



# Plenary session 1

## Employment and Skills challenges in rural areas

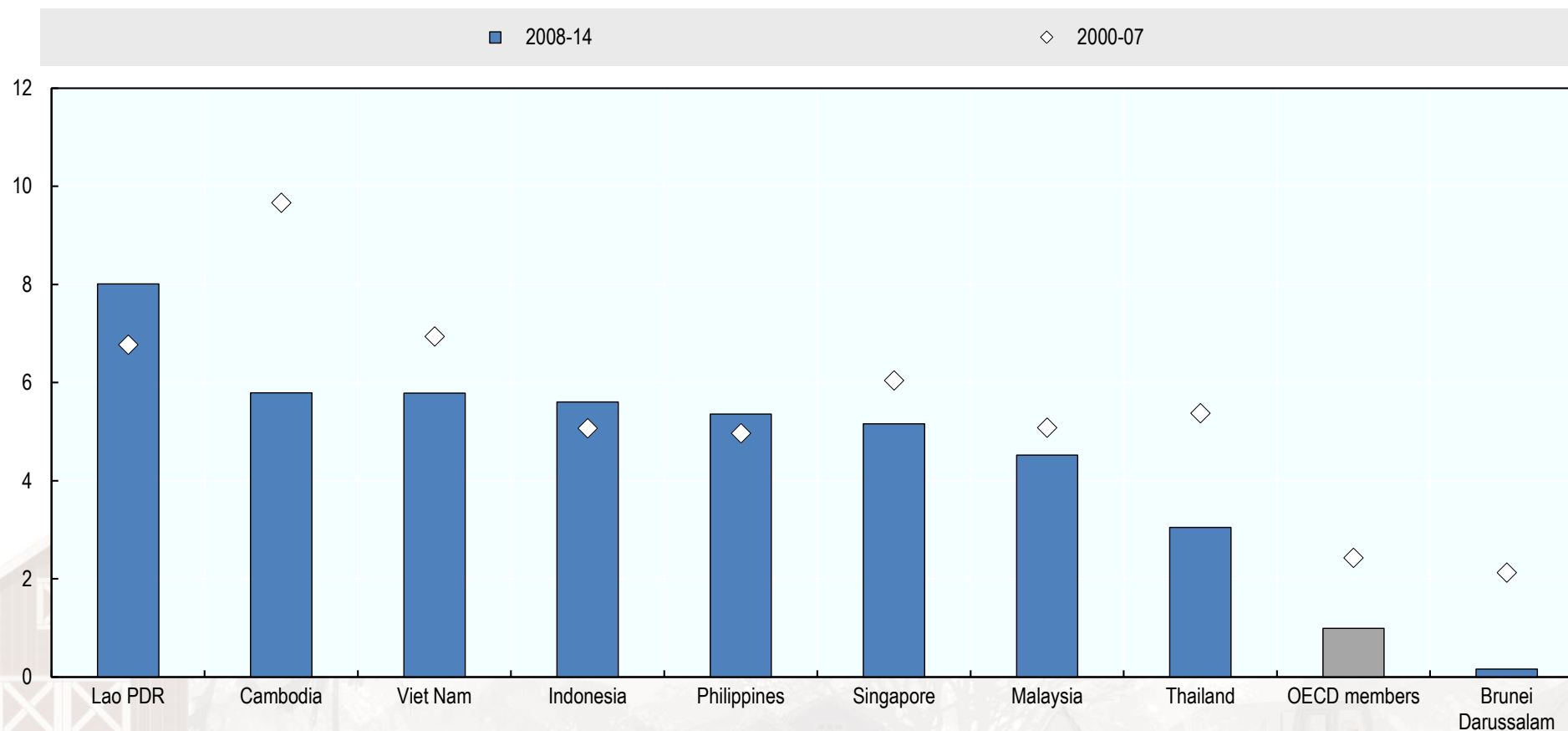
Jonathan Barr, Head of Employment and Skills Unit, OECD Centre for Entrepreneurship, SMEs, Regions, and Cities



# **Economic trends in ASEAN**

# ASEAN countries have experienced strong growth over the last decades

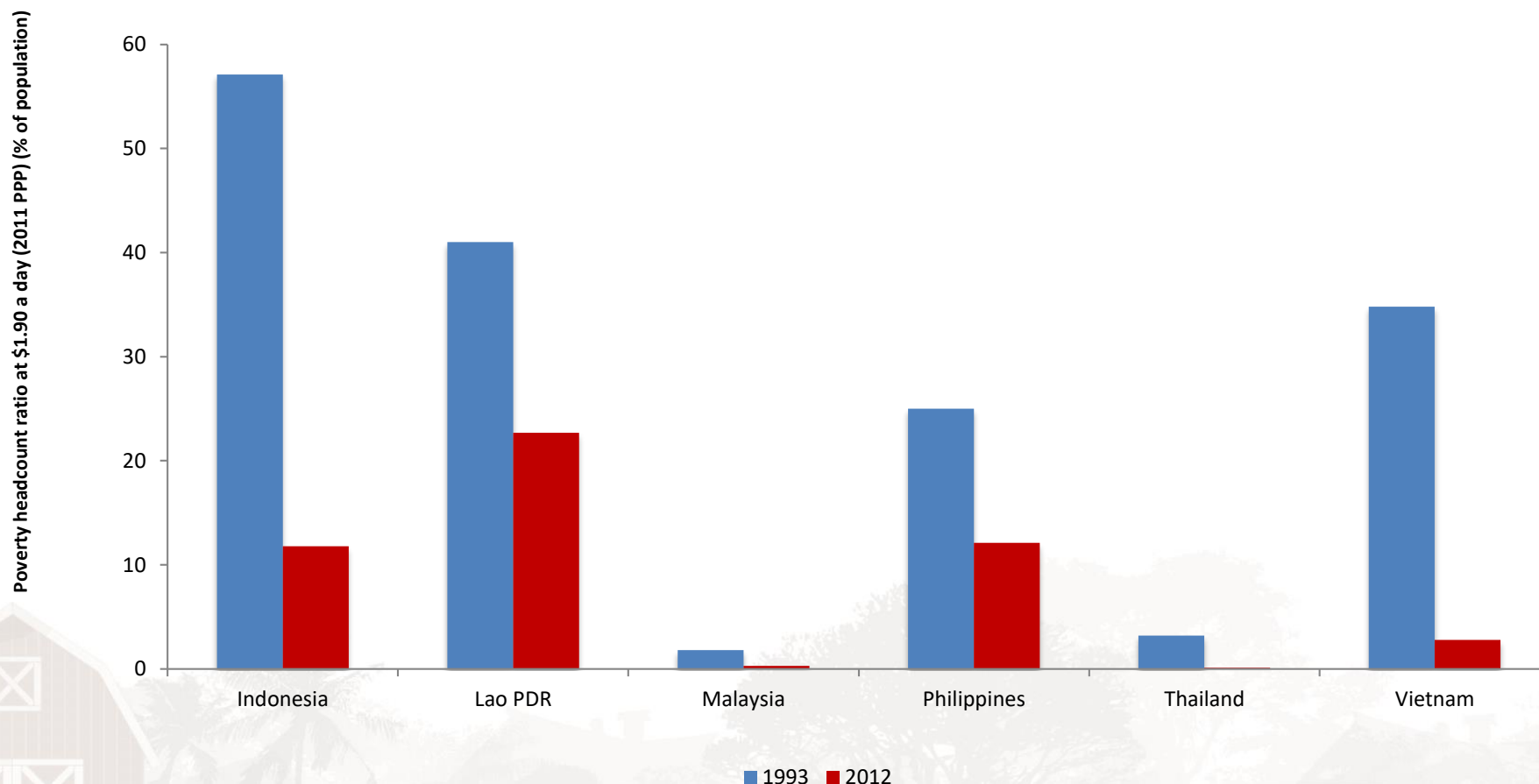
**Change in GDP, PPP (Constant 2011 international \$), ASEAN countries and OECD average, 2000-07 and 2008-14**



Source: World Bank, International Comparison Program database; OECD/ADB, 2017

# Growth has led to decreasing poverty and inequality in the region

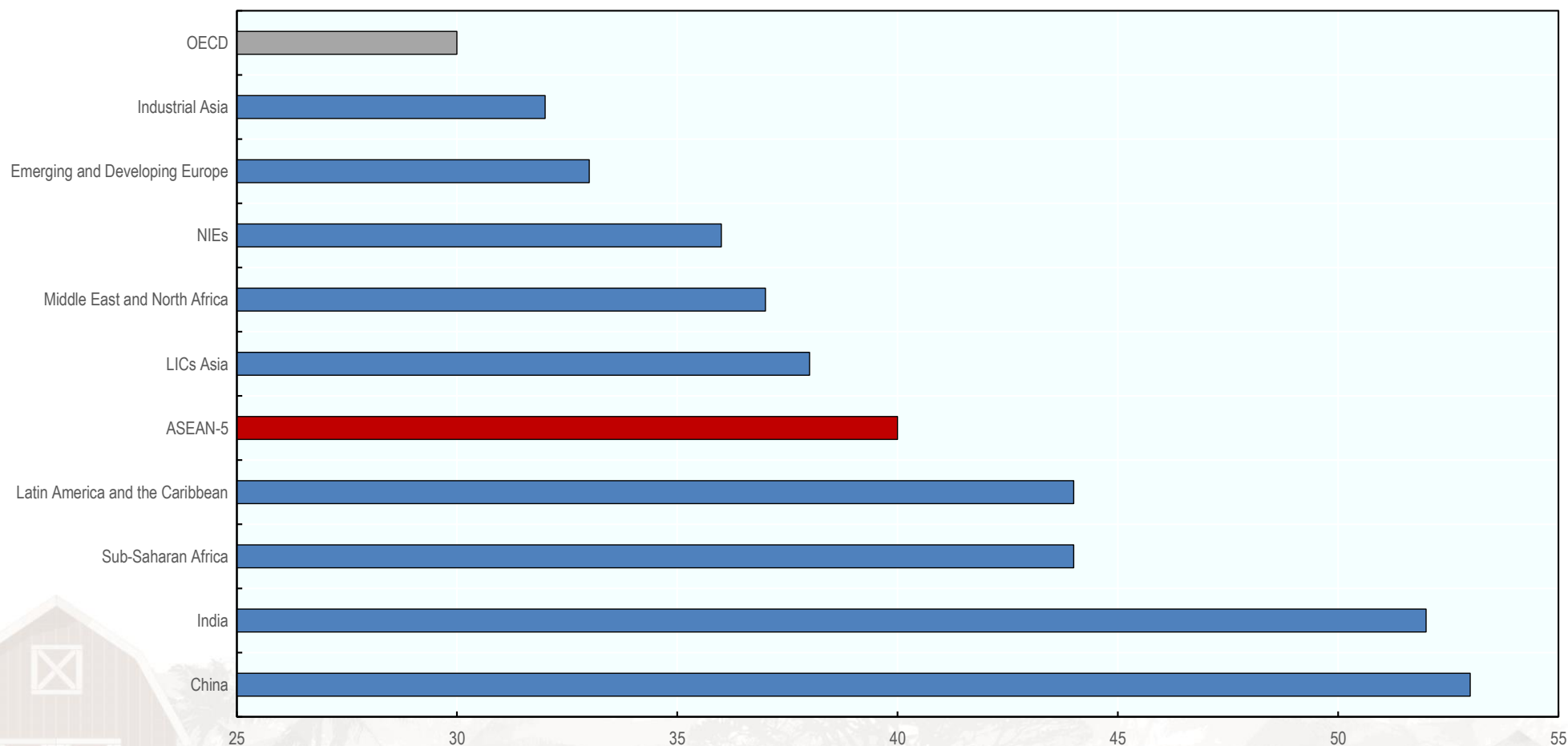
**Poverty headcount ratio at USD 1.90 a day (2011 PPP) (% of population), 1993-2012**



Source: World Bank, World Development Indicators database (accessed 3 March 2018)

# However, inequality *within* countries remains

**Net Gini Index, in Gini points, 2013**

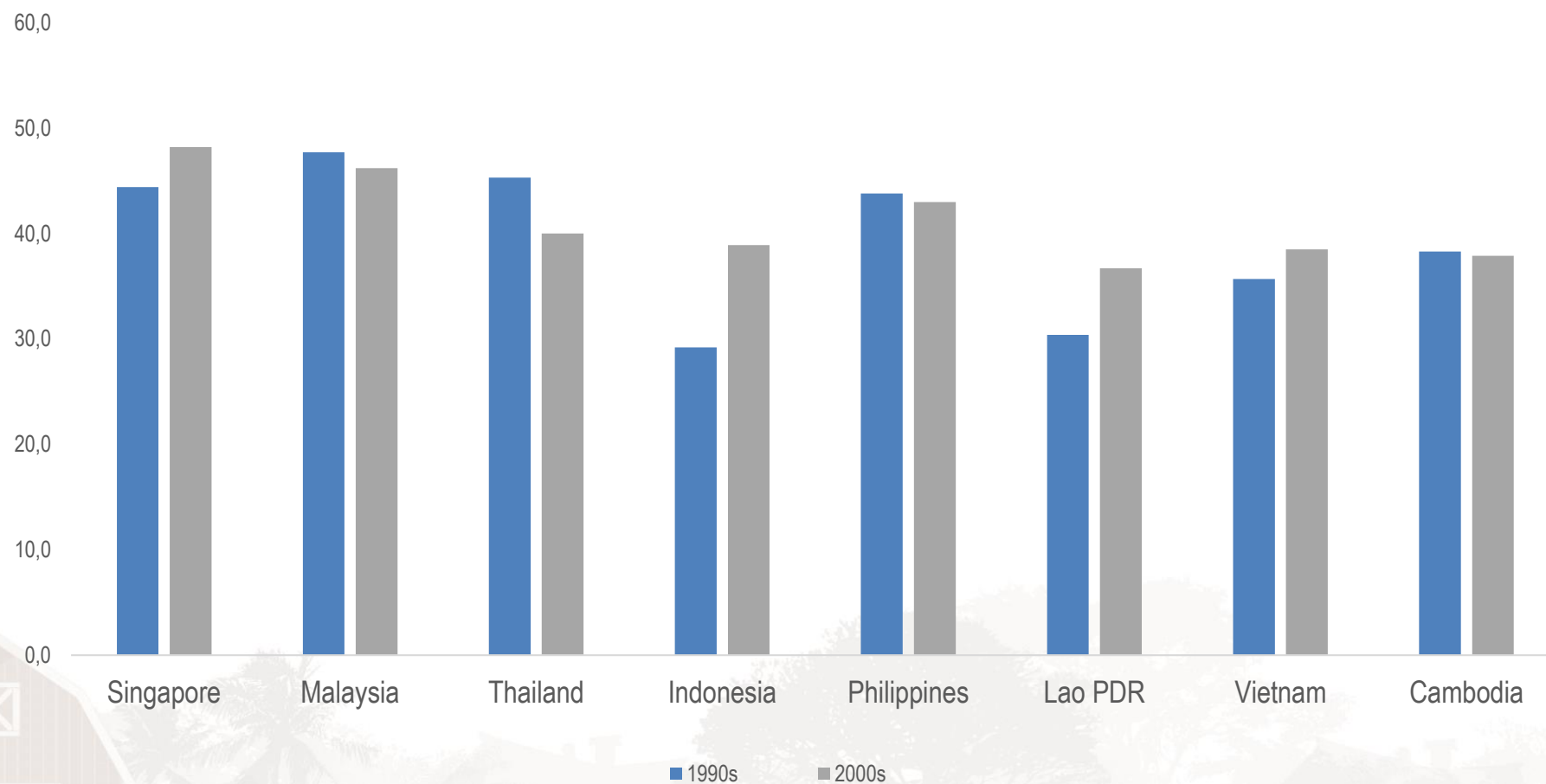


Note: ASEAN-5 = Indonesia, Malaysia, the Philippines, Singapore, and Thailand; LIC = low-income countries; NIEs = newly industrialized economies

Sources: IMF (2016). SWIID Version 5.0; IMF, World Economic Outlook database; and IMF staff calculations.

# Inequality varies across individual countries

**Net Gini Index; in Gini points; 2013; average across the region**



Source: ADB (2014) *Inequality in Asia and the Pacific: trends, drivers and policy implications* (Manila: ADB), pp. 24-25.

## But common trends exist

Although inequality varies across individual countries, some common cross-country characteristics can be identified:

- Women and youth are more likely to be unemployed and earn lower wages
- **Inequalities between Rural and Urban areas**



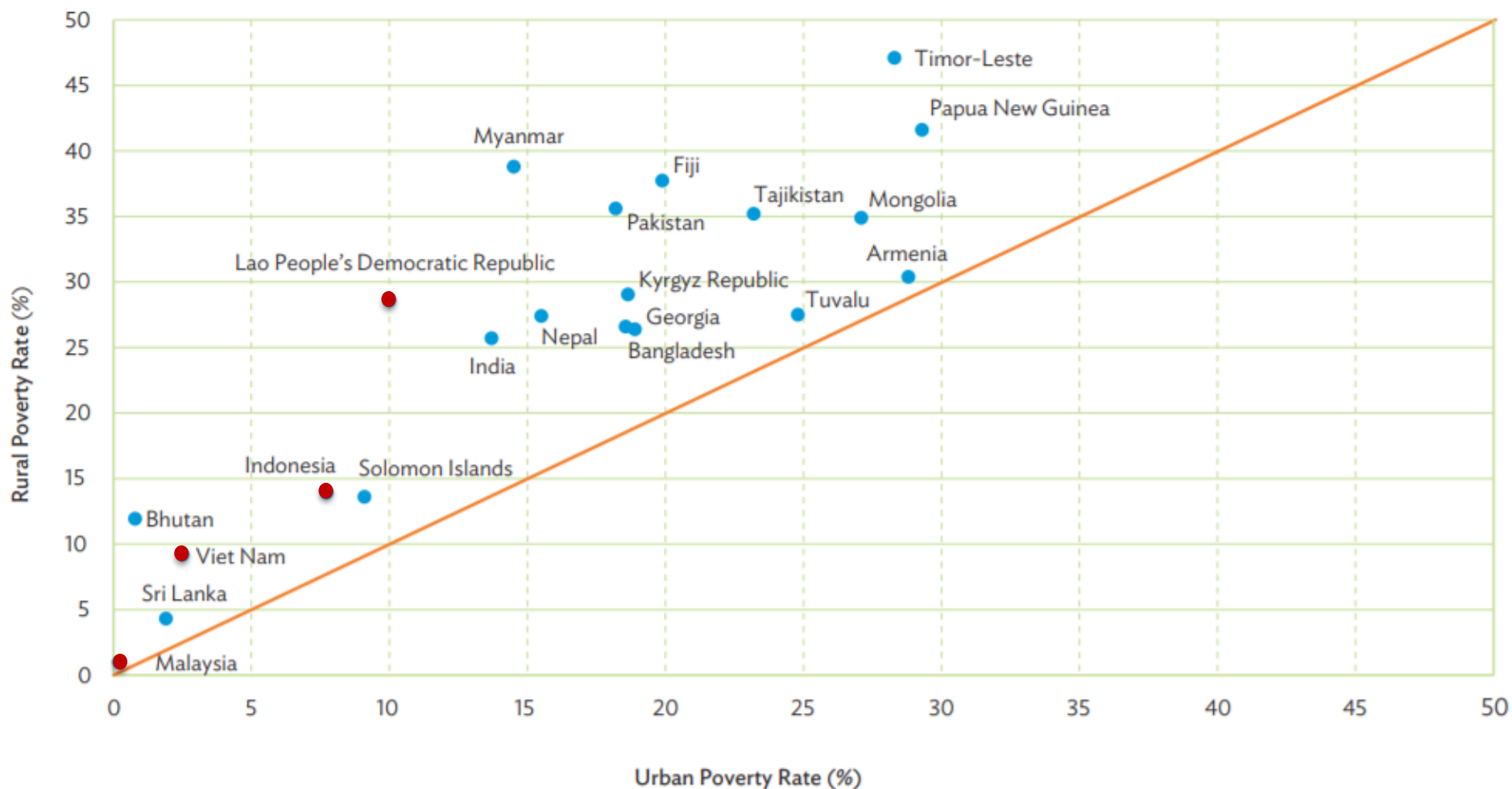
**Rural areas**

# Characteristics

- Home to around half the ASEAN population, but declining
- Lower productivity growth
- Modest firm creation rates
- Lower access to services (e.g. electricity, broadband)
- Scarce water and sanitation coverage

# People in rural areas are more likely to live in poverty

**Proportion of Population below the National Poverty Line in Urban and Rural Areas, Latest Year**

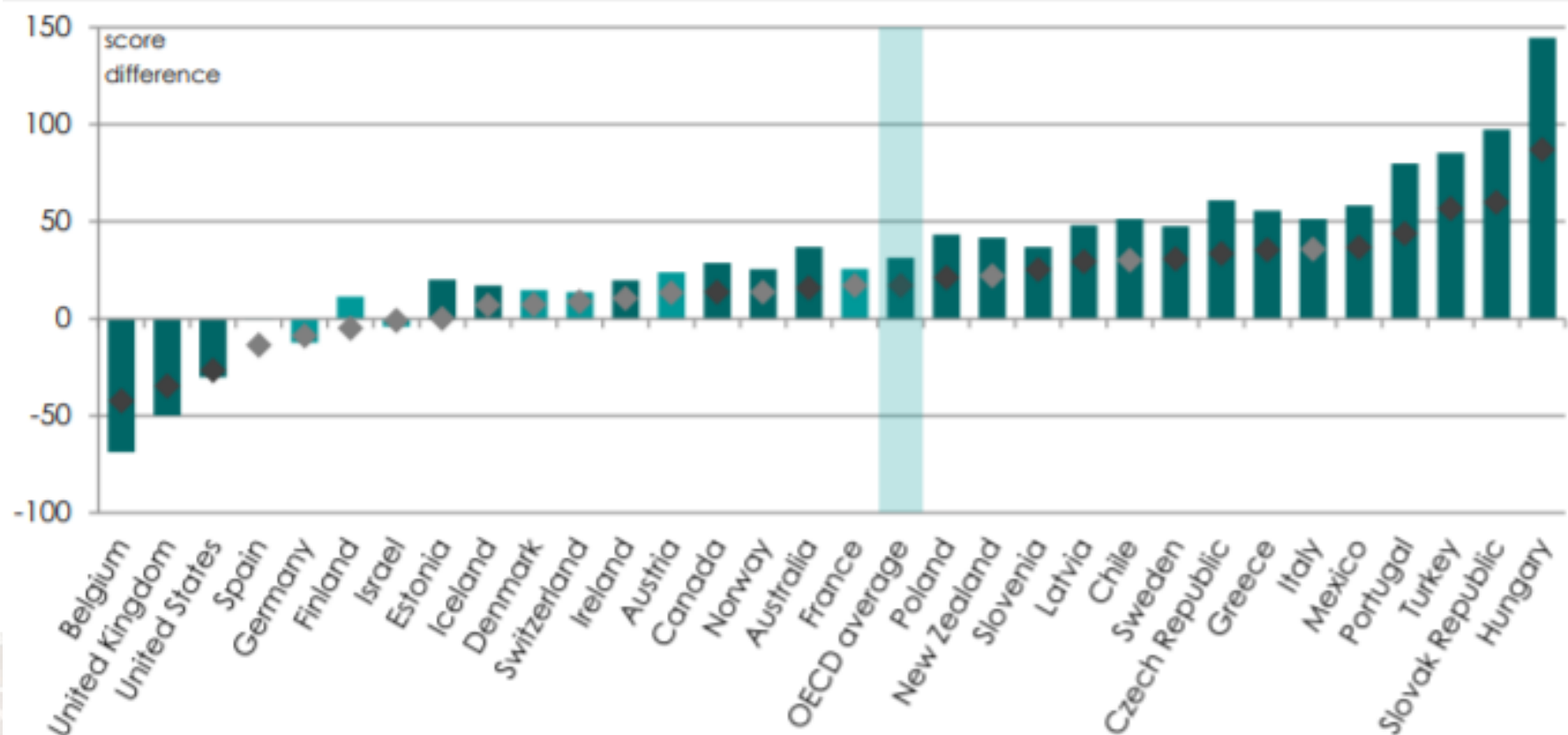


Note: the chart covers the period from 2009 -2017

Source: ADB Key Indicators 2018

# Rural students tend to perform lower than their urban peers

Urban-rural variation of students' performance in science accounting by socioeconomic status, 2015

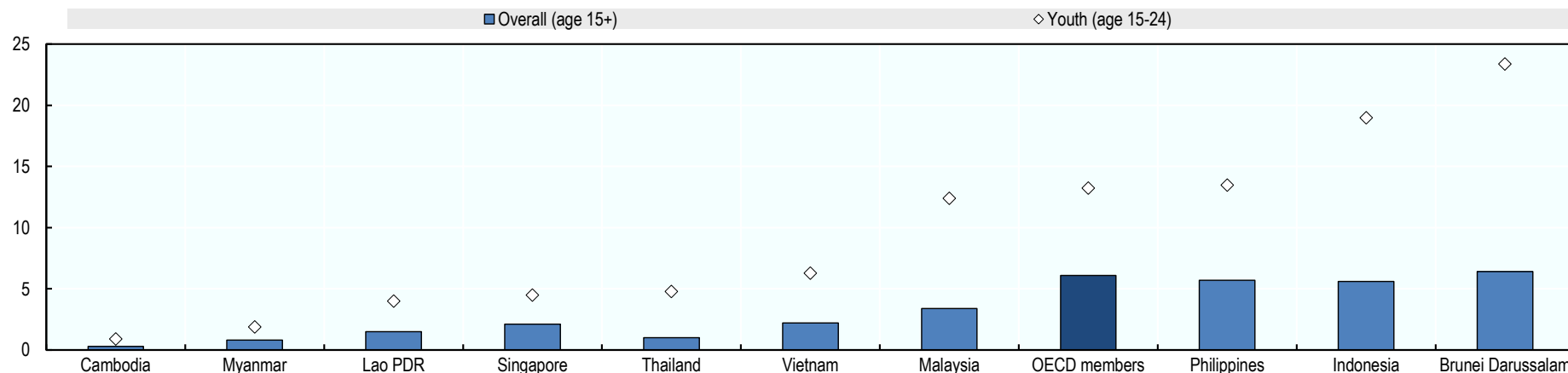


Note: In PISA, schools located in towns of 3 000 inhabitants or less are defined as rural while urban ones refer to cities with 100 000 inhabitants or more. Score-point differences that are statistically significant are marked in a darker tone.

Source: OECD PISA 2015 database, CERI elaboration

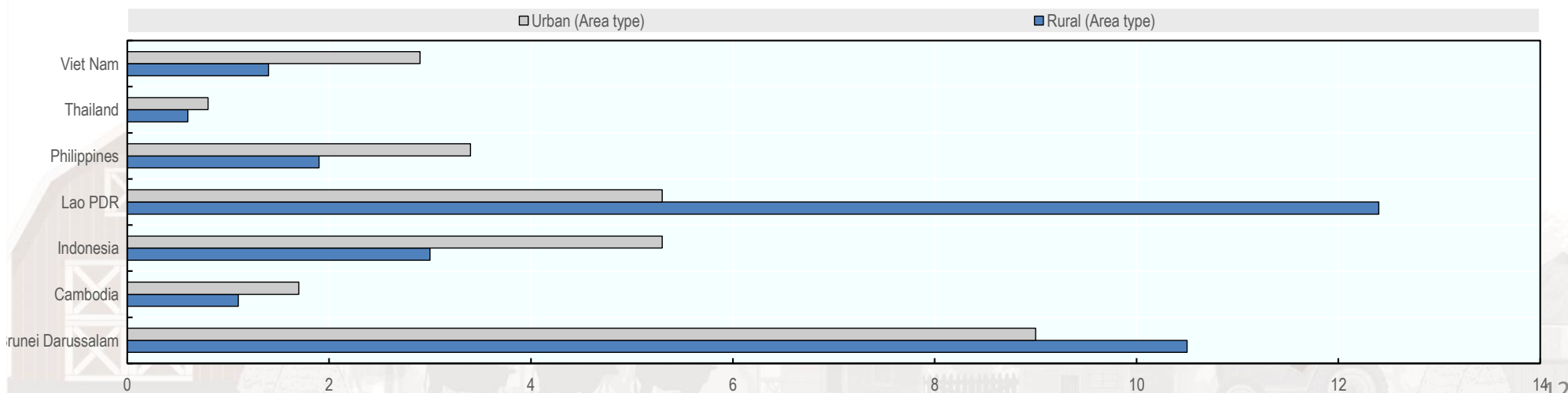
# The key labour market issue is job quality

## Unemployment and Youth unemployment



Source: World Bank, World Development Indicators database (accessed 3 March 2018).

## Urban/Rural unemployment (2017 or latest available year)



Source: ILO Stat

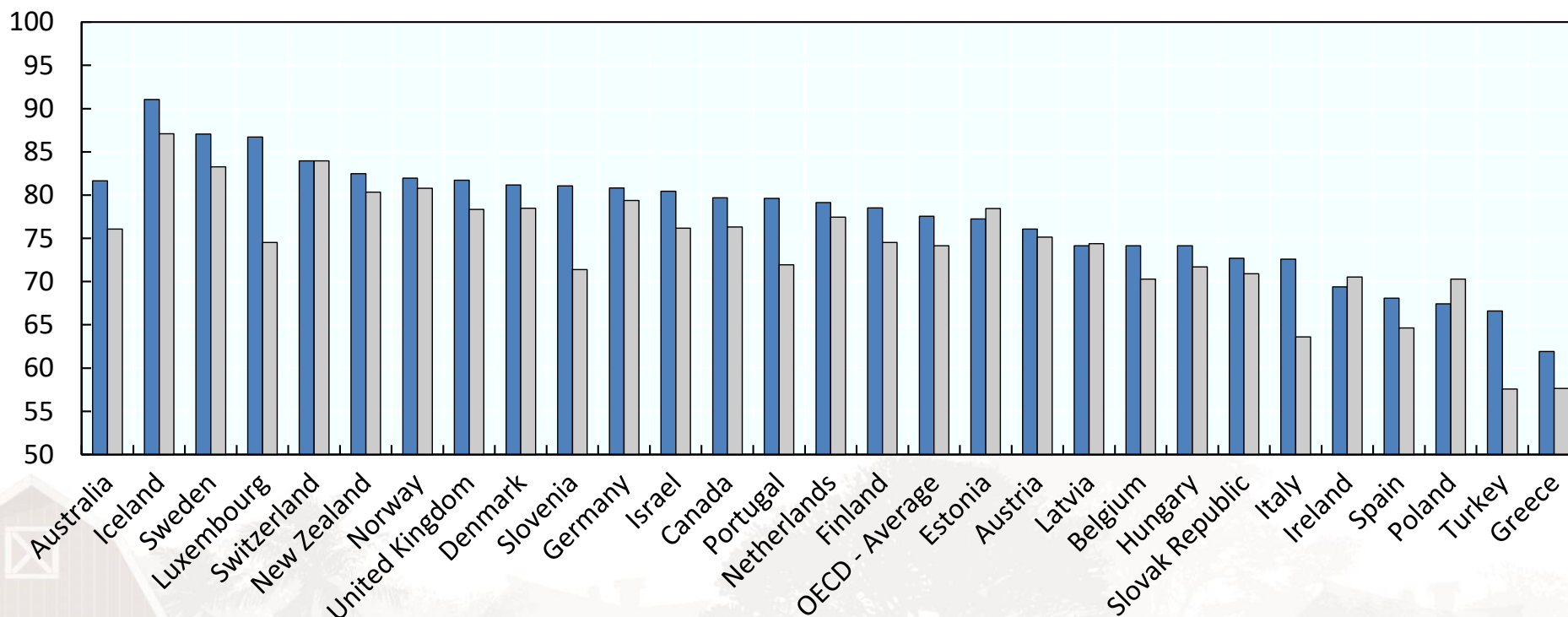
# **The potential of TVET for rural areas in ASEAN**

# Vocational education is often well linked to the labour market, 2015

■ Upper secondary and post-secondary non-tertiary education - Vocational Education

□ All levels of education

## Employment Rate

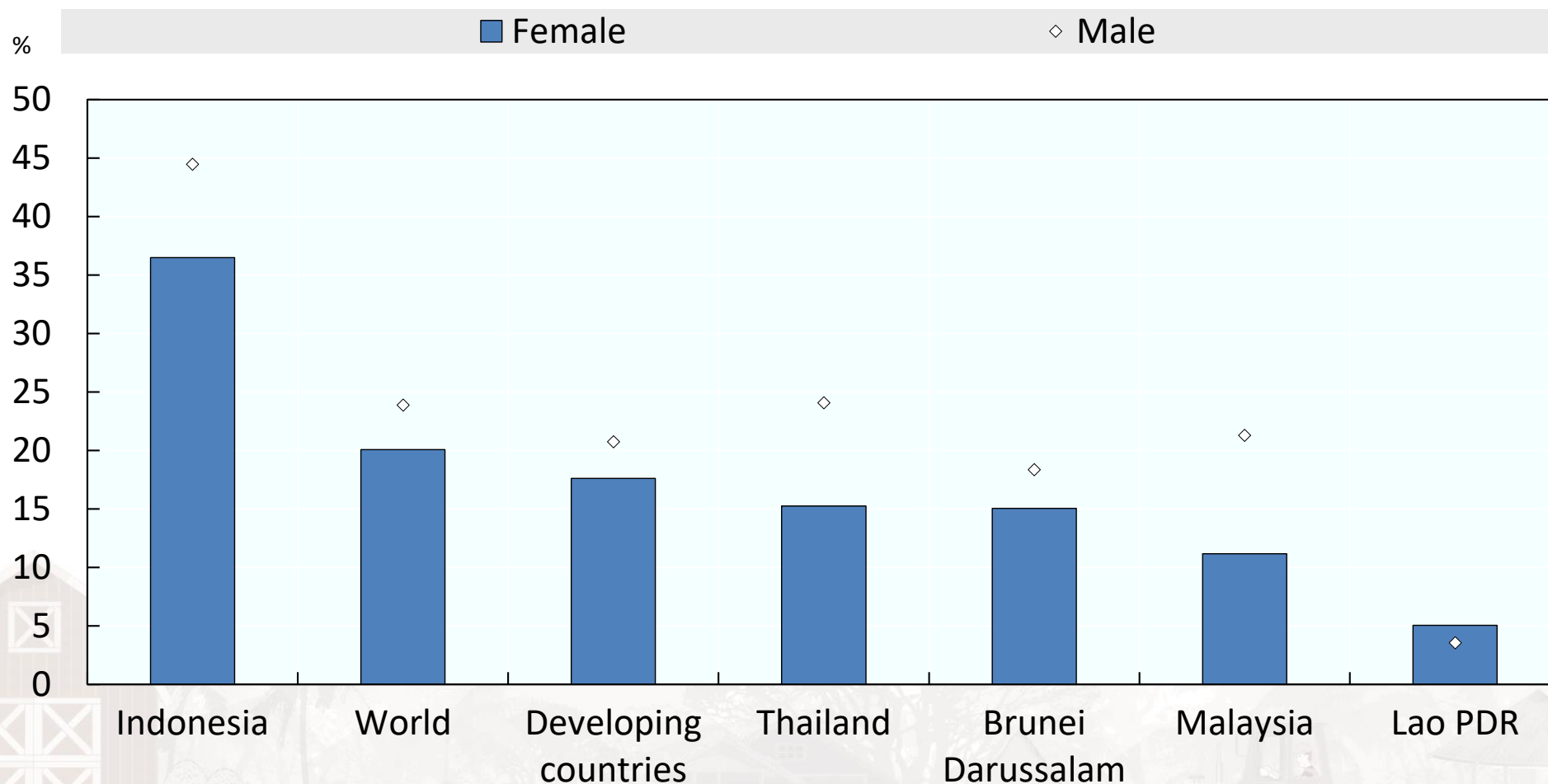


Source: OECD (2016), "Educational attainment and labour-force status", Education at a Glance (database), [http://stats.oecd.org/Index.aspx?datasetcode=EAG\\_NEAC](http://stats.oecd.org/Index.aspx?datasetcode=EAG_NEAC).



# TVET could be a powerful tool for fostering inclusive growth in rural ASEAN

TVET enrolments as a percentage of gross upper secondary enrolments, by sex, in 2015

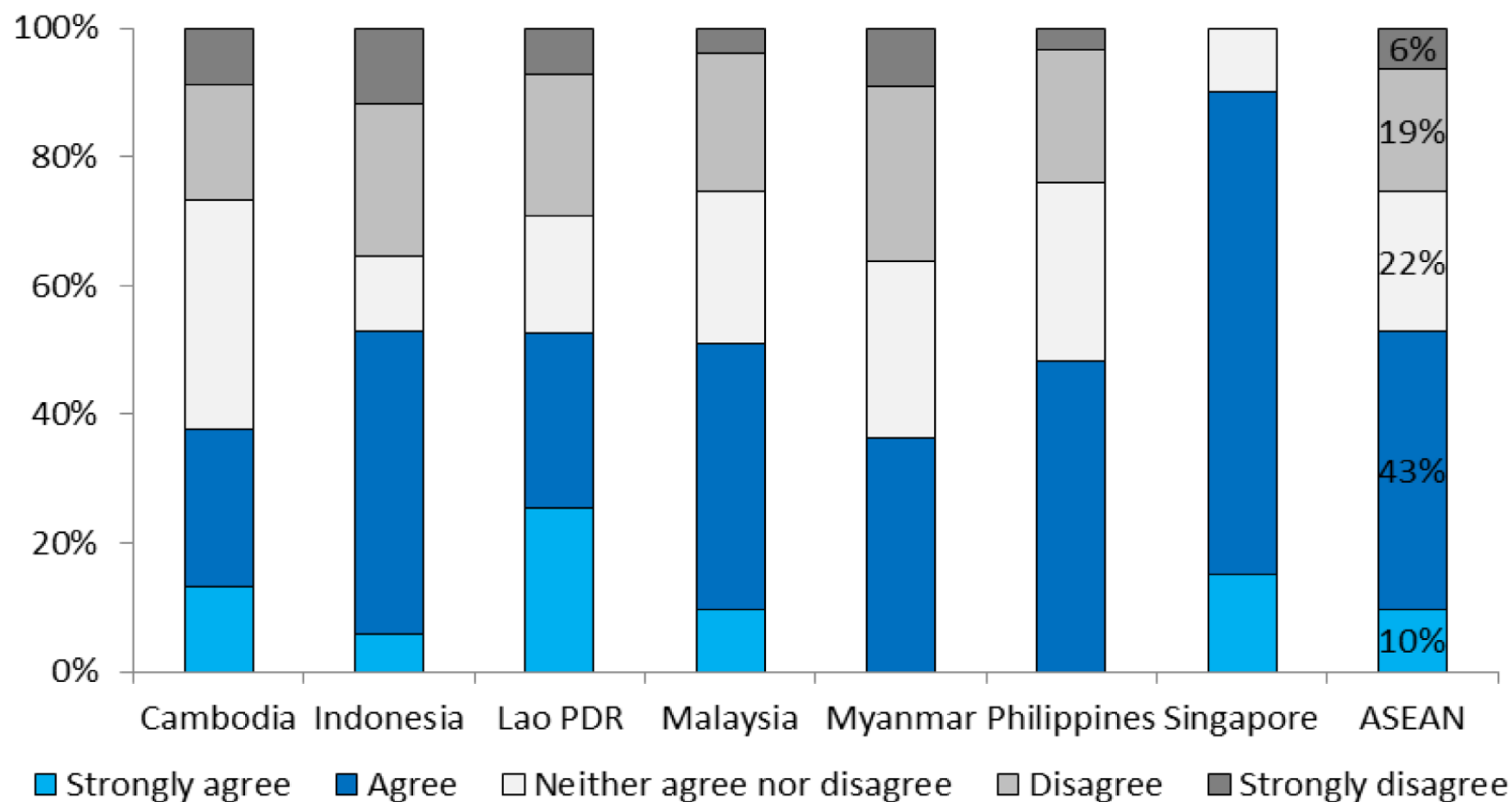


Source: UNESCO Institute of Statistics UIS.Stat database (accessed 13 March 2018).



# TVET should be better oriented to employer needs

Employers' level of agreement that TVET matches their skills needs



Source: Survey of ASEAN employers (ILO, 2014).



# Better linking supply and demand: Key success factors

## **Promoting flexibility to strengthen skills systems**

- Flexibility in policy management and delivery – can help respond to demand and changing local skills needs

## **Supporting broad networks**

- Partnerships can help to better identify and meet local skill needs
- Capitalise on bottom up collaboration (clusters of enterprises, employer networks and supply chains)

## **Aligning the system to employers needs**

- Targeted support to rural SMEs
- Involving employers in design and delivery

## **Making the right diagnosis**

- Data availability, collection and sharing





# Examples of good practice within the OECD

## Norway



In the hyper-rural county of **Nordland**, greater flexibility on how apprenticeships are scheduled has allowed to best adapt to the needs of students and employers. Electronic training systems have been adopted to tackle challenges associated with the rural setting.

## New Zealand

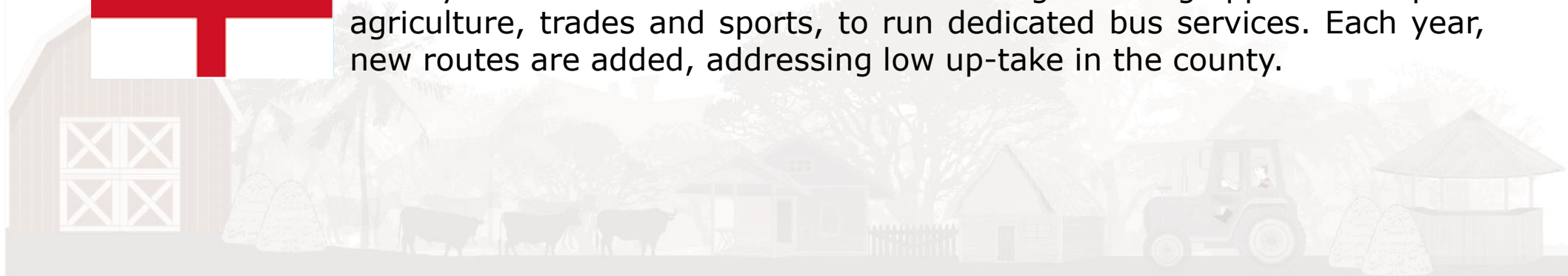


A local satellite campus of the vocational education provider, offering courses in engineering and automotive trades, together with mentorship programs, have been established in the remote town of **Otorohanga** to tackle youth socio-economic challenges and address business skill needs.

## England



In **Norfolk**, a large and sparsely populated county in East Anglia, the County Council has worked with a local college offering apprenticeships in agriculture, trades and sports, to run dedicated bus services. Each year, new routes are added, addressing low up-take in the county.





# Examples of good practice within ASEAN

## The Philippines



The **JobStart Programme** provides a range of labour intermediation services, such as registration, client assessment, life skills training with one-on-one career coaching, technical training, job matching, and referrals to employers

## Thailand



Thailand's **Schools in Factory programme** aims to building stronger business-education partnerships. Local employers are involved in teaching and mentoring students who undertake both academic and on-the job training

## Cambodia



The Ministry of Labour and Vocational Training implements the **Voucher Skills Training Program**, a nation-wide initiative aiming to address needs of rural communities, minorities, school dropouts and unemployed. The program is delivered in different modalities, including as a community-based and enterprise-based training.

