



# Human Capital Development in South and South East Asia

## *Achievements, Prospects, and Policy Challenges*

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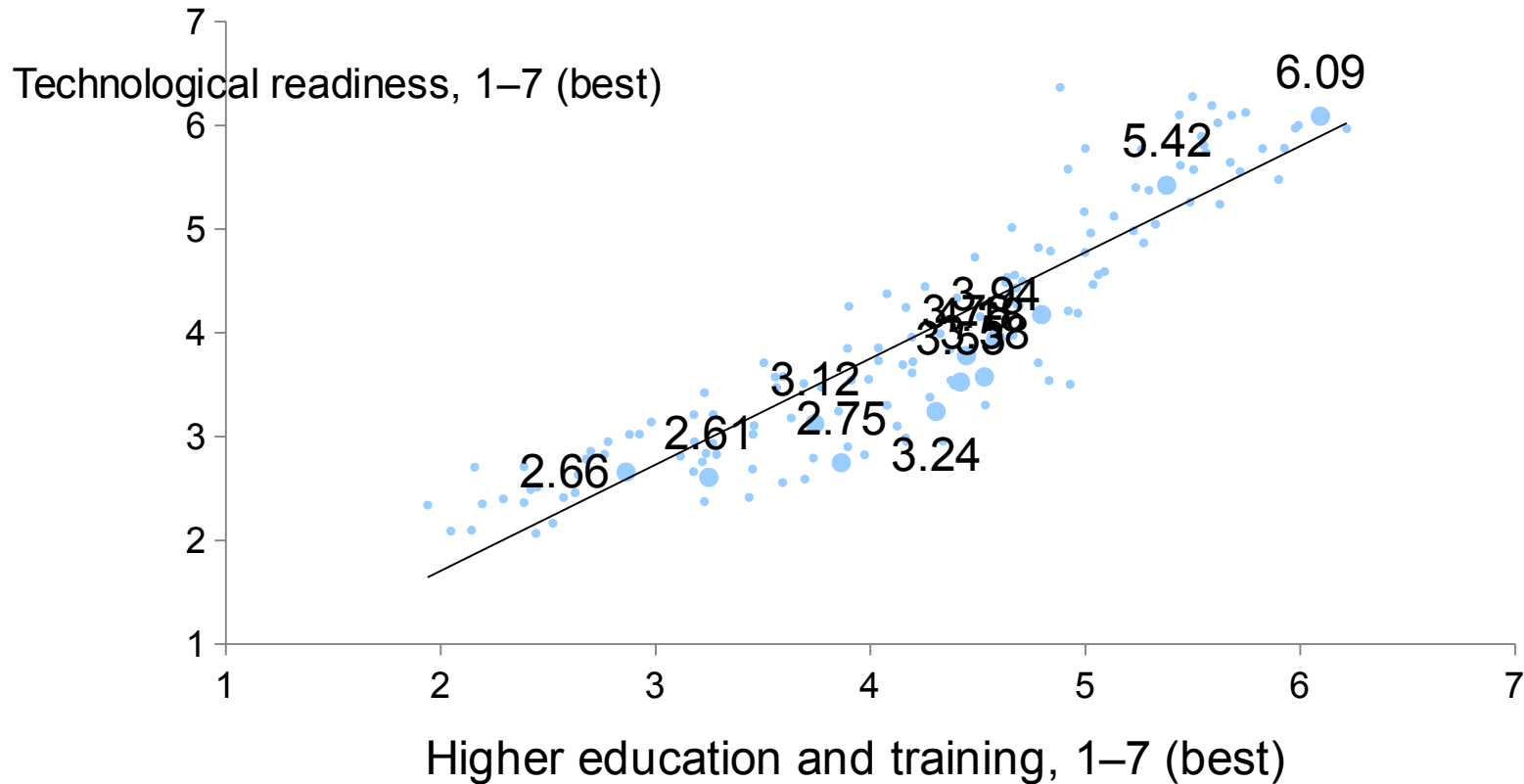
Current Priorities in  
**Technical and Vocational Education and Training**





# Higher Education and Technological Readiness

Global Competitiveness Index



Scores are normalized into a 1-to-7 scale.

BAN = Bangladesh; IND = India; INO = Indonesia; KOR = Korea, Rep of; MAL = Malaysia, NEP = Nepal; PHI = Philippines; PRC = People's Rep. of China; SIN = Singapore; SRI = Sri Lanka; THA = Thailand; VIE = Vietnam.

Source: Schwab and Sala-i-Martin (2014)

# Human Capital Development for South and SE Asia's Catch Up

- Upgrading quality of worker's education and skills (along with physical capital and technology) important in increasing employment, productivity and income growth
- Skills and productivity of the labor force important in promoting technological progress and innovation as it moves up the value chain
- Education and skills remain the binding constraint



# Education Achievements and Challenges in South and SE Asia

- Strong educational progress but uneven across countries and provinces
- Significant school disparities in access, participation and completion across gender, income, and social groups remain
- Low quality of education and high disparity in learning outcomes



# Strong Improvements in School Enrolment and Attainment

Region, Country and Year		Ave. Years of Schooling	Highest Level Attained			
			No Schooling	Primary	Secondary	Tertiary
South Asia		(% of population aged 15–64)				
<b>Bangladesh</b>	1980	2.25	66.8	17.3	14.8	1.1
	<b>2010</b>	<b>6.04</b>	<b>31.9</b>	<b>22.3</b>	<b>41.7</b>	<b>4.1</b>
<b>India</b>	1980	2.35	66.3	12.7	18.7	2.3
	<b>2010</b>	<b>6.26</b>	<b>33.2</b>	<b>16.8</b>	<b>41.5</b>	<b>8.5</b>
<b>Nepal</b>	1980	0.99	85.1	6.8	6.9	1.2
	<b>2010</b>	<b>4.23</b>	<b>36.2</b>	<b>31.1</b>	<b>29.8</b>	<b>2.9</b>
<b>Sri Lanka</b>	1980	7.00	13.5	44.7	41.1	0.8
	<b>2010</b>	<b>10.25</b>	<b>4.3</b>	<b>16.3</b>	<b>64.8</b>	<b>14.6</b>
Other Asian Countries						
<b>China, P.R. of</b>	1980	4.91	24.8	40.7	33.7	0.9
	<b>2010</b>	<b>7.58</b>	<b>5.2</b>	<b>23.7</b>	<b>66.7</b>	<b>4.4</b>
<b>Indonesia</b>	1980	3.68	31.9	55.1	12.4	0.6
	<b>2010</b>	<b>7.65</b>	<b>7.5</b>	<b>43.8</b>	<b>42.3</b>	<b>6.4</b>
<b>Philippines</b>	1980	6.16	8.6	48.9	26.3	16.3
	<b>2010</b>	<b>8.40</b>	<b>2.7</b>	<b>27.2</b>	<b>46.4</b>	<b>23.7</b>
<b>Thailand</b>	1980	3.77	14.2	70.4	12.3	3.1
	<b>2010</b>	<b>7.90</b>	<b>3.4</b>	<b>47.9</b>	<b>35.5</b>	<b>13.3</b>
<b>Vietnam</b>	1980	5.13	20.5	37.7	40.9	0.9
	<b>2010</b>	<b>7.15</b>	<b>15.2</b>	<b>22.3</b>	<b>56.3</b>	<b>5.7</b>

**But Disparities Remain...**

Source: Barro and Lee (2014).





# Education Quality Issues

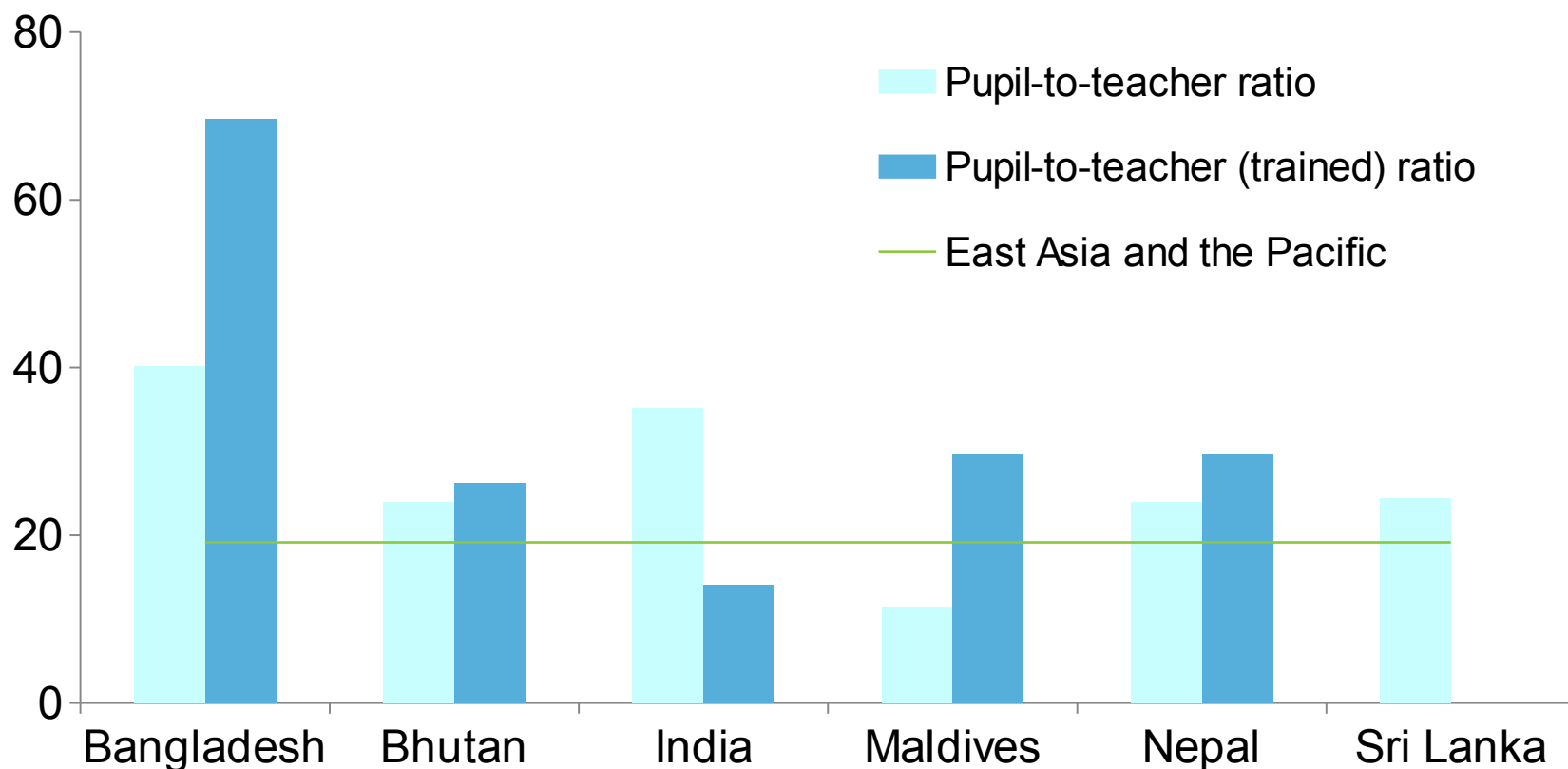
- Poor learning outcomes/education quality ⇒ poor adult skills
- Wide geographic disparities in learning outcomes
- Trained teachers lacking; absenteeism pervasive
- Limited incentives to teachers and students to perform better
- Low private investment on education





# Trained Primary School Teachers and Class Size

(Percent of Grade 5 and Grade 8 Students)

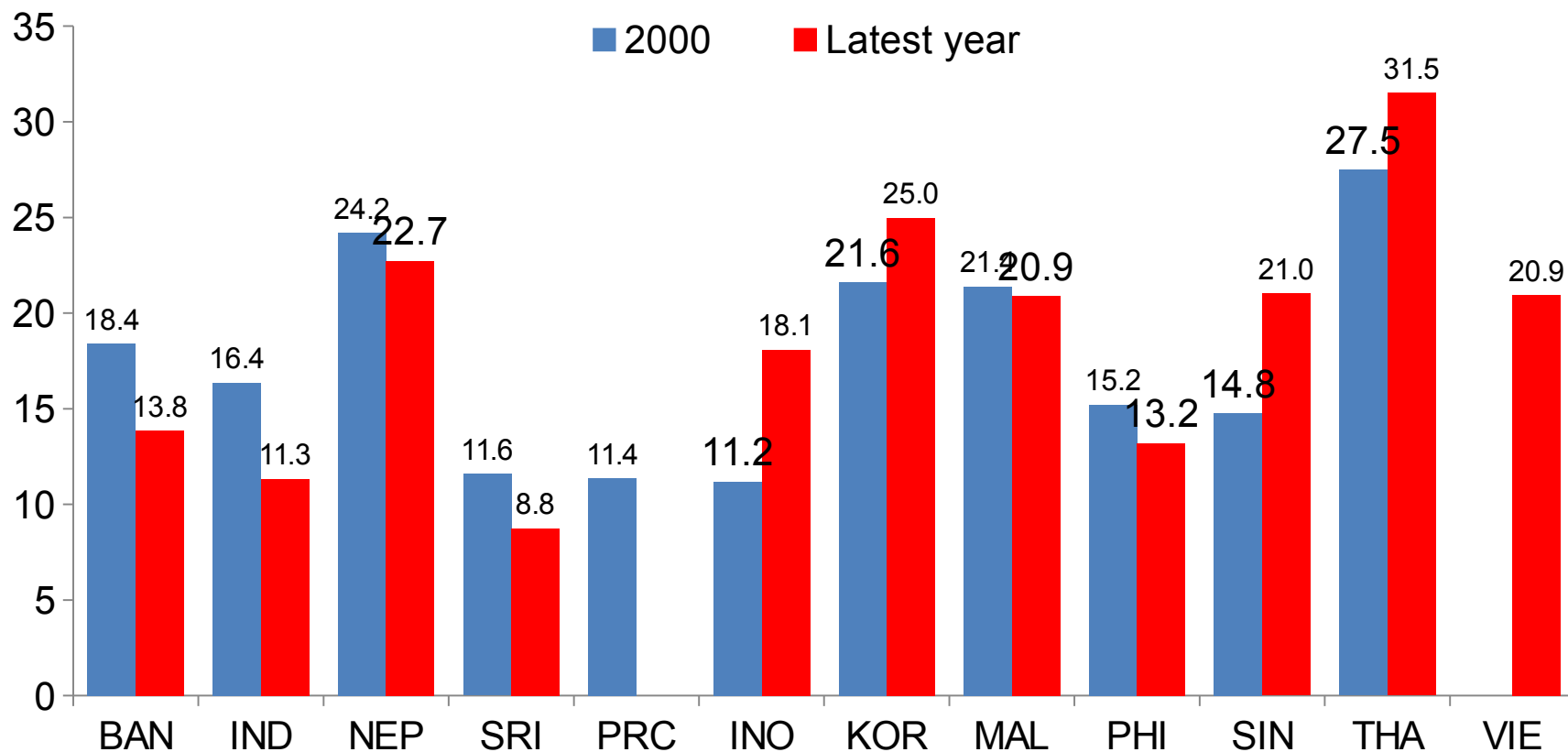


Source: UIS Database (2015).



# Public Investments on Education

(% of government expenditure)



Source: WDI Online.



# Technical and Vocational Education and Training

- Asian economies need to keep up with evolving skills requirement of the economic structural transformation process, as well as the rapidly growing youth workforce
- Public and private sectors in the region need to jointly address both capacity and quality constraints in preparing new entrants to the workforce
- Address systemic problems to enable skills development institutions to effectively upgrade the quality of skills they produce

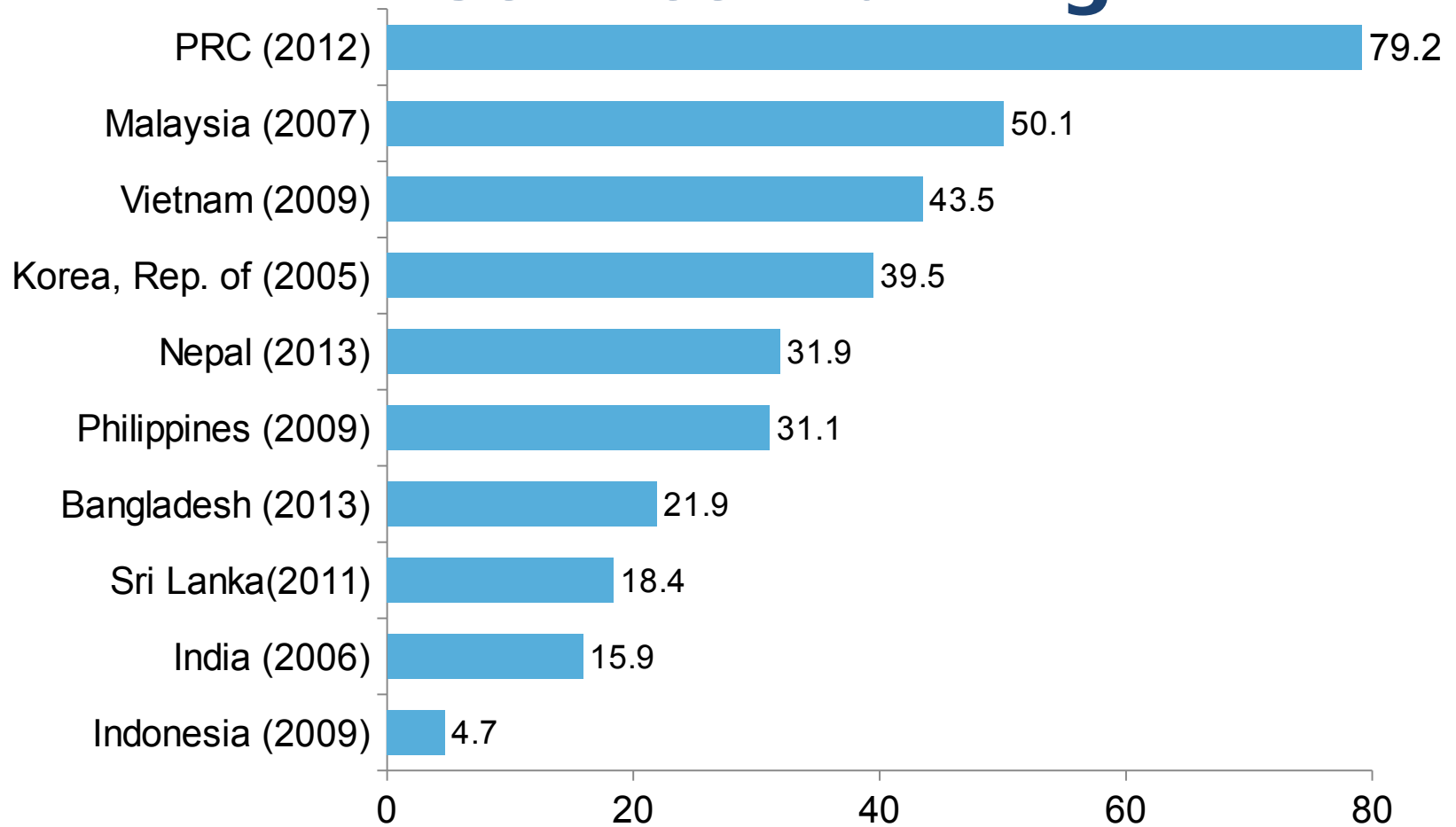


# Challenges to TVET Systems

- Access is limited; quality is low
  - Graduates lack employable skills (e.g., analytical and communication skills, soft skills)
- Inequality in access across gender, income level, and social class
- Inadequate financing
  - Bangladesh: 2.3% of education spending
  - Nepal: 1.2% of education budget
- Lack of qualified instructors
- Weak accreditation program
- Weak involvement of employers
- Highly centralized administration
- Lack of vertical and horizontal mobility



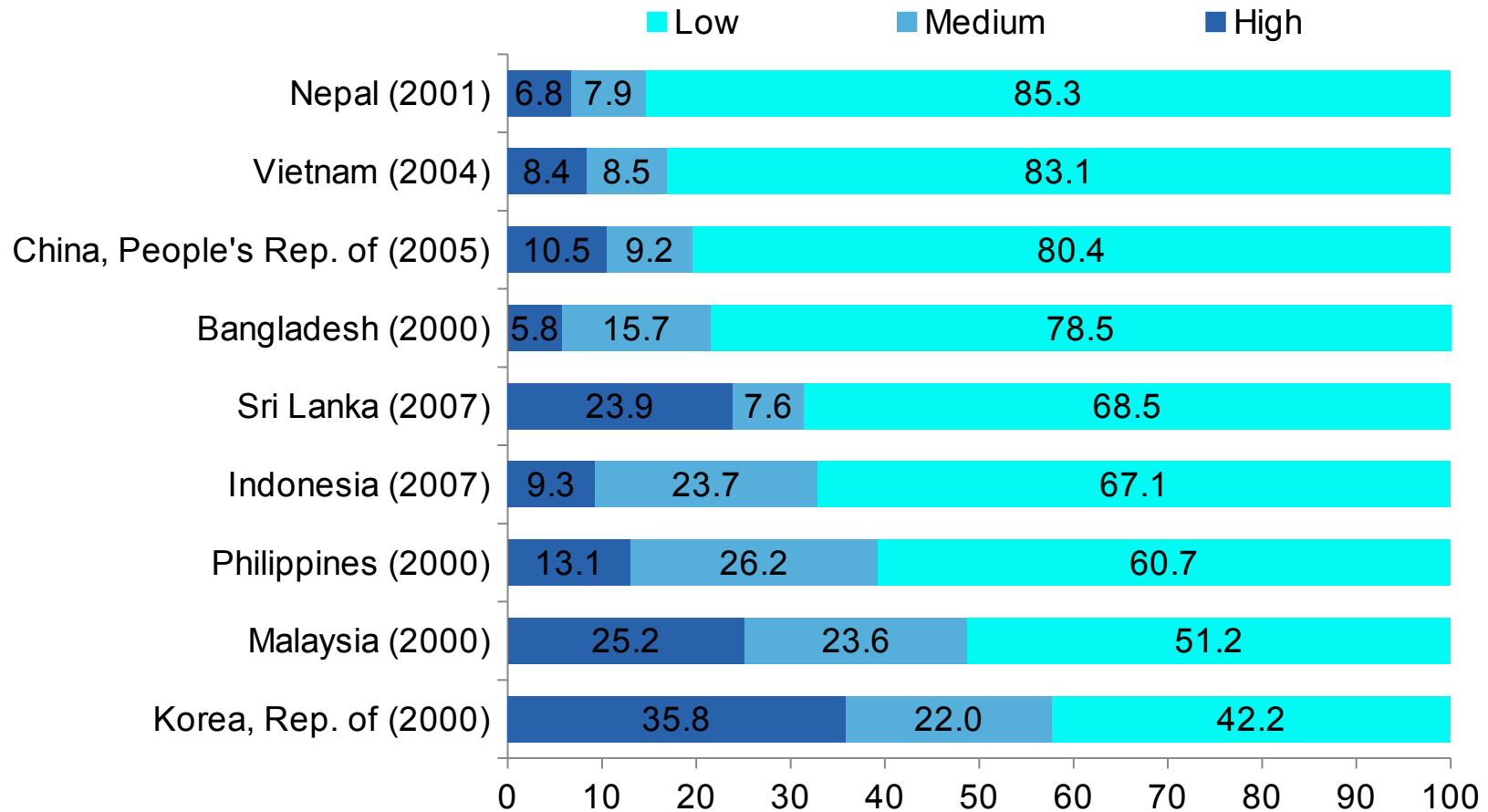
# Proportion of Companies Providing Formal In-service Training



Source: World Bank (2015).



# Distribution of Employed Workers by Skill Level



Note: High skilled workers include professionals, technicians and associate professionals, clerks. Medium skilled workers include craft and related trade workers, plant and machine operators and assemblers. Low skilled workers include those in agriculture and elementary occupations and others.

Source: ILO (2011).



# Policy Implications

- Focus on improving quality of education and broadening access to it to address poor and high disparity in learning outcomes
- More efforts required toward improving the readiness of graduates to satisfy changing demands
- Mainstream education and skills development in national development policies to ensure that education and skills development could support economic development priorities



# Policy Actions (1)

1. Implement relevant human capital development strategies coherent with national development policies
2. Invest on upgrading and monitoring educational quality towards achieving better learning outcomes
3. Broaden access to quality education and skills development across gender, regions and social groups
4. Improve secondary and tertiary education to match changing skills demand
5. Boost quality of training and skills development





# Policy Actions (2)

6. Facilitate a favorable environment for skills development and training and improve PPP
7. Harness training and quality employment opportunities for all
8. Pursue sustainable mechanisms for financing inclusive quality improvements in education and skills development
9. Forge closer regional cooperation for human development



# Thank You

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