

Asia's school systems need to adjust to new global economy, says ADB's key indicators

BANGKOK, THAILAND (19 August 2003) - Rapidly changing conditions in the world economy require more flexible, easily trainable labor forces that are better able to access and interpret the mass of available information. This, in turn, requires higher-quality, more adaptable education systems that can provide young people and adults with the knowledge and skills to function effectively in the new global environment.

This is one of the core messages of ADB's Key Indicators (KI) 2003, which was launched here today. KI, ADB's annual statistical databook on economic, financial, and other social indicators, includes a special chapter that analyzes education trends in the region. The new global economy includes the following trends:

- * Sources of higher productivity are increasingly dependent on knowledge and information applied to production, and this knowledge is increasingly science-based.

- * The information and communications technology (ICT) revolution is surrounded by, and aiding, scientific discoveries in other fields, such as biotechnology, new materials, lasers, and renewable energy. All this is stimulated by economic and organizational transformations on a global scale and ICT is also indispensable for such transformations.

- * Production is shifting from material-based goods to information-based outputs. The quality of information and the efficiency of acquiring it are strategic factors in competitiveness and productivity for firms.

- * Capital, production, management, markets, information, technology, and to some extent labor are organized across national boundaries, allowing production to be located where it can be undertaken most efficiently and at lowest cost.

- * The organization of production is changing from a mass, standardized model to flexible, customized production, and from vertically integrated large organizations to horizontal networks.

Demographic changes challenge Asia's education policies

BANGKOK, THAILAND (19 August 2003) - Most of Asia's developing economies (ADEs) are in the midst of a demographic transition from high to low mortality and fertility. Education policies will play a crucial role if they are to reap economic benefits from this trend, but they also represent a considerable challenge, particularly for the poorest countries.

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"With improvement in public health and nutrition, more children survive and women respond - with some delay - by reducing their fertility," KI points out. During the transition, as mortality drops but fertility remains high, a large generation of "baby boomers" is created. In this first phase of the transition, the young population increases, as does demand for education. It is critical, therefore, for ADEs to address and finance this challenge in a proactive manner.

In the second phase, baby boomers enter the adult labor market, which, if it is able to absorb them, results in a productivity gain and economic expansion. This phase, when the proportion of working-age population is highest and age dependency ratios lowest, offers a "demographic dividend".

Governments should create certain conditions to take full advantage of this opportunity, asserts KI. "One is to assure that the boomers will constitute an educated and productive labor force that will be absorbed by the labor market," says KI. The East Asian economic miracle was largely determined by the availability of educated people plus the dynamic in-

In this new global environment, the nature of jobs is also changing dramatically. As a result of globalized competition, and greater emphasis on cutting costs and raising productivity, employers are reorganizing work around decentralized management, customized



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dustrial activities to absorb them.

The drop in both mortality and fertility rates will result in wide disparities among countries in the school-age population over the next two decades. In some countries - notably the poorest - where a fertility decrease will follow low mortality with a significant time lag, the population aged 6-17 will increase substantially. For example, it will double in Afghanistan; increase by more than 50% in Bhutan, Maldives, and Pakistan; and by more than 30% in Cambodia, Lao PDR, Nepal, and Solomon Islands. In contrast, it will rise only 3% in India.

However, the population aged 6-17 will significantly drop in countries where low mortality and low fertility take place at the same time.

"These demographic dynamics have important implications for education policy," says KI. For ADEs where the number

of young people is falling, the challenges are less about the supply of infrastructure and more about improving the quality of education and expanding access to tertiary education, adult skill development, and using the latest technologies. These countries are well positioned to take advantage of globalization in their efforts to catch up with industrialized economies.

On the other hand, "ADEs with rising numbers of school-age children face more varied challenges. These include the need to expedite improvements in primary and secondary school curricula, while infrastructure demands will continue to be pressing."

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by the knowledge that they acquire through study and work. Their 'knowledge portfolio' allows them to move across various types of work. Most individuals, including production workers, will become increasingly conscious of knowledge acquisition," according to KI.

"This change has important implications for education, as a job market characterized by constant changes places more value on flexible, knowledge-based skills, particularly if acquired through on-the-job training and recurrent education. Science-oriented education and problem solving skills will have the highest return," says KI. "One important expression of this premium on knowledge has been the increase of the economic value of higher education compared to the value of lower levels of schooling."

"Several Asian economies - especially those in East Asia - have flourished in this new environment, mainly because they have been able to coordinate the rapid expansion of education with the equally rapid transformation of their economies into manufactured goods exporters. But at the other end of the spectrum, some economies are still struggling to meet the basic education needs of their growing and largely poor and rural populations."

KI warns, "In the latter group of countries, improving and expanding education systems to address the somewhat conflicting two goals of education, namely, increased competitiveness and equity, is a major challenge under the severe financial and fiscal constraints they face."

KI evaluates the progress and pressing needs of the education systems in individual developing Asian countries:

- * The People's Republic of China and India: Have greatly expanded secondary education, but offer relatively limited access to higher education. As potential major players at the high end of the knowledge economy, both need to be concerned about their higher education systems. India also needs to question spending so much public money on elite universities while public primary education has still not reached every child.

- * Hong Kong, China; Korea; Malaysia; Singapore; Sri Lanka; and Taipei, China: Are world-class competitors with high-quality schooling and more than 75% of young people are enrolled in sec-

ondary school. For Taipei, China, Malaysia, and Sri Lanka, the main issue is how to improve university systems so that graduates can be innovative as well as competent, and to increase the equity of higher education access.

- * Indonesia, Philippines, and Thailand: All potentially important players in the new global economy. Indonesia has expanded secondary education rapidly, but not university, and faces the issue of relatively low student achievement levels. The Philippines, with its highly privatized secondary and university education and high proportion of students enrolled at both levels, has compensated for low-quality student performance by high attainment levels. Thailand has lower levels of attainment but has greatly expanded secondary and higher education enrollment, largely within the public sector.

- * Cambodia, Lao PDR, Myanmar, and Viet Nam: Cambodia and Lao PDR are still reaching their youth population with primary education. Myanmar is expanding its education system but remains largely isolated from the global economy. Viet Nam has the potential of rapidly expanding education and producing high levels of student achievement.

- * Pakistan: Is integrated into the global economy, but has problems investing sufficiently in education so that its youth, particularly in rural areas, can finish primary school. Expanding education access, especially for girls, is a major issue.

- * Central Asian Republics and Mongolia: Marked by relatively high education access and high levels of education, their main issue is to assure continued provision of quality schooling and university in a period of severe readjustment from a command to a market economy.

- * Pacific: Some of these countries, such as Samoa, have high enrollment rates in secondary education, but others, like Papua New Guinea, do not. With tourism and public services the major employers, these countries require educated populations and should focus on expanding secondary education