



Completion Report

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

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TA Number, Country, and Name: TA 8675-PRC: Policies for Promoting Employment of University Graduates		Amount Approved: \$500,000	
		Revised Amount: Not applicable	
Executing Agency: Department of Comprehensive Reform, Ministry of Education	Source of Funding: Technical Assistance Special Fund (TASF-Other Sources)	Amount Undisbursed: \$3,699	Amount Utilized: \$496,301
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Description. The People's Republic of China (PRC) experienced an expansion of university graduates from 2 million in 2003 to 7 million in 2013, at a time when its economic growth rate was reduced and the economy was not creating the number of jobs required to employ such a large number of graduates from higher education institutions (HEIs). Rapid growth in the manufacturing sector led to a higher demand for lower-level qualifications in the labor market and reinforced a skill mismatch as the service sector and self-employment failed to create the diverse and high-skilled jobs desired by university graduates. Despite many policies to promote graduate employment on both the supply and demand sides, the employment contract signing rate for graduates decreased from 35% in 2012 to 26% in 2013, and the unemployment rate for recent university graduates in urban areas was 16%, four times as high as that of blue-collar workers in urban areas.

This problem of unemployment has had serious implications for investments in tertiary education and the broader future economic agenda of the PRC, not to mention the vulnerabilities of this young population, many of whom face more challenges as women, ethnic minorities, or rural immigrants. Against that background, the PRC Ministry of Education (MOE) requested a policy and advisory technical assistance (TA) from the Asian Development Bank (ADB) to evaluate the existing policies for promoting graduate employment, focusing on (i) expanding employment opportunities, (ii) strengthening employment assistance and support schemes for the disadvantaged, and (iii) encouraging graduates to find alternative opportunities in the rural and lagging central and western regions.

Expected Impact, Outcome, and Outputs. The expected impact was stronger university graduate employment policies adopted. The expected outcome was an informed, inclusive, and comprehensive policy framework for improving university graduate employability. These outcomes would be achieved through two outputs: (i) policy recommendations for expanding university graduate employment opportunities and strengthening the enabling environment for graduate self-employment, and (ii) policy recommendations for strengthening the focus of universities on promoting employability of graduates.

Delivery of Inputs and Conduct of Activities. The TA concept was jointly developed by MOE and ADB teams. A consultant team from the Peking University Graduate School of Education was recruited and complemented by two international consultants who brought in global best practices on higher education and labor markets. An inception mission was held on 16–17 December 2014, followed by review missions to discuss TA progress and solve issues. The consultants' performance was satisfactory in spite of a 3–4 months delay due to challenges related to the high turnover of personnel in MOE.

The TA was extended twice for a total of 7 months: (i) from 31 December 2015 to 31 May 2016 to allow for the revision of the final report and to ensure further consultation prior to finalization of the policy brief for the PRC's Thirteenth Five-Year Plan, and (ii) from 31 May 2016 to 31 July 2016 (with a minor change in scope) to carry out a dissemination and consultation workshop, together with the ADB Education Sector Group, and complete the final report based on their comments. With these extensions, the report received additional inputs, and its findings were widely disseminated to a variety of relevant stakeholders in the PRC and ADB.

Evaluation of Outputs and Achievement of Outcome. The final report was submitted in June 2016 having taken into consideration comments from various stakeholders in the PRC and ADB. The report generally responded to the agreed terms of reference to offer a combination of in-depth analysis, evaluation, international best practices, and policy review. Building on an existing quantitative study from 2003 to 2013 done by the Peking University Graduate School of Education, the TA supplemented the body of knowledge with empirical evidence on the scope and nature of graduate unemployment to inform policy analysis. The TA also strategically narrowed the scope and avoided going deeply into the market-based causes underlying graduate unemployment by focusing instead on the supply-side public policies, notably the grassroots placement policies and the self-employment and entrepreneurship policies. Based on these analyses, and in comparison with the international best practices, the TA offered a set of selected policy recommendations at the macro level, including information systems on graduate placement and the labor

market; better linkages between HEIs and employers to bridge information gaps between the supply and demand sides on skill requirements; improved administrative management; and an inclusive social security system to build a conducive environment for entrepreneurship. Having also taken into consideration gender concerns, the in-depth studies found lower placement outcomes among female graduates and no universal or systematic support. In response, the TA offered some good practices of gender-focused employment support, and highlighted the need to tackle the practice of using female candidates as window-dressing in recruitment.

While two outputs (policy notes on recommendations for expanding university graduate employment opportunities and for improvements in university education for graduate employability) were not directly included in the final report or formally revised in the DMF, they were produced in alternative forms. The essence of these policy recommendations have been included in the TA final report, and, more importantly, put forward under an ADB policy paper for the Thirteenth Five-Year Plan and the ADB country partnership strategy (CPS) for the PRC, 2016–2020. Both strategic documents took on the recommendations to build informed, inclusive, and comprehensive policies for improving university graduate employability, specifically through reforming regional universities into applied polytechnic schools, and stressing the importance of strengthening technical and vocational education and training (TVET) curriculum. These important recommendations can be considered as the TA's achievement, in lieu of the policy framework for expanding graduate employment developed, accepted by MOE and relevant agencies. Based on that rationale, the TA outcomes were generally achieved.

Overall Assessment and Rating. The TA is rated successful as it has generally achieved its outcome and all but two key outputs, which were alternatively produced beyond the intended scope as inputs to strategic documents. This assessment was confirmed at the final workshop in June 2016. The broad analysis and policy recommendations have generally raised attention to the issues of graduate unemployment and the direction taken by the Thirteenth Five-Year Plan and the ADB CPS for the PRC to reform regional universities into applied polytechnic schools, as contributed by the TA through the input papers, has confirmed the relevance and quality of the TA outputs.

Major Lessons. *Policy analysis requires realistic scope.* It is not easy to evaluate policies, especially those that are complex and require a broad scope of study such as this one. It is important to discuss with the client and obtain support from ADB technical sector groups to improve and narrow down the scope at the processing stage of the TA.

Better data is crucial to support future in-depth studies. The TA could only stay at the broader sector level because of data issues. It would be important for the sector to develop a robust graduate employment tracking system that can provide solid, reliable, and longitudinal data on the placement and employment experience of graduates, as well as a comprehensive national labor market information system to help graduates make informed career decisions. These systems will help support future in-depth studies.

Steady client engagement is key. The implementation of this TA faced significant challenges by the high turnover of the personnel in MOE. While leadership change is unavoidable, it is important to retain a focal point at the technical level and maintain steady communication with them to facilitate smooth TA implementation. The TA also benefited from close support by a staff in ADB's PRC Resident Mission who helped facilitate client engagement.

Recommendations and Follow-Up Actions. The TA recommendations have been put forward through stakeholder dialogues and under the policy paper for the PRC's Thirteenth Five-Year Plan and the ADB CPS for the PRC. With the strategic direction to scale up interventions to (i) equip graduates with employable skills, and (ii) reform universities into applied polytechnic schools, a set of TAs and investment projects have been discussed as follow-up actions to this TA. These include (i) a direct follow-up national-level TA with a more specific focus on training modes,^a (ii) a proposed TA for provincial-level actions in Yunnan to promote employment of HEI graduates, and (iii) two higher-education projects requested in the CPS discussion, to (a) improve selected key universities to take in students from poor regions, and (b) strengthen faculty for second- and third-tier universities. Although these projects were not included in the pipeline, they signal potential for future engagement in this area. This TA is also linked to several of ADB's TVET projects that include the strengthening of tertiary polytechnic education, such as the Guangxi Baise Vocational Education Development Project and the proposed Guangxi Modern TVET Development Demonstration results-based project.^b When these activities are completed, it is important to distill the knowledge into a policy brief and disseminate to relevant stakeholders to sustain ongoing graduate employment initiatives.

^a ADB. 2015. *Technical Assistance to People's Republic of China for Policy Analysis and Assessment of Reforming Education Mode for Promoting Employment of Graduates in Applied Tertiary Institutions*. Manila (TA 8938-PRC).

^b ADB. 2014. *Report and Recommendation of the President to the Board Directors: Proposed Guangxi Baise Vocational Education Development Project*. Manila (Loan 3215-PRC); ADB. 2016. *Technical Assistance to People's Republic of China for Guangxi Modern Technical and Vocational Education and Training Development Program*. Manila (TA 9096-PRC).