

## SUMMARY SECTOR ASSESSMENT: EDUCATION

### A. Sector Performance, Problems, and Opportunities

1. The Philippines Constitution of 1987 stipulates that all children shall have access to free public basic education. Currently, the basic education system in the Philippines comprises 6 years of compulsory elementary schooling and 4 years of secondary education. Starting in the 2016/17 school year (SY), 2 years of senior secondary school will be added to the basic education system. The Philippines was considered one of the most highly educated developing countries as recently as 1990, but the performance of the basic education sector has declined steadily since the late 1990s. The country's education system has now fallen behind comparable countries in Southeast Asia on key educational performance indicators, including government spending on education as a proportion of gross domestic product (GDP) and school life expectancy of students. Technical and vocational education and training (TVET) and higher education, which follow basic education, also face challenges. In particular, the basic education sector and post-basic education subsector suffer from gaps in equitable access, quality, and relevance, as well as weak sector management and efficiency. These shortcomings in education are obstacles to poverty reduction and inclusive growth and limit the country's international competitiveness.

2. Given the links between educational attainment and an individual's future employment and wage prospects, the pathway to inclusive growth includes investment in improving the human capital represented by the country's young people. Even though the Philippine state has provided secondary education at no cost since 1987, 18–24 year olds have had an average of only 8 years of schooling overall (7.9 years for young men, and 8.5 years for young women).<sup>1</sup> The Philippine work force is one of the youngest in Asia, with an average age of 23.4 years. This work force has the potential to accelerate and sustain inclusive economic growth, provided its lifetime earnings are sufficient to fuel consumption, encourage savings, and promote private investment. Tapping this potential requires providing good quality, relevant secondary education that not only prepares youth for better jobs, but also readies them for further education and training.

#### 1. Weak Foundation: Gaps in Basic Education

3. **Access.** While the Philippines is likely to meet Millennium Development Goal (MDG) targets for access in primary education, it is likely to fall short on those for primary school completion rates. The performance in the secondary education subsector is even more problematic. The net enrollment rate (NER) for elementary school rose from 90.7% in SY2002/03 to 95.4% in 2010/11. Over that same period, the NER for secondary school also improved, but only from 59.7% to 64.5%.<sup>2</sup> The school dropout rate is a significant issue. In 2011, of every 100 children who started Grade 1, only 54 completed high school. While the cohort survival rate (CSR) at DepEd elementary schools increased from 71.8% in SY2003/04 to 73.5% in 2011/12, and the Grade 1 dropout rate fell from 17.1% to 16.4% over the same period, this progress has been too slow to put the Philippines on track to meet its education for all 2015 national plan of action targets.<sup>3</sup> The CSR at the secondary school level has been highly variable since about 1991, with significant drops and subsequent recoveries during the late 1990s and mid-2000s. In SY2011/12, the secondary level CSR stood at 78.8% while the average dropout rate stood at 7.8%, with the

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<sup>1</sup> Philippine Statistics Authority. Annual Poverty Indicators Survey. 2011.

<http://www.census.gov.ph/content/results-2011-annual-poverty-indicators-survey-apis> (accessed 8 November 2014).

<sup>2</sup> These numbers are based on actual enrolment data from the Department of Education's extended basic education information system and actual population data from the 2010 Census of Population and Housing.

<sup>3</sup> Government of the Philippines. 2006. *Functionally Literate Filipinos, An Educated Nation*. Manila.

CSR about 1 percentage point above the SY2003/04 level and the dropout rate less than one-half of a percentage point lower than the SY2003/04 level.

4. **Equity.** Gross enrolment ratios and NERs vary significantly between the country's regions at both the elementary and secondary school levels. During 2002–2008, these regional differences widened at the elementary school level, but narrowed at the secondary school level.<sup>4</sup> Those regions with high elementary participation rates tended to also have high secondary participation rates. The CSR and completion rate also differ across regions. Regional differences in the CSR and completion rate at the elementary school level narrowed during 2002–2008, while those at the secondary school level widened somewhat over the same period.

5. Enrollment and completion rates are particularly low in poor rural and urban slum areas and among such disadvantaged groups as the poor and indigenous peoples. Enrolment rates vary greatly across income quintiles, particularly at the secondary school level. In 2011, the secondary school NER for the poorest quintile was more than 35 percentage points below that of the richest quintile (footnote 1). School dropouts are highly concentrated in the poor and other disadvantaged population groups. During 2005/06–2011/12, dropout rates hovered at 6.0%–7.3% for elementary students, with higher dropout rates in secondary education—e.g., 7.8% in SY2011/12 and 12.5% in SY2005/06. Evidence, including from the 2011 annual poverty indicators survey (APIS), suggests that demand-side factors, such as poverty and parents' education levels, are key determinants of enrollment. Data from the APIS for 2011 showed that the school leavers' rate for children aged 6–11 from the poorest quintile was 4.6%, or more than 7 times higher than that of children in the same age group from the richest quintile (0.7%) (footnote 1). The school leavers' rate for children aged 12–15 from the poorest quintile was 14.2%, or more than 13 times higher than that of children in the same age group from the richest quintile (1.1%). In addition to high dropout rates, poor educational quality, grade repetition, and other issues adversely affect the education outcomes of children from disadvantaged groups.

6. Girls outperform boys in basic education on many indicators, including net enrollment and completion. Girls make up a larger proportion of enrollments and have higher retention rates in higher education.<sup>5</sup> However, these gender advantages do not carry through to the labor market, where women have a much lower participation rate and a higher unemployment rate than men. Gender segregation by occupation and class of worker is also significant. Women tend to work mainly in informal industries and suffer the majority of gender-related discrimination.<sup>6</sup>

7. **Weak quality.** The basic education curriculum introduced in SY2005/06 incorporates important improvements over previous curricula, but it has not been fully implemented and by itself does not address several key underlying issues in a fundamental way. Education within the current 10-year primary and secondary cycle is biased toward quantity over quality in several respects:

- (i). The overall strategy has been to prioritize enrollment and other input-based measures above student learning and achievement.
- (ii). The annual number of official school days and teaching hours is higher than in most developing countries.
- (iii). The focus of curricula and instruction is on breadth rather than depth or mastery of fundamental competencies.

<sup>4</sup> World Bank and Australian Aid. 2012. *Philippines Basic Education Public Expenditure Review*. Manila.

<sup>5</sup> Philippine Commission on Women. Statistics on Filipino women and men's education. <http://pcw.gov.ph/statistics/201405/statistics-filipino-women-and-mens-education>.

<sup>6</sup> World Bank. 2011. *Making Everyone Count*. Washington, DC.

- (iv) Large class sizes and gaps in teacher quality constrain implementation of more student-centered aspects of the new basic education curriculum.

8. All these factors reduce the internal and external efficiency of BES and must be addressed if the new kindergarten to Grade 12 (K to 12) agenda is to succeed. The government's K to 12 agenda, which was signed into law through the Enhanced Basic Education Act of 2013, introduces kindergarten and adds 2 years of senior high school to the 10-year basic education system. The introduction of senior high school will align the Philippines' system with the 12-year systems elsewhere in Southeast Asia and better prepare youth for TVET, higher education and the work force.

9. **Low attainment.** The mean percentage score on the country's 2011 National Achievement Test (NAT) was only 66.8% for grade 6 students, compared with a pass rate of 75%. The mean NAT score for second-year secondary education students (Grade 8) was 47.9% in 2010. Results from the 2006 NAT showed that fewer than 1% of secondary schools had average scores that met the 75% pass rate, and that only 13% averaged more than 60%. Subject-specific scores on the 2008 NAT indicated that the weakest mastery was in mathematics (42.9%) and science (46.7%). Philippines scored near the bottom in both categories in grades 4 and 8 and mathematics for grades 4 and 8 and ranked well behind all seven Southeast Asian and East Asian countries in a 2003 assessment of trends in international mathematics and science.<sup>7</sup> Surveys of firms and investors show that low performance by the country's students and graduates in math, science, and English may constrain economic modernization.<sup>8</sup>

10. **Weak teaching.** Weak teaching compounds the current inadequacies in facilities and teaching and learning materials and an overstretched curriculum, particularly at the secondary education level and in science and mathematics. Estimates from the Department of Science and Technology suggest that the majority of science teachers are unqualified, including 73% of physics teachers and 66% of chemistry teachers. The teaching approach in the Philippines is also highly rote-based, which leaves graduates with a limited mastery of and ability to apply knowledge and skills in further education and the workplace. Teaching that is substandard and rote-based, combined with large class sizes and weak student preparation, is likely a main reason for high dropout rates. In particular, the APIS findings that a significant proportion of dropouts are due to "lack of personal interest" may reflect a pattern wherein children with weaker academic and socioeconomic backgrounds slip increasingly far behind, and eventually drop out of school.

## 2. Ceiling on Higher Learning and Skills: Gaps in Post-Basic Education

11. **Equity and access.** TVET and higher education enrollment in the Philippines is fairly high, compared with countries at similar development levels. This is particularly the case for young women. The most common fundamental constraint on participation at this level for disadvantaged youth is failure to complete the current 10-year basic education cycle. For those who do, entry into postsecondary education is limited by such factors as low basic education performance records and the absence of effective student finance mechanisms, including targeted scholarships and student loans. A broad TVET constraint is a concentration of TVET providers in niche areas at both ends of the skills spectrum, which leaves middle-level-skills workers to rely on limited opportunities for informal and/or on-the-job training.

12. **Quality and relevance.** Quality in the TVET and higher education sectors has been

<sup>7</sup> Maligalig, D. and J. Albert. 2008. *Measures for Assessing Basic Education in the Philippines*. Philippine Institute of Development Studies Discussion Paper Series 2008-16. Manila.

<sup>8</sup> World Bank. 2010. *Skills for the Labor Market in the Philippines*. Washington DC.

adversely affected by a proliferation of institutions offering programs that are often of low quality and do not match skills required in the labor market, along with weak oversight and quality control. Expansion of the state university and college system—despite a 1999 Presidential moratorium—also has undercut quality and diluted sector resources. Meanwhile, the higher education curriculum is often misaligned with both international norms and labor market demand. Together with rote-based teaching and inadequate materials and facilities, these factors lead to low rates of graduation and certification and/or passage of licensure exams, as well as a poor image of graduates among employers and the general population. The low quality and relevance of this education are reflected in the coexistence of persistent levels of unemployment and underemployment among graduates (especially in some sectors) and shortages of workers with skills able to meet employer demand in other areas. This in turn undermines the nation's economic competitiveness and efforts to shift to modern, higher value-added industries.

### 3. Cross-Cutting Challenges—Gaps in Education Sector Management

13. **Inadequate resourcing.** The Philippines' education system has suffered from underinvestment of public resources. This, coupled with rapid population growth, has undermined access and system performance. During 2002–2009, DepEd spending averaged 12.6% of the national budget. In 2009, national government spending on the entire education sector represented only 2.6% of GDP, down from 3.1% in 2002. This, combined with the country's rapid population growth, led to a decline in real per student national government spending on basic education (in 2000 prices) from a high of ₱6,486 in 1998 to a low of ₱5,141 in 2005. Although real per student spending on basic education started to climb in 2005, the 2009 level was still lower than the 1998 level. The low level of state spending is in some cases exacerbated by underutilization of budgets, which reflects weak sector management.

14. Recent years have seen significant increases in spending on basic education, with the DepEd budget growing by 10.8% in 2010, 14.5% in 2011, 9.1% in 2012, and 22.3% in 2013. This has lifted the share of DepEd budget to 14.6% of the national budget—the highest since 2005—and the ratio of education spending to GDP to 2.9%. Per student spending grew to PhP7,581 in 2012 from PhP6,284 in 2009. New spending initiatives have enabled DepEd to reduce deficits in the number of classrooms, teachers, seats, and sanitation facilities for grades 1–10. It is expected to fully close the gaps by 2015. During 2010–2015 alone, the sector will have added 104,500 classrooms and hired more than 169,000 teachers for kindergarten through Grade 10. Nonetheless public education spending in the Philippines was low at 2.6% of GDP, compared with rates of 6.3% in Malaysia, 4.8% in the Republic of Korea, 3.8% in Thailand, and 5.3% in Viet Nam. In addition, 95% of the DepEd's 2011 budget went to recurrent costs (85% on salaries alone), which left only 5% for capital and investments to improve quality.

15. **Weak links and fractured policies and reforms.** Since 1994, the education sector has been fragmented, with the basic education system being administered by DepEd, TVET by the Technical Education and Skills Development Authority (TESDA) and higher education by the Commission on Higher Education (CHED). This undercuts subsector alignment, sector management, and financing. Gaps exist in coordination even within the basic education sector both vertically between administrative levels and horizontally across agencies. TVET and higher education sector management is an even greater problem. TESDA's direct administration of some TVET institutes dilutes delivery of its core mandate of sector oversight. To remedy this, TESDA is in the process of handing over some of its institutes to local governments. Failure to rationalize the higher education system and address the proliferation of institutions and low-quality, economically nonviable programs reflects a lack of capacity in CHED, political barriers, and resistance from institutions. Both TVET and higher education lack an overarching agenda, as exists at the basic

education level, through the basic education sector reform agenda (BESRA).

## B. Government's Sector Strategy

16. With the 2013 passage of the enhanced basic education act and associated implementing rules and regulations, the government has expanded the basic education system from 10 years, to kindergarten plus 12 years. The universalization of kindergarten and revisions to the elementary curriculum are expected to improve the internal efficiency, quality, and inclusiveness of elementary education. The addition of senior high school, alongside reforms to the grade 7–10 curriculum is intended to make the Philippine basic education system more comparable internationally and to make SHS graduates more competitive domestically and globally. SHS will begin in school year 2016–2017 and will consist of Grades 11 and 12.

17. Post-basic education in the Philippines lacks a cohesive strategy. Some progress has been made in such areas as aligning TVET qualifications with industry standards, establishing mechanisms for recognition of prior learning, and creating ladders to transition between TVET and higher education. However, the growing consensus on the need for reform and rationalization of postsecondary education has not yet translated into action—either in terms of shifting from quantity to quality (via better regulation and quality control) or in terms of reintegration or better alignment of TESDA, CHED, and DepEd.

## C. ADB Sector Experience and Assistance Program

18. The Asian Development Bank (ADB) has been a key international development partner in the education sector. ADB support for school-based management and other secondary education reforms provided a foundation for BESRA, and its support for TVET helped institutionalize such innovations as competency-based training and assessment, accreditation, and quality assurance.<sup>9</sup> ADB's country assistance program evaluation (2008) for the Philippines concluded that ADB's engagement in the sector should be a priority.<sup>10</sup> ADB's country partnership strategy for 2011–2016 for the Philippines focuses on three of ADB's core areas of operations, one of which is education.<sup>11</sup> In addition to the \$300 million Senior High School Support Program, the Philippines country operations business plan for 2014–2016 includes a second \$300 million loan scheduled for ADB Board consideration in 2016.<sup>12</sup>

19. **ADB's focus.** ADB support for education will be guided by the principles of (i) alignment with national priorities and support for national programs, (ii) use of government systems, (iii) complementarity with government and development partner investments, (iv) building on lessons from past projects and programs, and (v) support for public–private partnerships (PPPs) and other innovations. ADB support will enhance access to, quality of, and efficiency in education. Its core focus will be on (i) secondary education, particularly on the design and implementation of the K to 12 system; (ii) strengthening the contribution of post-basic education to inclusive growth and innovation; and (iii) helping the government expand and effectively implement service delivery and infrastructure PPPs.

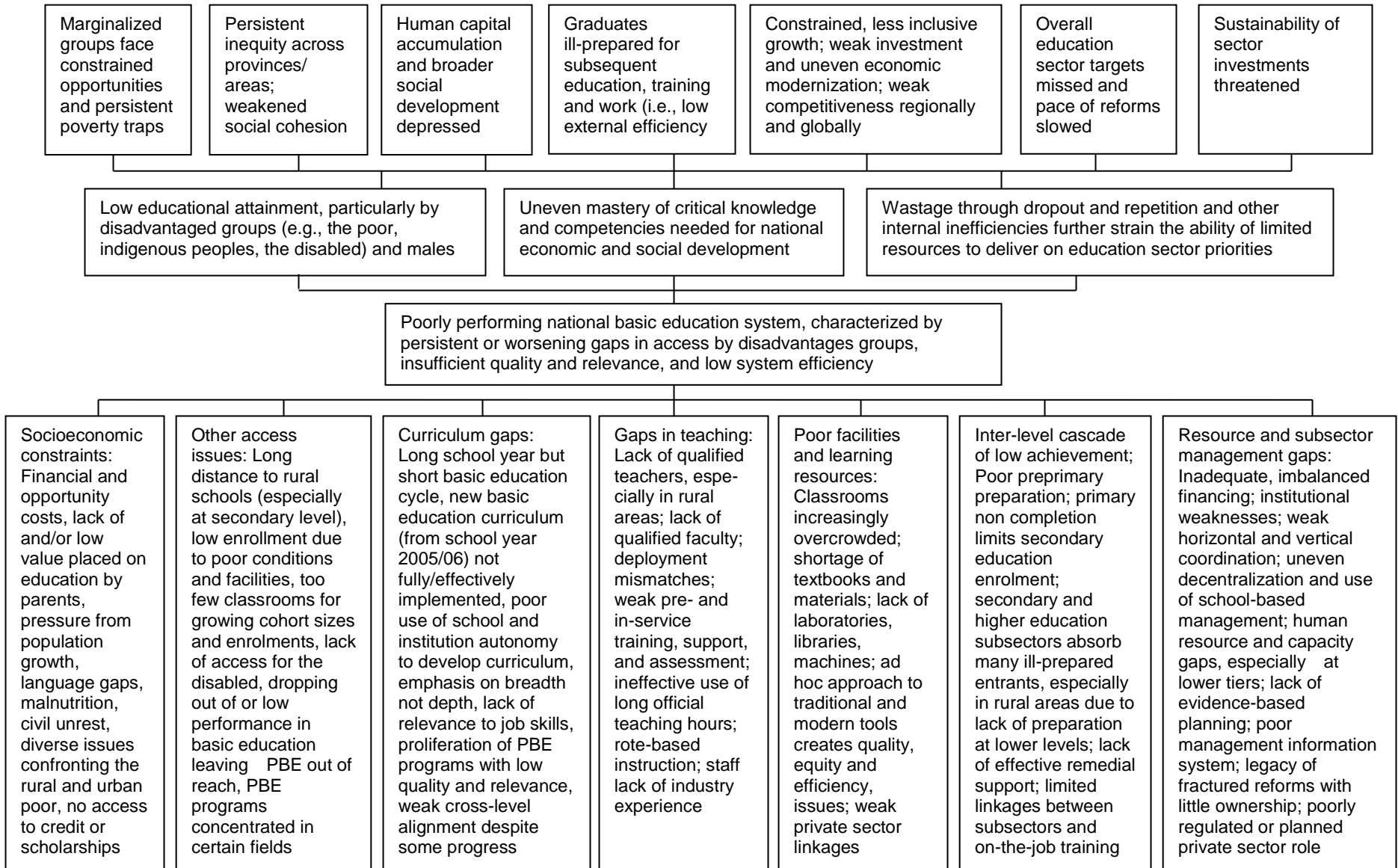
<sup>9</sup> ADB. 2009. *Completion Report: Secondary Education Development and Improvement Project in the Philippines*. Manila; ADB. 2009. *Completion Report: Technical Education and Skills Development Project and Fund for Technical Education and Skills Development in the Philippines*. Manila. Both project completion reports rated their projects successful.

<sup>10</sup> Independent Evaluation Department. 2008. *Country Assistance Program Evaluation: Philippines—Increasing Strategic Focus for Better Results*. Manila: ADB.

<sup>11</sup> ADB. 2011. *Country Partnership Strategy: Philippines, 2011–2016*. Manila.

<sup>12</sup> ADB. 2013. *Country Operations Business Plan: Philippines, 2014–2016*. Manila.

## Problem Tree for Education



ICT = information and communications technology, PBE = post-basic education, TVET = technical and vocational education and training.

Source: Asian Development Bank.

