



## China, People's Republic of: Policies for Promoting Employment of University Graduates

Project Name	Policies for Promoting Employment of University Graduates	
Project Number	48103-001	
Country	China, People's Republic of	
Project Status	Closed	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	<b>TA 8675-PRC: Policies for Promoting Employment of University Graduates</b>	
	Technical Assistance Special Fund	US\$ 500,000.00
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Governance and capacity development Knowledge solutions	
Sector / Subsector	<b>Education</b> - Tertiary	
Gender Equity and Mainstreaming	Gender equity	
Description	<p>The TA aims to support the Ministry of Education (MOE) in evaluating policies to promote graduate employment, which the government views as an important issue. This policy directive recognizes the need to (i) review and implement graduate employment policies; (ii) expand avenues for graduate employment; (iii) encourage self-employment and entrepreneurship; (iv) strengthen employment services, assistance, and support schemes; (v) promote equity; and (vi) better orient university education to meet socioeconomic development needs. The TA will support the MOE to address this policy agenda, particularly with regard to reviewing and improving graduate employment policies.</p> <p>The TA will seek to inform policy analysis and decision making by focusing on policies to strengthen graduate employability and employment, with an emphasis on expanding self-employment opportunities, strengthening employment assistance and support schemes for the disadvantaged and women, and encouraging graduates to seek employment in local urban and rural areas as well as in lagging central and western regions. The TA will help facilitate wider dialogue between employers, labor market stakeholders, and policy makers on issues of university graduates' skills and their employability. The TA is intended to provide recommendations to improve university education as well as the enabling environment to expand employment, including through self-employment and small and medium-sized enterprise development.</p>	

Project Rationale and Linkage to Country/Regional Strategy

The number of college graduates in the PRC has rapidly increased since the government's decision in 1999 to expand the tertiary education sector to stimulate the economy, which had been affected by the Asian financial crisis of 1997- 1998. This expansion resulted in 2.12 million university graduates in 2003 and almost 7.00 million in 2013. Meanwhile, however, the PRC's impressive economic growth has started to decelerate, and the economy is not creating the volume of jobs that are required to employ such large numbers of graduates. The labor market in the PRC reflects the rapid growth in manufacturing, which requires mainly lower-level qualifications, while the service sector and self-employment have not created the kind of diverse and high-skilled jobs that many university graduates desire. As a consequence, studies show that many employers express their inability to find employees with relevant and appropriate skills, indicating a skills-job mismatch. Further, many university graduates find themselves underemployed after several months of gaining employment. The unemployment rate for recent college graduates aged 21\_25 is 16%, nearly four times that of blue-collar workers in urban areas. Since expansion of the tertiary education sector began in 1999, the government has implemented seven key policies to promote graduate employment:

- (i) Providing employment opportunities in grassroots communities, including through the College Students Volunteer to the West Program, the Three Supports and One Assistance Plan (which focuses on educational service, agricultural activities, public health service, and poverty reduction in rural areas), and the Special Posts of Rural Teachers Plan.
- (ii) Encouraging small and medium-sized enterprises and non-public enterprises to employ college graduates.
- (iii) Encouraging key state-owned enterprises and research projects to recruit college graduates.
- (iv) Encouraging college graduates to start their own business.
- (v) Improving or reforming employment services available to college graduates.
- (vi) Enhancing employability.
- (vii) Assisting disadvantaged college graduates in job placement.

Despite these policies, graduate unemployment has increased. According to research data, the 2013 employment contract signing rate for postgraduates was 26% (down from 35% in 2012), and 35% for undergraduates. In Shanghai, only 44% of a total 178,000 undergraduate and graduate students signed employment contracts in 2013.

The problem of unemployment is complex and alarming for policy makers, and it has serious implications for the PRC's future economic agenda. Unemployment of university graduates is different from unemployment in the general population because it has serious implications on the vast amount of public resources being invested that could be more efficiently allocated. University graduate unemployment is the result of (i) insufficient job creation due to a combination of economic imbalances, including a slowdown of economic growth and structural issues with the labor market such as insufficient support for microenterprises and the delayed emergence of new strategic sectors such as modern manufacturing and services; and (ii) supply-side factors, including oversupply, relevance of skills, and quality aspects such as types and levels of competencies relative to labor market requirements. Further, female and male graduates face different experiences and issues with regard to employment, unemployment, and underemployment, which create an additional compelling angle for analyzing the problem of graduate unemployment.

Further challenges posed by rapid urbanization and impressive economic growth have created even more vulnerabilities and difficulties for migrants, minority communities, and women. University graduate employment is particularly important as the PRC seeks to (i) avoid the middle-income trap through structural upgrading, domestic consumption stimulation, and service sector growth with a focus on high-technology, knowledge-intensive industries, and the agricultural and service sectors; and (ii) better balance this economic growth with social development and mobility to reduce social tensions, particularly among an emerging aspirational, educated, digitally connected young middle class, and through better service provision to under-resourced groups.

The dynamics of the labor markets in the PRC are diverse, with remarkable differences between urban and rural areas, the large traditional manufacturing sector and the burgeoning services sector, and the small and medium-sized enterprise and self-employment sectors. Rather than being a simple mismatch of supply and demand, graduate unemployment encompasses other impediments, including social- and gender-based barriers, youth aspiration that goes unmet, and the rapidly transforming technologies that pose challenges for the labor market and education system.

Impact	Stronger university graduate employment policy measures initiated
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## Project Outcome

Description of Outcome	Informed, inclusive, and comprehensive policy framework for improving university graduate employability
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Progress Toward Outcome	Stakeholder consultation workshop was conducted in July 2015 and the Draft Final Report was presented in a TA workshop in December 2015. The final TA report was submitted in May 2016.
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## Implementation Progress

Description of Project Outputs	<ol style="list-style-type: none"> <li>1. Policy recommendations for expanding university graduate employment opportunities and strengthening the enabling environment for graduate self-employment</li> <li>2. Policy recommendations for strengthening the focus of universities on promoting employability and employment of graduates</li> </ol>
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Status of Implementation Progress (Outputs, Activities, and Issues)	1. Done. 2. Done.
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Geographical Location

## Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

### Stakeholder Communication, Participation, and Consultation

During Project Design	The ADB project team conducted consultations and reached agreement with the MOE on the TA's impact, outcome, outputs, implementation and financing arrangements, and the terms of reference for consultants.
During Project Implementation	TA will be implemented using a combination of analytical and consultative, quantitative, and qualitative approaches in a phased manner (i.e., through reports and participatory consultative focus groups and workshops) that can be shared intermittently to inform policy makers of early findings for preparation of the Thirteenth Five-Year Plan, 2016_2020.

## Business Opportunities

Consulting Services	The consultants will be selected based on their academic qualification and relevant work experience. All consultants under the TA will be selected in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The consulting firm will be selected under consultants' qualification selection method, with a biodata technical proposal. This method will be used because highly specialized expertise is required for this assignment.
Procurement	All procurement under the TA will be carried out in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). Proceeds of the TA will be disbursed in accordance with ADB's Technical Assistance Disbursement Handbook (2010, as amended from time to time).

## Responsible Staff

Responsible ADB Officer	Le, Linh Xuan
Responsible ADB Department	East Asia Department
Responsible ADB Division	Urban and Social Sectors Division, EARD
Executing Agencies	<i>Ministry of Education 37 Damucang Huton, Xidan Beijing 100816 People's Republic of China</i>

## Timetable

Concept Clearance	14 May 2014
Fact Finding	11 Mar 2014 to 14 Mar 2014
MRM	-
Approval	27 Jun 2014
Last Review Mission	-
Last PDS Update	29 Sep 2016

## TA 8675-PRC

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
27 Jun 2014	23 Jul 2014	23 Jul 2014	31 Dec 2015	31 Jul 2016	-

Financing Plan/TA Utilization	Cumulative Disbursements
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ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
500,000.00	0.00	100,000.00	0.00	0.00	0.00	600,000.00	27 Jun 2014	496,300.97

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Project Page <https://www.adb.org/projects/48103-001/main>

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