



A WAY BACK TO SCHOOL

IMPROVING OUTCOMES FOR OUT-OF-SCHOOL CHILDREN IN ASIA



INTRODUCTION



When children fall out of school, entire economies and communities can suffer long-term detriment that often proves difficult to reverse. As part of its commitment to the education and growth of young people worldwide, DHL has commissioned a report on the state of out-of-school children in Asia and the effect of this trend on national economies. The report supports and underpins DHL's ongoing commitment to education and vocational opportunities for young people across Asia as part of its international GoTeach program.

Latest analysis by UNESCO states that in 2016, there were 263 million children and youth out of school globally, including 61 million children of primary school age; 60 million children of lower secondary school age;¹ and 142 million children from upper secondary school age. This report examines the extent of the problem in seven countries in the Asia Pacific region, before assessing the most effective strategies by which governments, NGOs, and the private sector might alleviate the problem.

Our work has found that:

- 1. Out-of-school children inflict a severe cost on economic growth**
The economic costs of children leaving the school system prematurely can reach up to nearly 3% of total GDP in some countries examined.
- 2. Upper secondary students need the most help**
The rate of children dropping out of school increases exponentially as they reach lower and upper secondary school.

- 3. South Asia faces the greatest hurdles**
India has by far the highest absolute numbers of out-of-school children, while Bangladesh has the highest percentage. Both countries have struggled to improve attendance rates in recent years.
- 4. The root cause is poverty**
Most children end up leaving school when the costs of continued education become too great for families' incomes to handle – with work or marriage the most common alternatives.
- 5. Educating parents is the most cost-effective strategy**
Children are more likely to stay in school, even in low-income environments, when parents understand the value of education and how it leads to children securing real-life jobs.
- 6. Better schools and special schools keep children in school**
These include schools with better trained teachers, and schools for at-risk groups like girls, disabled children, children from ethnic minorities, or children who have dropped out to work.
- 7. Funding remains an effective tool**
Conditional cash transfers have been found to help extend the years of schooling, especially for girls – although often less so than the measures listed above.

¹ http://www.unesco.org/new/en/education/themes/leading-the-international-agenda/education-for-all/single-view/news/263_million_children_and_youth_are_out_of_school_from_primar/

1. OUT-OF-SCHOOL CHILDREN RESULT IN SEVERE COSTS ON ECONOMIC GROWTH

Human capital is crucial to the economic development of a country. The quality of the labor force, the productivity of the workers and the use of technology all depend on the quality of education and the access to education of the population. Low-skilled, poorly-educated workers tend to work in labor-intensive, low-productivity sectors.

The more children drop out, the lower the levels of economic growth the country can obtain now and in the future. In more extreme cases, certain countries risk creating a “missing generation” who not only lack the skills to achieve their full potential, but are also less likely to pass on such skills to future generations.

The table shows the economic cost of out-of-school children in five countries, estimated using two methods: microeconomic and macroeconomic approaches. The calculations are based on the ratio of out-of-school children in each country,² the wage premium of secondary education, the income forgone due to lack of education and the country’s economic indicators such as GDP and the economic growth. The microeconomic estimation of the economic cost of out-of-school children for the country captures the GDP loss based solely on the earning loss of students, while the macroeconomic approach includes other additional social costs such as

worsened crime and costlier healthcare as a result of out-of-school children.

On this basis, Indonesia, Thailand and Bangladesh suffer the most from children dropping out of school prematurely, with the economic cost estimated at 2.0% of GDP for Indonesia, 1.7% for Thailand and 1.45% for Bangladesh. The collective loss of GDP for these five countries, based on 2016 GDP levels, amounts to approximately US\$34 billion.³

For the private sector, the economic loss means lower demand for their products and services, and the loss in human capital would make recruiting good employees difficult, driving up labor costs and affecting productivity. This means private sector companies have every incentive to help reduce the number of out-of-school children: the breadth and depth of their future talent pool depends on doing so.

ECONOMIC COST OF OUT-OF-SCHOOL CHILDREN AND RELATED INDICATORS

COUNTRY	Rate of Continuation to Secondary School	Expected years of schooling	Wage Premium to Secondary Education	GDP Loss from Foregone Primary Education	Probability Weighted Loss from Foregone Secondary Education	Economic Cost of Out-of-School Children (Micro Estimation)		Economic Cost of Out-of-School Children (Macro Estimation)	
						%GDP	\$US billions	%GDP	\$US billions
THAILAND	91%	12.3	10.40%	0.44%	0.20%	0.64%	2.47	1.70%	6.53
INDIA	81%	10.7	17.60%	0.02%	0.04%	0.06%	1.36	0.30%	6.79
VIETNAM	93%	11.9	25.60%	0.03%	0.08%	0.11%	0.18	0.30%	0.47
BANGLADESH	81%	8.1	44.30%	0.69%	0.53%	1.22%	2.7	1.45%	3.21
INDONESIA	96%	12.9	9.90%	0.62%	0.22%	0.84%	7.29	2.0%	17.05

² Figures are based on calculation by Burnett and Thomas from 1.Exclusion from Education: The Economic Cost of Out-of-School Children in 20 Countries (2013) 2. The Economic Cost of Out-of-School Children in Southeast Asia (2017) <http://www.r4d.org/resources/exclusion-education-economic-cost-school-children-20-countries/> and <http://www.r4d.org/resources/economic-cost-out-school-children-southeast-asia/>

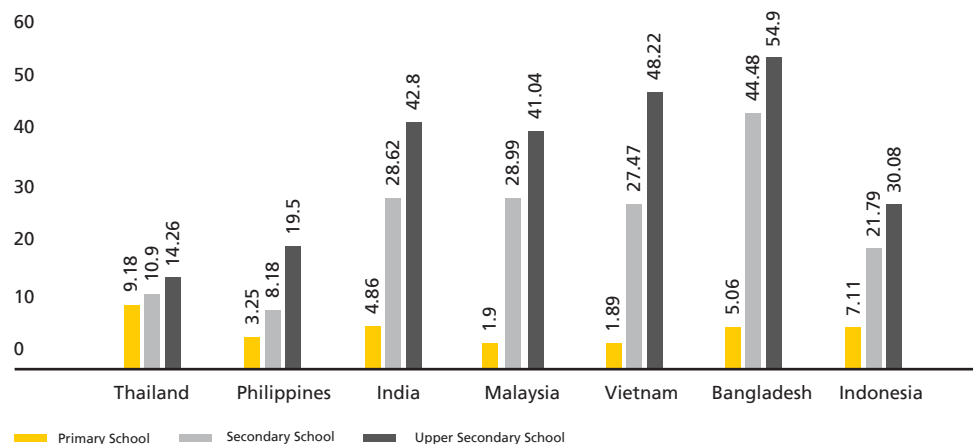
³ GDP figures compiled from World Bank data: <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD>



2. UPPER SECONDARY CHILDREN NEED THE MOST HELP

Where should governments and their partners invest their resources for greatest effect? The data suggests help is most critical for **upper secondary children**: out-of-school rates increase exponentially as children grow older. By the upper secondary level, most countries examined had seen at least 1 in 3 children drop out of school – sometimes even as many as 1 in 2. The implication for the private sector is that help is needed most at the upper secondary level, or in the years just preceding, when families' decisions about whether to keep their children in school are likely to be heavily influenced.

PERCENTAGE OF OUT-OF-SCHOOL CHILDREN

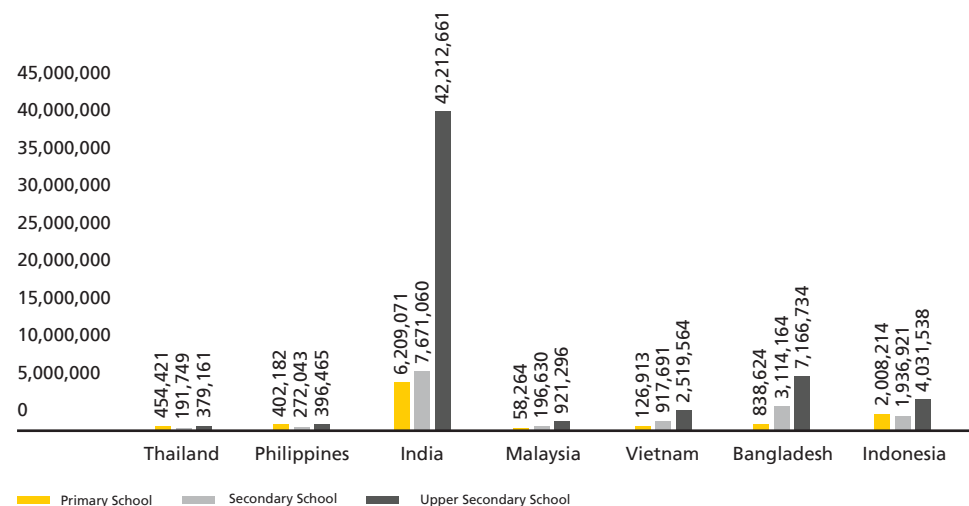


Source: Unesco Institute for Statistics (2015)

3. SOUTH ASIA FACES THE GREATEST HURDLES

In terms of absolute numbers, India has by far the most serious drop-out situation with 56 million children out of school, 42 million of whom are from the upper secondary cohort, followed by Bangladesh and Indonesia. While not relatively high when considering India's total population, the sheer number of out-of-school children threatens to put severe strain on both India's economic development and social stability if not adequately responded to.

NUMBER OF OUT-OF-SCHOOL STUDENTS IN SEVEN ASIAN COUNTRIES

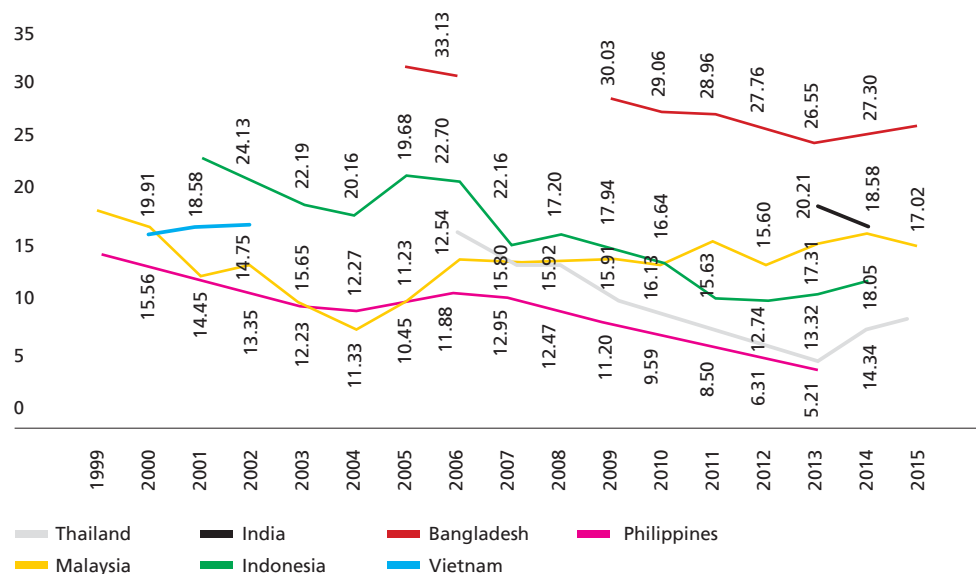


In nearby Bangladesh, the frequency of children dropping out of school has in fact increased in recent years – contrary to the trend in most countries examined. With the highest percentage of out-of-school children compared to its total population, Bangladesh also faces growing pressure to tackle the issue before its window of opportunity disappears.





PERCENTAGE OF OUT-OF-SCHOOL CHILDREN IN 7 COUNTRIES



Source: Unesco Institute for Statistics (2015)

4. THE ROOT CAUSE IS POVERTY

As suggested by the data and from interviews with parents and children, the root cause for children dropping out of school is **poverty**. Poor families cannot continue to afford to keep their children in school once past the age of compulsory schooling (typically lower secondary level in most Asian countries). The exponentially higher rate of children dropping out as they reach lower and upper secondary is largely explained by this phenomenon.

Besides the **expenses incurred for school** (like school fees, books, stationery, uniforms, shoes and transportation), there is also the opportunity cost of having non-income generating members of the family. To address this problem, most low-income families compel their secondary school children to **leave school to find employment**.

In countries where there is a tradition of child marriage and which regard women primarily as homemakers, low-income families often seek to improve their financial

circumstances by **marrying off their daughters** at upper secondary age or younger. These child brides have a very high rate of dropping out of school, especially after getting pregnant. In South Asia, UNICEF reports that 56% of women aged 20-49 years got married before the age of 18, often to much older men. Those from poor families are 2.5 times more likely to be married off as children than those from wealthy families.⁴

Poverty at the national level also explains the lack of proper schools with well-trained teachers, located within a reasonable distance to the children. A school located far away also throws up the problem of a **lack of affordable transportation** to and from school, and safety issues during the journey (especially for girls).

At-risk groups like girls, children with disabilities and children from ethnic minorities present a further complication, as these children have specific needs that need to be addressed. In many poor countries, however, the lack of funds has meant a **lack of special schools to cater for at-risk groups**; as a result, they see much higher-than-average rates of dropping out of school.

The effects of not having a good educational foundation builds up over the years and by the time children reach secondary school, they find it difficult to cope with schoolwork and lose interest. Thus, while **"lack of interest"** is a very common reason given by parents for their children dropping out of school, the likely underlying cause is poverty.

5. THE MOST COST-EFFECTIVE STRATEGY: EDUCATING PARENTS

Poverty is by far the most common cause of children dropping out of school. When parents understand how continued education can lift their children out of poverty, however, they become much more likely to keep them in the classroom. Research by economists at the Abdul Latif Jameel Poverty Action Lab at the Massachusetts Institute of Technology (MIT) suggests that educating parents on the importance of a secondary school education, and how that leads to their children securing actual jobs, is the most cost-effective measure to keep children in school.⁵ In fact, such tactics work even more effectively than other frequently-used measures like giving children gifts of school uniforms, increasing teacher pay, or paying parents to keep their children in school – the latter being a default policy in most of the countries we examined.

⁴ https://www.unicef.org/media/files/Child_Marriage_Report_7_17_LR..pdf

⁵ https://www.povertyactionlab.org/sites/default/files/publications/CEA%20in%20Education%202013.01.29_0.pdf

This strategy works particularly well with parents of girls in rural areas or minority groups. Research in India found that providing villagers with precise information about the availability of jobs for girls with secondary education and how to get the jobs resulted in teenage girls staying longer in school, delaying marriage and being more likely to look for paid work after school (instead of getting married).⁶ Primary-school age girls in the Indian villages where parents received such education were 5 percentage points more likely to stay in school than girls in control villages.⁷

6. BETTER SCHOOLS WITH SPECIALIZED TEACHING KEEP CHILDREN IN SCHOOL

While it may seem a truism in terms, better schools do a better job of keeping children in school. In Bangladesh, for example, the BRAC NGO (<http://brac.net>) in Bangladesh opened primary schools for disadvantaged children with all-female teachers recruited from the local community. These teachers received an initial 12-day training course which was later supplemented with in-service monthly training sessions. From test results, the BRAC schools' students performed better on the national examination in Bangladesh compared to other schools with comparable student backgrounds.⁸

Similarly, schools addressing specialized needs play a particularly critical role in ensuring those most likely to drop out of school remain in the classroom. Girls, disabled children and children from ethnic minorities have special needs and tend to drop out of school in much higher-than-average numbers if those needs are not met.

- **Schools** tend to see much higher rates of enrolment in all-female schools. One reason is the threat of violence in co-educational schools in certain communities, and some religious groups forbid girls from attending co-educational schools. Girls also benefit from strong, independent female role models to encourage them to continue their education.
- **Disabled children** need specially trained teachers and custom-built facilities and infrastructure. They form the single largest group amongst out-of-school children because many families in the countries examined think that it acceptable for disabled students to stay home. Statistics shows that 90% of children with disabilities in the developing world do not go to school. In the case of India, 34% of disabled children (2.9 million) are out of school. The percentages are even higher among children with intellectual disabilities (48%), speech impairments (36%) and multiple disabilities (59%).

⁶ http://cega.dev.berkeley.edu/assets/cega_research_projects/57/-Do_Labor_Market_Opportunities_Affect_Young_Women_s_Work_and_Family_Decisions_Experimental_Evidence_from_India.pdf

⁷ <http://www.nber.org/papers/w16021>

⁸ [http://darf.lse.ac.uk/Frankweb/courses/EC501/Nath_etal_\(1999\).pdf](http://darf.lse.ac.uk/Frankweb/courses/EC501/Nath_etal_(1999).pdf)

- **Children from ethnic minorities** tend to be excluded from mainstream education due to a lack of sympathetic teachers fluent in their native languages and teaching materials translated into their language. In India, for example, the national average for out-of-school children is 3.6% but this rises to 6.1% for children of the Scheduled Castes. Among India's religious communities, Muslims have a relatively higher proportion of lower secondary age children excluded from school.

Schools specially catered to out-of-school and working children have been found to be effective in making up for the loss of formal education. An example is the Basic Education for Hard to Reach Urban Working Children (BEHTRUWC) project in Bangladesh. This program coupled basic education (Bengali, English and mathematics) and a 6-month apprenticeship program with skilled practitioners/artisans to learn a trade.

Children and adolescents who got the opportunity to be part of the basic education program were highly enthusiastic, particularly girls who were serious about education and believed it was a way out of early marriage and poverty. In the apprenticeship program, many of the trainers hired their graduates when the apprenticeship ended or have maintained mentoring relationships with them. The program ran from 1997 to 2014 before it was officially closed to make way for new programs.

7. GIVING MONEY HELPS

Conditional cash transfers or CCTs are cash payments (or subsidies) made to parents to keep their children in school and are usually part of large-scale government programs. In Bangladesh, for example, the Female Secondary School Stipend Program was found to be effective in incentivizing parents to keep their daughters enrolled in school instead of sending them away to get married or to work. While delivering benefits in most countries examined, cash payments and incentives tend to perform less effectively than other methods such as parent awareness and investment in schooling infrastructure – suggesting that both public- and private-sector institutions would do better to invest in changing perceptions of education rather than ongoing subsidies.

IMPLICATIONS FOR THE PRIVATE SECTOR



With out-of-school children forming 40-55% of upper secondary school-age individuals in some of Asia's fastest-growing economies, businesses and governments alike have a vested interest in mitigating the scale and effects of early exits from education. Businesses, however, must overcome several existing hurdles to make their investments in out-of-school children more effective and sustainable.

Corporate responsibility initiatives, for one, are typically expected to provide a reputational benefit to companies and encourage employee volunteerism which helps them find meaning in life. These, however, tend to encourage companies to design interventions which are one-off, involve lots of people and are of a public nature, as opposed to the long-term infrastructural and awareness work that the out-of-school issue demands.

Businesses must also embrace partnerships with the public sector more willingly. The sheer scale of the out-of-school issue suggests that only governments can take on the challenge – whether in building special-needs schools, driving nationwide awareness campaigns, or enacting policies to support lower-income families – with any significant effectiveness. Any business, no matter its size, should consider government collaboration a must if it seeks to address out-of-school and education issues in Asia.

In fact, the private sector should consider shifting its focus to provide help to one specific subset of out-of-school children: Upper secondary youths who have dropped out of school. As these children have mostly left school to work to support their families after completing the legally-required number of years of education, their most critical needs are

jobs and continuing education – both things that the private sector is uniquely positioned to provide. For most private sector companies, providing a job and on-the-job training or education is par for the course. That's what companies do. The only difference with regards upper secondary children is the age of entry into the job and the kind of training or education provided.

Many companies already run internship programs. If the concept of internships can be modified and offered instead to upper secondary children who have dropped out of school, with the support of the CR programs and employee volunteers to provide continuing education, companies can ensure that:

- Out-of-school children gain employment in a structured, safe, and positive environment;

- Employee volunteers can be meaningfully employed to direct their efforts to teach these children what they missed out by dropping out of school; and
- Lives can be dramatically changed for the better as the children gain proper working experience, with some even having a chance at permanent positions of employment in their place of internship.

Such programs can only cater for a limited number of children, however, as the kind of work that upper secondary children can do in companies is limited and the administrative work required for the program will be substantial. In the longer-term, companies with successful on-going programs should take the lead to help other companies offer similar programs, hopefully to build this into a nation-wide corporate tradition.

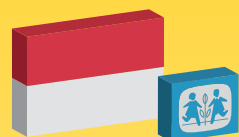
GOTEACH ASIA PACIFIC 2017

DHL's GoTeach program delivers a range of educational and vocational opportunities to young people in disadvantaged communities in seven Asia Pacific countries through its partnerships with SOS Children's Villages and Teach For All.



SOS CHILDREN'S VILLAGES IS A GLOBAL NGO THAT WORKS TO IMPROVE CHILDREN'S EDUCATION, HEALTH AND INDIVIDUAL CARE.

This is what DHL achieved with SOS Children's Villages...



Indonesia



Thailand



Vietnam

94
volunteers

200
beneficiaries

90
volunteers

106
beneficiaries

30
volunteers

45
beneficiaries

TEACH FOR ALL IS A GLOBAL NETWORK OF SOCIAL ENTERPRISES DEDICATED TO MAKING QUALITY EDUCATION AVAILABLE TO EVERYONE.

This is what DHL achieved with Teach For All...



66 volunteers **4810** beneficiaries



118 volunteers **3665** beneficiaries



103 volunteers **1556** beneficiaries



187 volunteers **892** beneficiaries

ABOUT DHL GOTEACH

One of the Deutsche Post DHL Group's three core streams of corporate responsibility investment, the GoTeach program focuses on providing young people in disadvantaged communities around the world with improved access to education and vocational skills. GoTeach sees DHL deliver training, mentoring, and professional opportunities in all seven countries covered in this report, in partnership with two NGOs: Teach for All and SOS Children's Villages.

As part of the Group, DHL engages in GoTeach activities including training, mentoring, conducting joint educational activities and providing manpower support for Teach for All's "fellows", volunteer teachers embedded in high-need communities around Asia and the world. The partnership's activities and outreach benefited more than 6000 children and young adults around the Asia Pacific region in 2016.

DHL works with SOS Children's Villages in Indonesia, Thailand, and Vietnam, seeking to improve youth employability through a variety of opportunities including vocational training, internships, and mentorships with DHL employees. In 2016, DHL's volunteers spent more than 7000 hours building deep relationships with SOS Children's Villages beneficiaries, most of whom are young adults in the upper-secondary age bracket identified as especially vulnerable by this report.



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