional status by age 2 predicts children’s mental development as well as later school performance, but the home environments of poor and disadvantaged children are severely limited in their ability to prepare children for the classroom.

#### ***Address teacher issues***

There are several reasons for focusing on teachers: A substantial body of research shows that teachers are the most important determinant of student achievement. Teachers’ salaries account for about 90 percent of public expenditures for basic education. Teacher salaries increased significantly after their nationalization during the Ramos administration, but this increase has not been matched by an improvement of quality. Teacher issues have been considered as particularly difficult for policy reform, with the Magna Carta for Teachers being viewed as an insurmountable legal barrier. Suggested forward steps:

- *Consolidate the gains from recent initiatives*, such as the improvements in the administration of the teacher payroll, the teacher deployment system, and the new training programs introduced at the National Educators Academy of the Philippines to improve the management skills of principals, supervisors and superintendents. Evaluate the impact of these initiatives, use the lessons to make necessary improvements, and ensure that they are sustainable.
- *Reform the recruitment process of teachers and principals to focus around competencies and their ability to deliver good quality education.* This requires several actions: aligning the pre-service training curriculum with the expected learning competencies of the RBEC and the performance-based grading system; establishing a summer-long induction process for beginning teachers to ensure that they are familiar with the performance and ethical standards that are expected of them, as well as with what support systems they can expect from the DepEd at all levels; introducing an adequate probationary period (with a corresponding

assessment process) for teacher recruits; requiring teachers to re-certify themselves periodically for promotions; and introducing a licensing exam for school principals that recognizes the particular skills needed to be effective in this position.

- *Publish the results of the teacher licensing exam in mass media with the goal of providing information on the pass rates for each teacher training institution.* It is in the interest of the education sector to enlarge its potential pool of capable teachers. Helping teacher aspirants choose the best training institutions is one way to achieve this. While CHED should close down those institutes that have consistently low pass rates, market forces will help speed up the demise of these diploma mills.
- *Review the full range of existing teacher incentives, aligning them with the goal of promoting teacher quality and effectiveness.* In exchange for their service, continuous skill development, and a willingness to be evaluated on the basis of their training and performance, teachers should be able to expect the following actions from government: pay teachers on time, eliminate non-teaching duties of teachers so they can focus on teaching (according to the Department of Education, 76 percent of teachers perform non-teaching duties), and give teachers opportunities to upgrade their skills. From teachers, the expectation is.
- *Lower the compulsory retirement age for all teachers to 60 in three years and to 55 in five years.* To renew the skills of the teaching force, it is not enough to rely on the improved training of new teachers. And with less than five percent of teachers retiring each year, it is nearly impossible for the graduates of teacher training institutes to find regular posts.

#### ***Improve governance and system management***

- *Take politics out of education policy and processes and out of the classroom.* Good education is not served well by allowing political patronage rather than professional standards to determine the appointment of

district supervisors, principals and teachers. By allowing political interests to determine the number and placement of state universities and colleges. Or by taking teachers out of the classroom in order to serve as poll watchers and canvassers in national elections. To improve the quality of education in the Philippines, the professional character of the education system must be respected as much by national and local leaders as by communities.

- *Use the NCCE to achieve a focused, coherent and accountable national leadership in the education sector.*
- *Upgrade the support systems within the education sector.* Related actions are: Evaluate the in-service training programs for teachers and weed out the least effective ones. Institute training for school principals, teachers, and local education officials in instructional leadership, resource management, and school improvement planning. Improve the information system throughout all levels of education, maintaining a focus on performance and pro-poor improvements in education indicators. DepEd has been developing its management information system, and various enrollment and test data are now available for the purpose of policymaking. On the whole, however, the information system throughout the education sector remains naïve and sporadic (especially in comparison with other countries), and information, when available, is used ineffectively and are not fed back systematically or regularly to policymakers, communities, and students.

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