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Social Protection & Labor

Creating Rural Jobs and Migration —What Can We Learn from China

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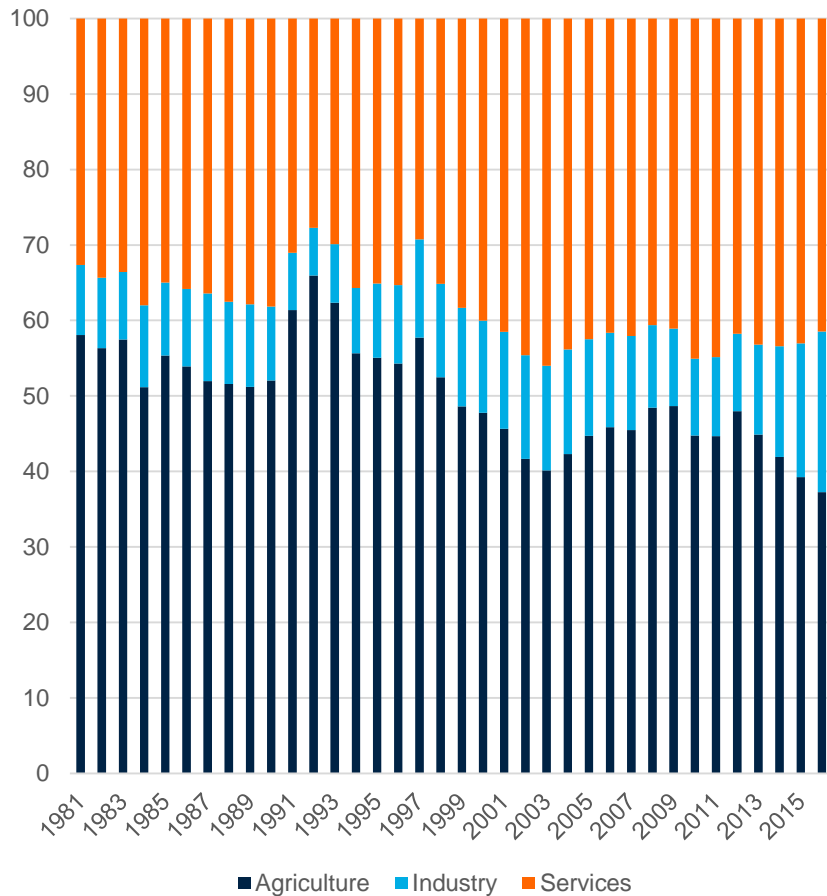
- Ethiopia today resembles China's economic structure before its take-off, but lags behind in education
- China's rural reforms and rural job creation in the agricultural and non-agricultural sectors
- Rural to urban migration and the Rural Migrant Project
- Some reflections for Ethiopia

Ethiopia today resembles China's economic structure before its take-off

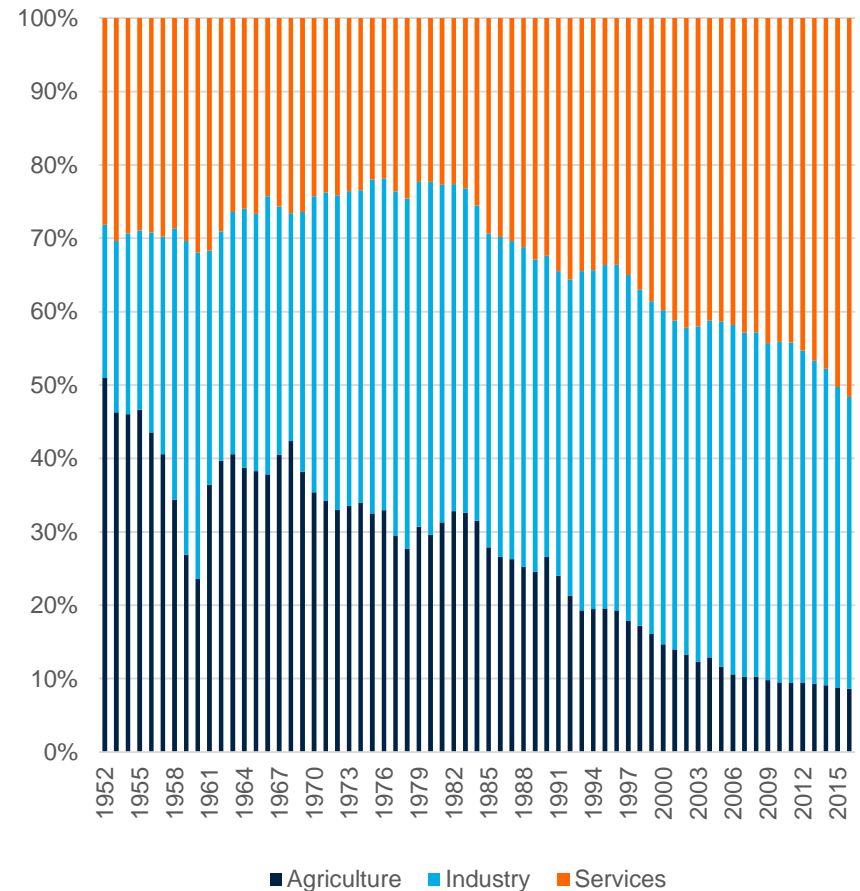
- Two countries share similarities in their economic and social structures at initial stage before take-off
 - Agriculture-dominated economic structure although China had experienced a biased development of heavy industry
 - More than 70percent of labor force employed in agricultural sector
 - High poverty incidence with 80% of total population living in rural areas
- Ethiopia enjoys a higher GDP per capita (707 US\$ in 2016) compared with that of China (156US\$ in 1978)

Agriculture-dominated economy although China had experienced a distorted development of heavy industry

Ethiopia: Economic Structure (%)

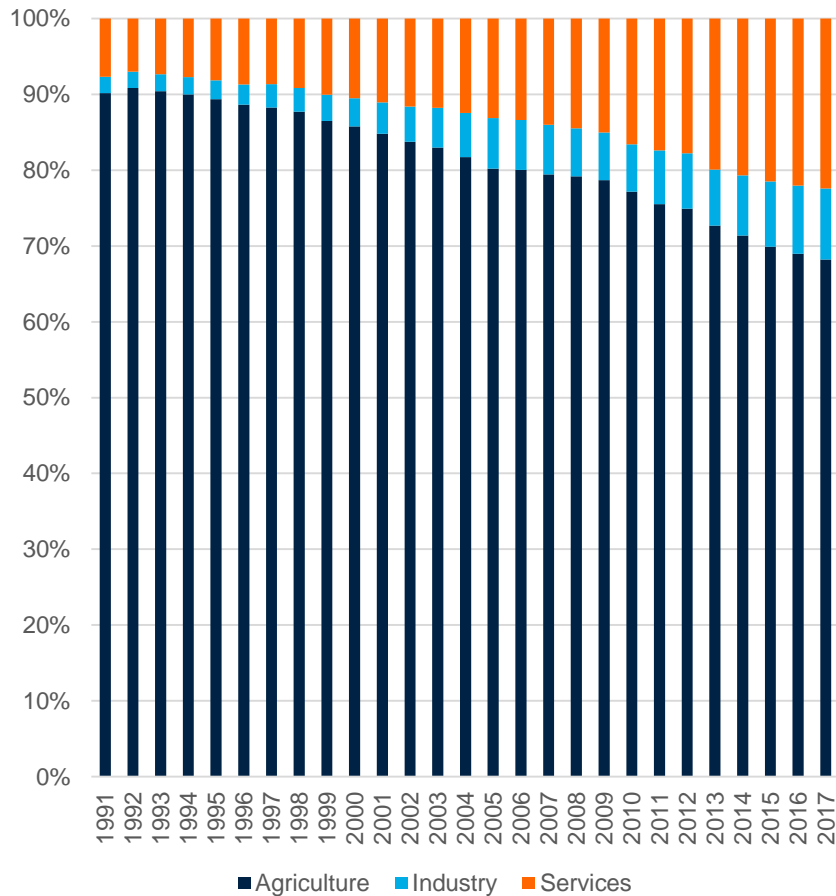


China: Economic Structure (%)

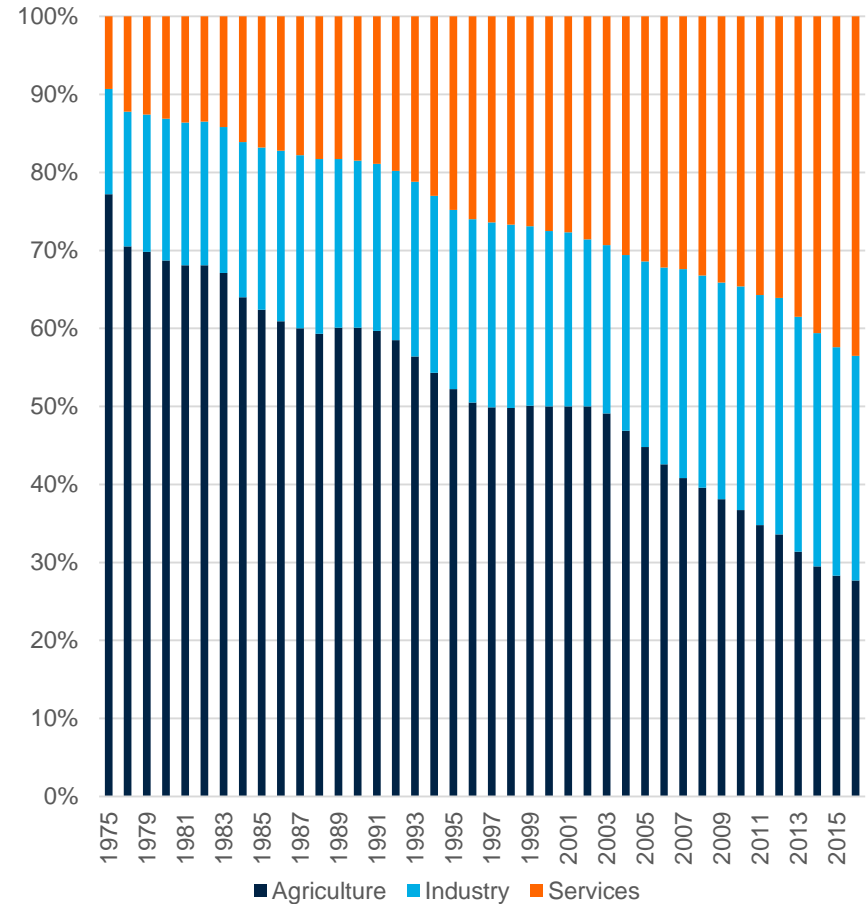


The majority of labor force employed in Agriculture

Ethiopia: Employment Composition (%)

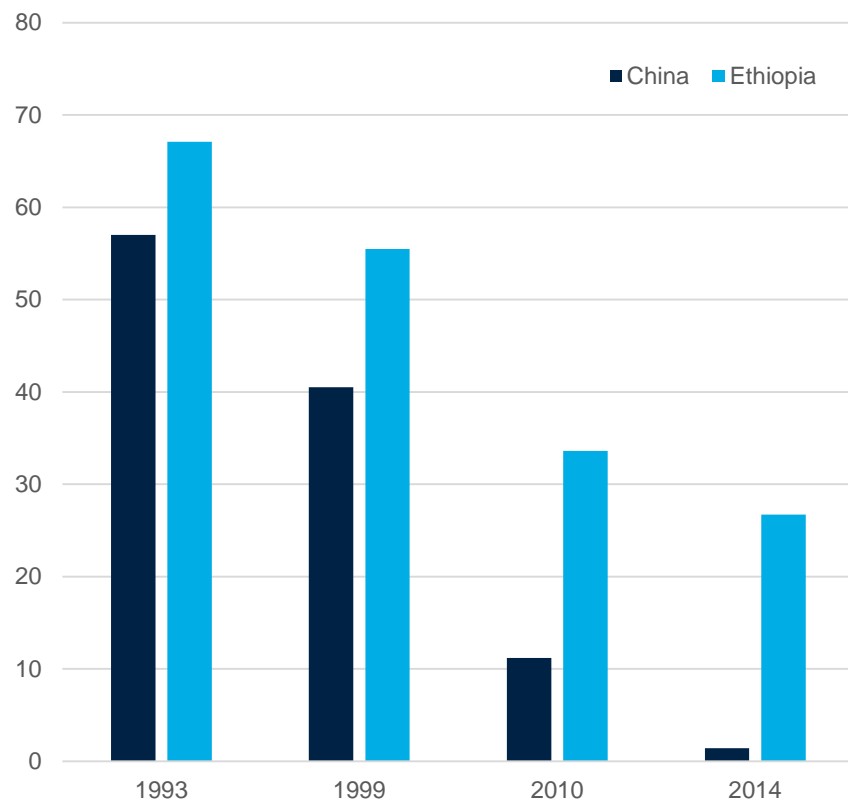


China: Employment Composition (%)

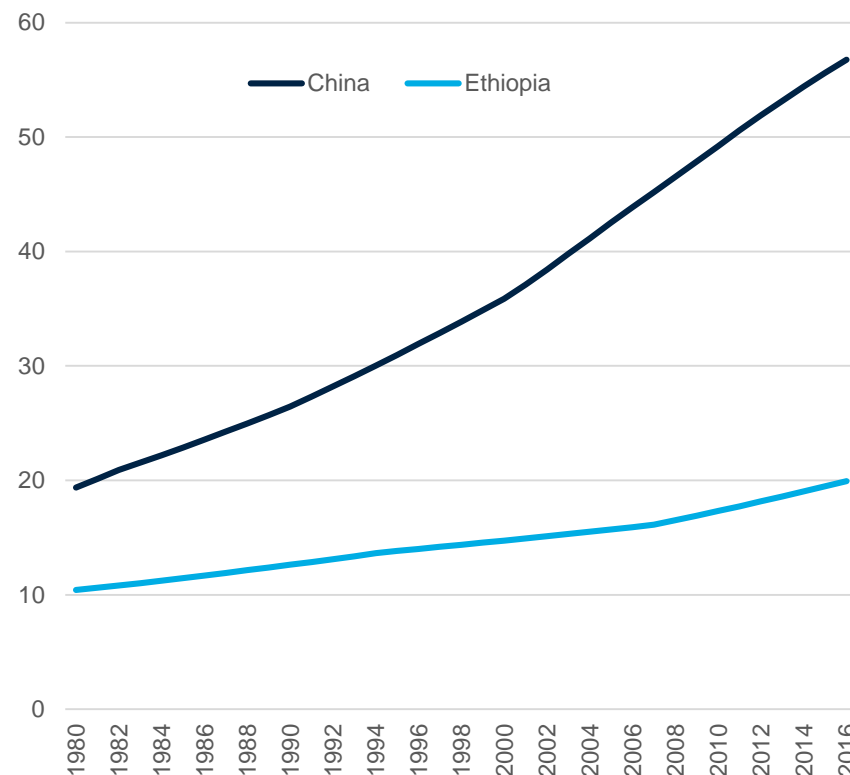


High poverty incidence with 80% of the population living in rural areas

Poverty Headcount Ratio (\$1.90 A Day)



Urban Population (% of total)



But Ethiopia lags behind in education at the stage when China started to take off

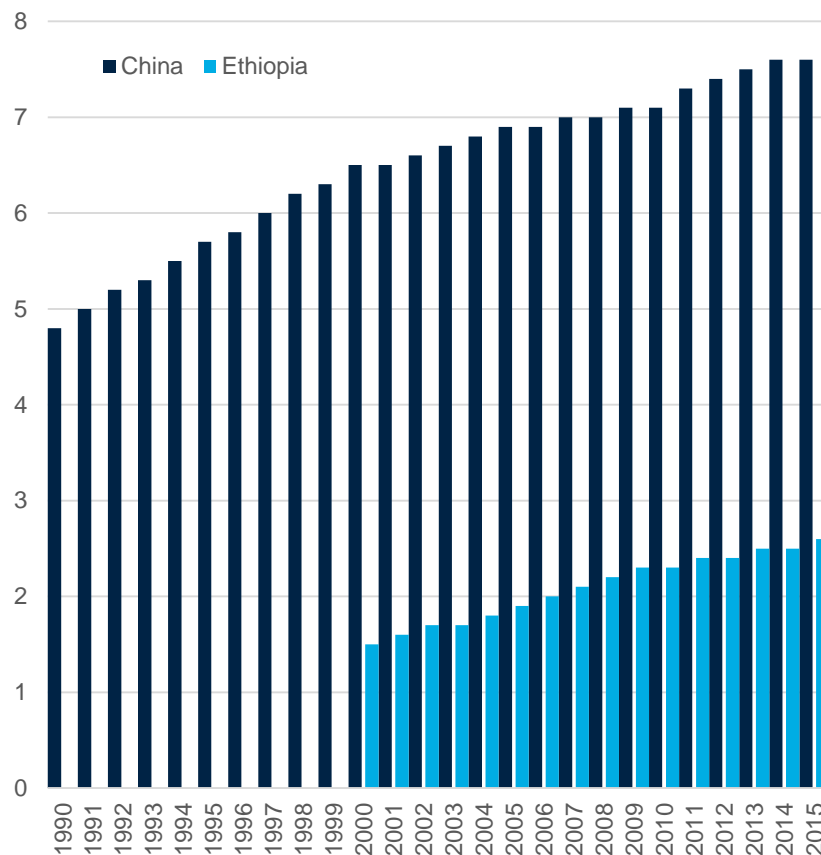
Mean years of schooling

China: 4.8 in 1990

Ethiopia: 2.6 in 2016

The expansion of compulsory education (primary and secondary education) in China had dramatically increased the educational attainments

Mean Years of Schooling (UNDP)



China's Rural Reforms and Rural Job Creation

Agricultural reforms—job creation in agricultural sector

- Household responsibility system (HRS) granted farmers land use rights.
- Price and marketing reforms of farm products
- Diversification of agricultural production

Rural Reforms—job creation in non-agricultural sector

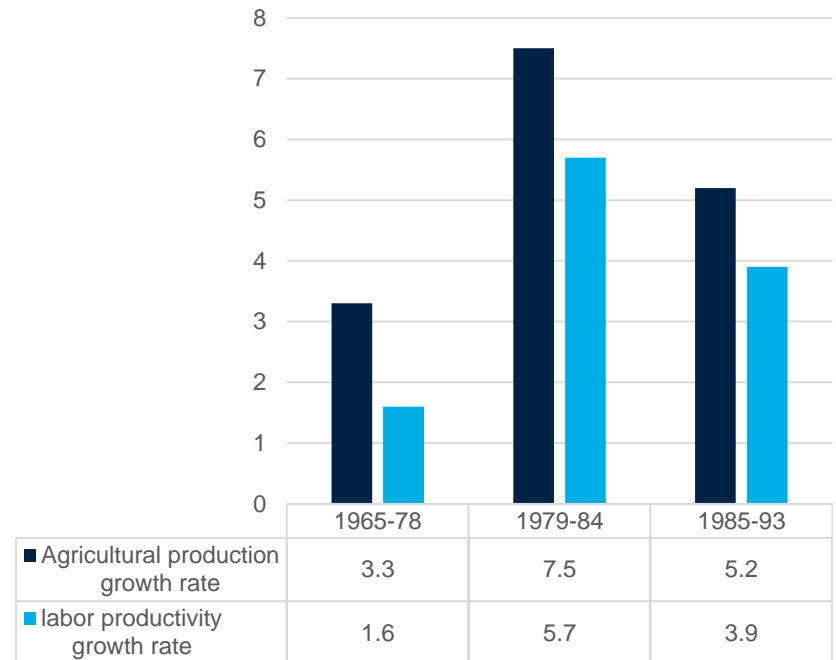
- Development of Township and Village Enterprises (TVEs)
- Expansion of private sector (private enterprises and entrepreneurs)

Household Responsibility System Reform

Granted farmers land use right, allowing them to have freedom of making-production decision or leasing out their land

Increased purchasing prices of farm products and gradually liberalized farm products market that had incentivized farmers to increase inputs and efforts

Greatly increased agricultural productivity (about 20%) and contributed to about 60% of the output growth between 1980-1983



■ Agricultural production growth rate ■ labor productivity growth rate

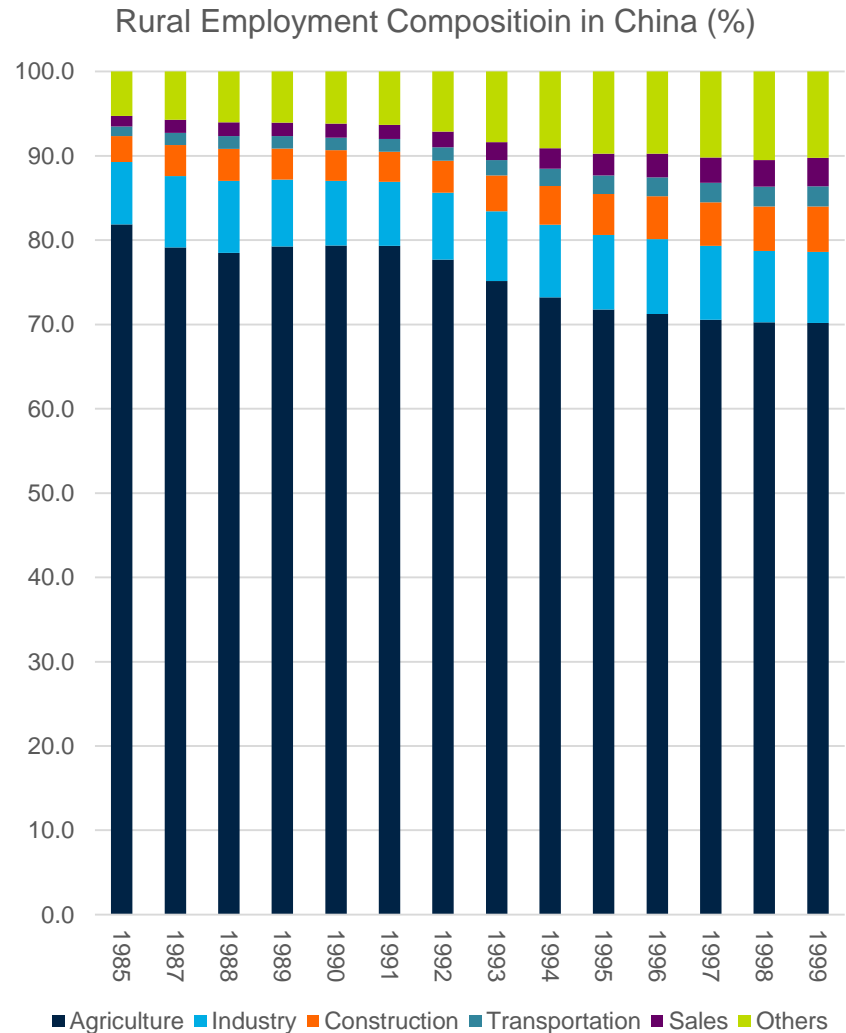
Source: Fang and Pardey, 1997

Price and Marketing Reforms of Farm Products

Eliminate the government monopoly of purchasing and marketing farm products and liberalized farm products market gradually

- Take reforms for cash crop products first
- Liberalize staple farm products market later
- Prices of farm products were finally determined by market in 1990s

With the development of farm products market, more jobs were created in the transportation and sales sectors



TVEs Development—Job Creation in Rural Non-Agr Sector 1978-2010

TVEs development had undergone different stages

- 1978-1983: Development of collective enterprises
- 1984-1991: Named as TVEs and started to boom
- 1992-1997: Rapid development
- 1997-2010: Adjustment and privatization

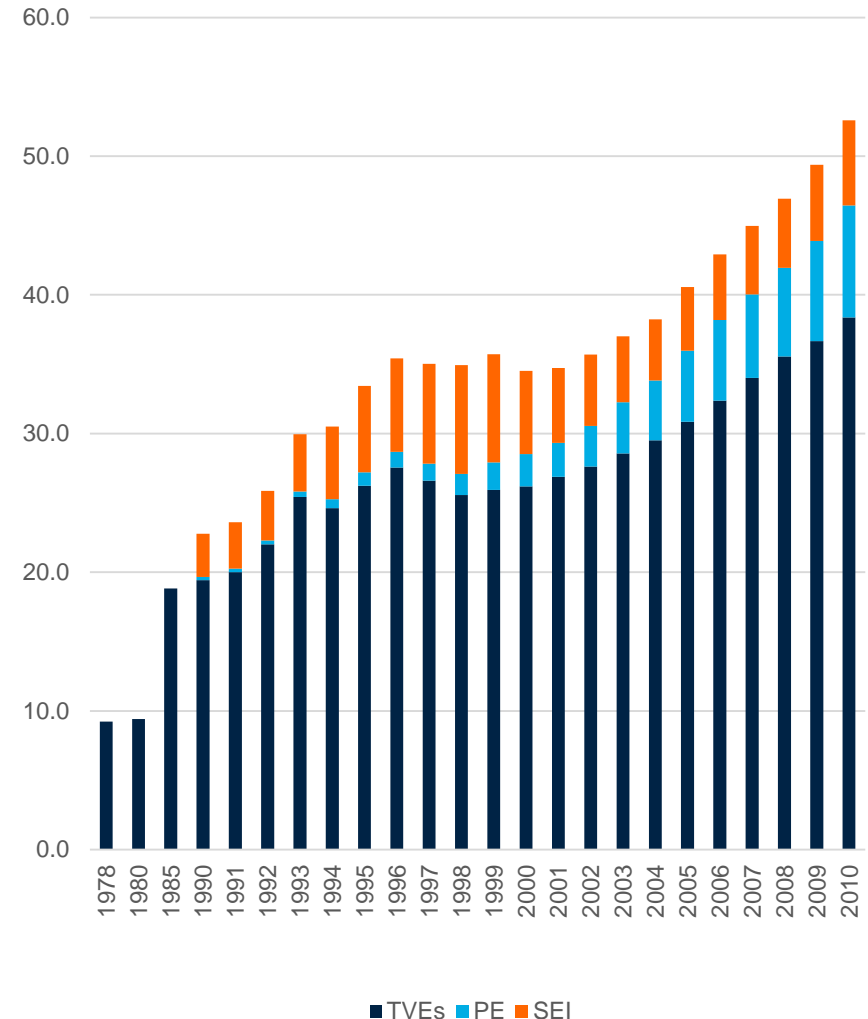
Favorable policy measures included land, registration, credit, tax, import and export, etc

The TVEs were largely in small and medium sizes, and focused on agricultural products processing, labor-intensive light industries and agricultural resources development.

TVE employment had grown from 28 million in 1978 to 156 million in 2010, accounting for from 9.2 to 38.4 percent of total rural employment during the same period

Job creation in rural non-agr sector had greatly contributed to rural economic growth, increased rural incomes, and helped narrow the rural-urban gap

Rural Non-Agr Employment (% of Total Rural Employment)



TVEs-Township and Village Enterprises; PE-Private Enterprises; SEI-Self-Employed Individuals

Rural to Urban Migration from 1982-2010

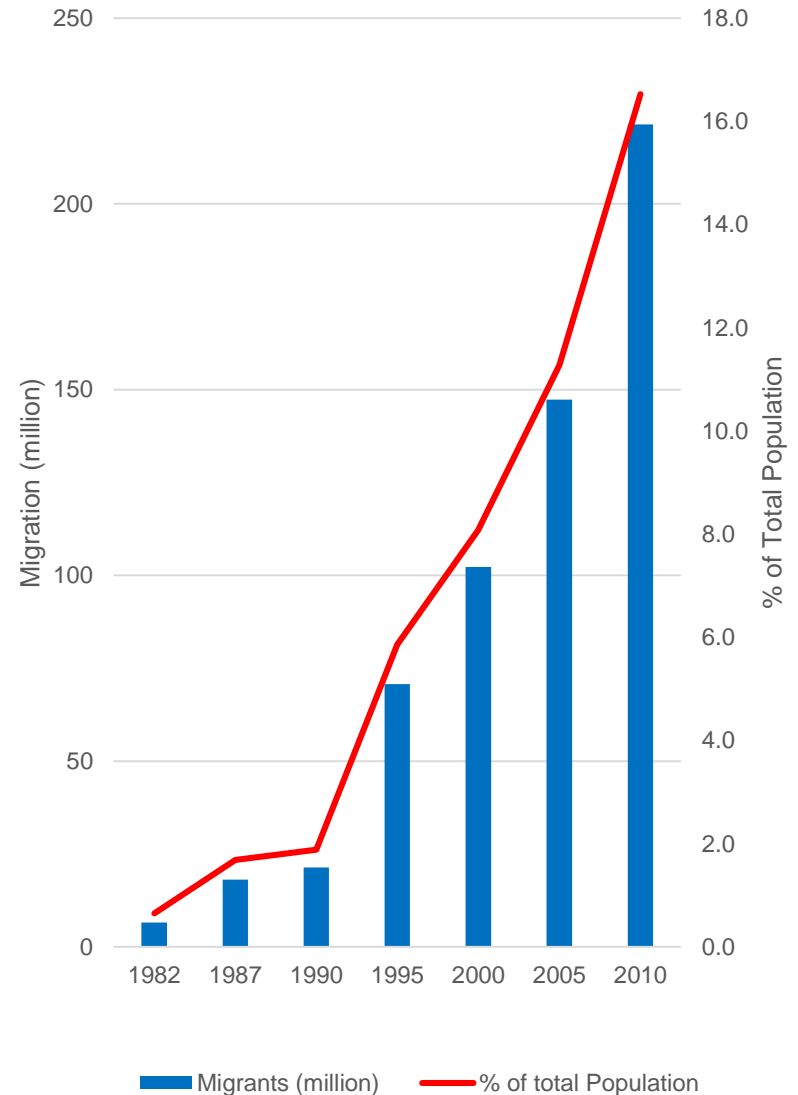
Gradually relaxed the control of labor mobility, but limited rural to urban internal migration in 1980s

- Employment pressure in cities
- Tried to create more rural jobs to absorb rural surplus labor locally

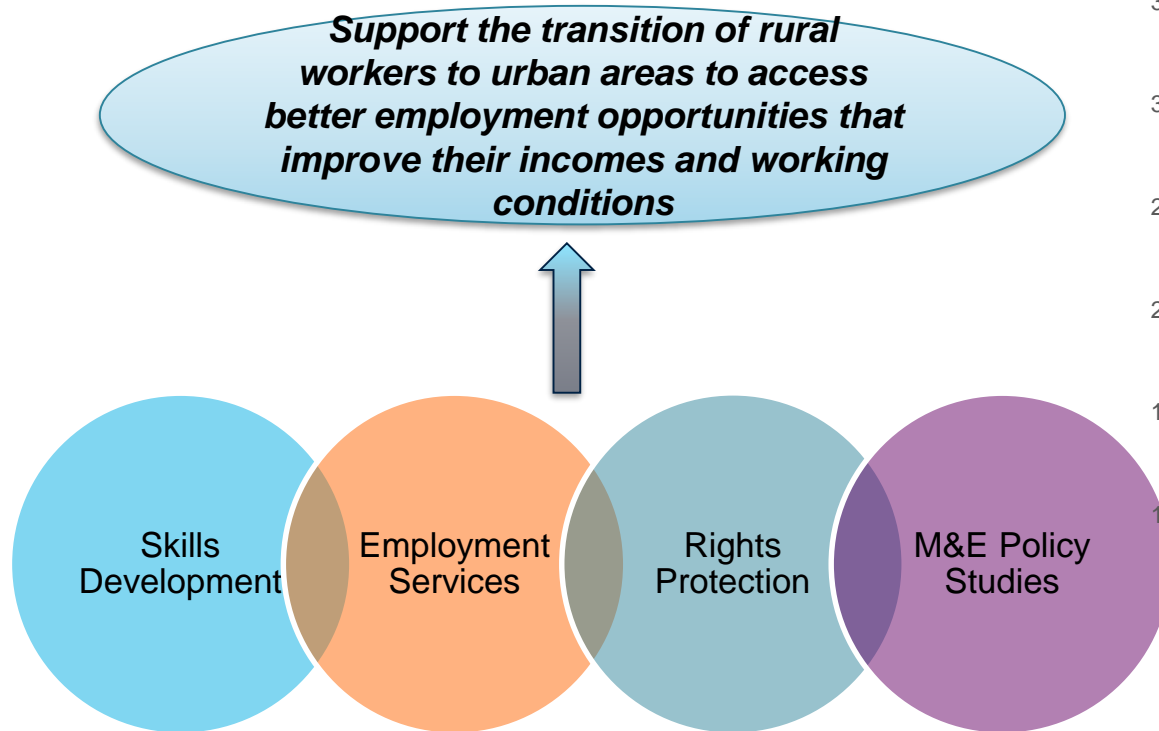
Massive rural to urban migration has been emerged since Deng Xiaoping's speech in 1992 as deepened urban reforms, and rapid economic growth in coastal areas

From 1990 to 2010, the number of rural migrants had increased from 25 million to 221 million

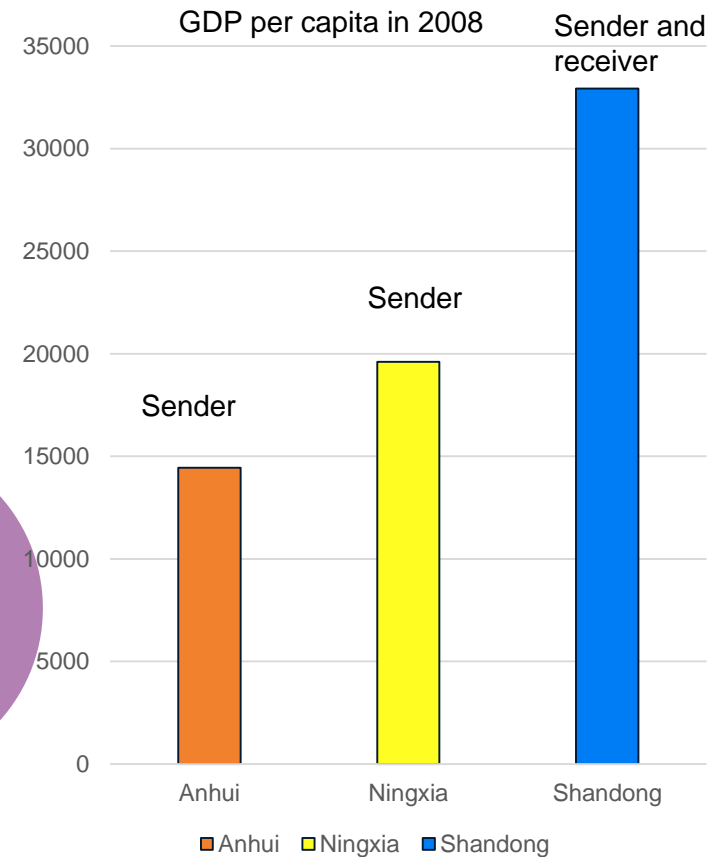
Rural migrants were young and had 2 years schooling more than rural workers (7.8 years in 2010)



China Rural Migrant Skills Development and Employment Project (2008-2014)



Three Project Provinces



Skills Development

- Offer pre-job, degree and certificate training to potential migrants
- Improve the capacity of training institutions and schools to address the issues of the quality, relevance, and efficiency; and
- Improve functioning of the training market.



In the mountainous and remote areas of China's Ningxia Province, a vehicle that doubles as a mobile classroom travels from village to village, bringing skills training to the doorstep of rural residents yearning for a better job.

Tailored solutions for varying needs of each province

- Anhui partnerships with local enterprises and increased entrepreneurship.
 - Ningxia - training of basic skills and outreach of training activities through mobile training bases
 - Shandong - training of advanced technical skills

Modular, competency-based training.

- Long-term training for TVET students
- Short-term and medium-term training for migrants to attend the training locally.
- Training vehicles in Ningxia tailored to provide short-term practical training for women living in mountainous areas

Strong employer involvement in training

- Ordered training; school-industry partnership, internship

Employment Services (ES)

- Establishment of public ES institutions in rural areas;
- Encouragement of private job brokers
- Development of regulations and standards concerning public and private ES providers



VIDEO
From Farmer to Auto
Detailing Shop Owner
August 7, 2015



VIDEO
A Rural Migrant Turned
Entrepreneur
August 7, 2015

A package of services model

- Skills development combined with job search assistance and access to social services
- counseling, job referral, and guidance, etc

Integrated urban and rural labor market

- labor market information system
- extension to county and township
- links between sending and receiving regions
- Services at both the destination and origin

Partnerships between government and the private sector

- Capacity building and performance review for public ES
- licensing and accreditation of private ES providers
- Private employment broker for seasonal migration workers

Some reflections for Ethiopia

Ethiopia resemble China's socioeconomic structure before its reforms and take-off

Some lessons learnt from China's rural reforms and migration would be relevant to Ethiopia for its socioeconomic development and transformation

- Promote land reform
- Develop agricultural product market
- Expand primary and secondary education in rural areas
- Support and facilitate migration
- Upgrade skills of rural workers

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Readings on China's rural reforms and job creation

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The Rural Migrant Skills Development and Employment Project

Feature stories

<http://www.worldbank.org/en/news/feature/2014/09/01/new-skills-and-job-opportunities-for-china-rural-migrants>

<http://www.worldbank.org/en/news/feature/2015/08/07/china-skills-training-for-rural-migrants-makes-a-big-difference>

<http://www.worldbank.org/en/news/video/2015/08/07/a-rural-migrant-turned-entrepreneur>

Project information

<http://projects.worldbank.org/P085376/rural-migrant-skills-development-employment-project?lang=en>



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Thank You!

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