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Lifelong Learning, Vocational Training, and Higher Education
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Good morning.

On behalf of IFC, I would like to echo and underscore the deep appreciation that my colleague, Javed Hamid, noted earlier.

We are very grateful for the opportunity to join together with the government of China for this conference, and especially honored to have the participation of such distinguished officials –

- Assistant Minister of Finance Zhang Shaochun,
- Vice Minister of Education Guo Xiangyuan and,

Indeed, I would like to compliment Vice Minister Li on his remarks, which were very thoughtful and provide a strong foundation for the discussions to follow.

Allow me also to thank –

- Laureate Education for their generous support and participation in this event;
- Former Education Secretary Richard Riley of the United States, and,
- Former Education, Training, and Youth Affairs Minister David Kemp of Australia;

We are fortunate to have such a broad array of expertise with us today.

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With your permission – and in respect of the many speakers that we have today – please allow me to make just a few brief remarks.

We believe, first and foremost, that this forum – on public-private partnerships, on the role of the private sector in education -- is a cause for optimism. Of course, we will be discussing the great number of challenges ahead –

- At the national level,
- At the sector level, and,
- At the project level.

And we will be discussing broad challenges, such as curricula, technology, partnership models, demographic trends, finance, and attitudes toward education.

However, China has already proven that it can make extraordinary and rapid progress in the complex field of education. In the two decades since the adoption of the compulsory education

law, China has achieved its national goal of the “Two Basics” – making nine years worth of education mandatory across the nation, and accomplishing a dramatic increase in literacy among those under 20 years old.

This is a stunning achievement. And I know that many nations now look to China’s primary education for lessons of experience.

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At the same time, there are challenges ahead. And those challenges are different. They are different in type, in scale, and certainly in their implications.

To sustain an economic growth rate of 8 percent or more, to create 15 million new jobs every year, China must continue to diversify its economy. It must continue to broaden its export base. And it must continue preparing to compete in ever more global markets.

This is the essential challenge. China needs universities, vocational, and technical schools that are just as vibrant and entrepreneurial as its private enterprises.

And there has been progress. Over the past decade or so, China has reduced the number of industrial state enterprises from 120,000 to about 25,000 today. Private enterprise has stepped in to answer the needs in these sectors, creating new jobs and ever more demand for managers who understand markets and modern finance. Some of that demand has been met. But even the 10-fold growth in business programs since 1991 is not enough.

Further pressure is mounting. China’s workers are moving from the countryside into the cities, where they are engaged in industrial and service jobs for the first time. By one estimate, 90 million new urban jobs need to be created in the next ten years to absorb the labor shed by rural areas, make up for the those lost by economic restructuring, and keep pace with the growing population.

For the future that you see, and we see, China needs more programs to promote technical skills among workers, encourage research and development, and build a cadre of managers. And this is precisely where private investments and partnerships may help.

The fact is that – on average – China still loses more than 1 million *skilled* workers per year to outward migration. That’s more than 3,000 per day. That is a huge loss, for any nation.

The coming decades of economic growth -- the new heights of China’s economy -- will require ever more of the so-called “knowledge workers.” So China must – and we believe, can -- bring more dynamism, more talented young people, and more private investment into education, and in particular to the services, scientific, research, and creative sectors.

That, of course, will mean change.

It may mean changing priorities to ensure that education spending by national, regional, and local governments where it is most effective.

But it should also mean:

- changing incentives and reforming regulations to encourage more private sector investment;
- creating more synergies and tighter linkages between China's private sector and its universities; and,
- experimenting with new partnership models, where the best of the public sector and private sector can come together.

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Each of these efforts presents exciting opportunities, and offers us the hope of significant progress. At the same time, the solutions that are crafted and implemented from above – from the leadership of government and business – must be matched by changes from below, encouraged among the people of China themselves.

Centuries ago, a wise man – I believe he must have been Chinese -- observed that:

- The first generation of leaders in a new age should aim to be wise in government and politics,
- So that the second generation can be wise in agriculture, mathematics, and commerce,
- So that the third generation can be wise in the arts and sciences.

The third generation is the most creative. The third generation is the most productive.

After so many centuries, perhaps we are not that much different. The amazing success of China and the globalization of the world economy have created the need, the desire, and the time for a third – even brighter -- generation in China's educational system. A generation that is more open to new horizons in education than ever before.

Science, technology, and financial skills are certainly part of the equation. But we should include other goals too:

- Creation of a system that allows life-long learning in both technical and managerial skills;
- Embracing on-line learning – through the Internet – which can open up tremendous opportunities for lifelong learning, especially to people who are in the middle of busy careers or located too far from major universities;
- Expansion of training in foreign languages, particularly those at the heart of the global service economy; and,
- Increasing the ability of Chinese to work in diverse, multi-cultural environments, across national and regional borders.

Governments and even cultures can support or discourage these trends. But the final decisions are most often made by the great mass of students and teachers making their own choices as individuals, on a daily basis.

So, we perhaps should be mindful – and humble – in recognizing that this next generation of education must be a partnership in the broadest sense of the term.

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We, in IFC, come to this event very much ready to listen because we see many ways in which we might collaborate with you.

- Our growing client base of private educational institutions throughout the developing nations – along with our Global Business School Network that includes some of the world’s finest universities – puts us in a central position to help identify project sponsors and co-investors who may be interested in Chinese ventures.
- Just a few weeks ago, as some of you may have read in the media, IFC was allowed to issue its first local currency Panda Bonds in the domestic market here. This type of local currency instrument and the increasing depth of the domestic capital markets, has allowed us to support longer-term investments in educational infrastructure in many nations. We hope to do the same in China
- The tremendous demand for reform of the Chinese financial sector has encouraged us to seek and form partnerships, such as Shanghai International Banking and Finance Institute, our joint venture in with Bankakademie of Germany and the Shanghai University of Finance and Economics.
- Later today, our partner in Vietnam -- RMIT University -- will share experiences of how its Ho Chi Minh City-based higher education institution was able to develop resource centers throughout the country and lead programs for vocational education and training.
- We are currently working on a new public-private partnership with Shanghai Aerospace Corporation, and I believe later today you will also be hearing from Mr. Kang, the sponsor in this project. SAC has developed very effective programs in education and training in the health sector—for upgrading the qualifications of nurses and for continuing medical education of general practitioners in partnership with Shanghai Second Medical University.
- Our technical assistance facility based in Chengdu, while small in scale, also represents an exciting model for transferring expertise and capacity-building to small and medium enterprises.

Finally, we see many ways in which our investment activities in other sectors can have *indirect* but profound effects on education.

One of the biggest challenges that Chinese families face is the difficult choice between spending now -- for higher education and vocational training – and saving for later, to provide for the elderly or their own retirement.

Many times, a small amount of additional funds can make a huge difference in the education that a family can afford. It can be the crucial factor in whether a person gets a better job or develops the skills to improve their business. And, of course, those successes have a multiplier effect in terms of better medical care, more productive local economies, and more stable communities.

These effects may be especially pronounced in rural areas. And – as we know -- the transformation of China's countryside will require a massive education effort to ensure that workers have skills to operate in the modern economy. Economic reform that touches the lives of those living in rural areas is essential to balance the economy and the opportunities it provides. Education must be a part of that process.

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In closing, let me say again how honored we are to partner with you today for these discussions. And I would like to stress how optimistic we are about the many possibilities that we see.

The type of exchange that we will have today will bring together the best of the public sector and the best of the private sector. But this is just the first step.

Hopefully, educators across the nation will continue this dialogue, by reaching across sector lines and developing innovative new partnerships. This is what will be required to realize China's enormous potential in the years ahead.

Our efforts to learn today can only enrich their efforts to educate in the years ahead.

Thank you very much for your kind attention.