



Plenary 1: Key Labour Market and Skills Challenges facing rural areas

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Rural Labour Market

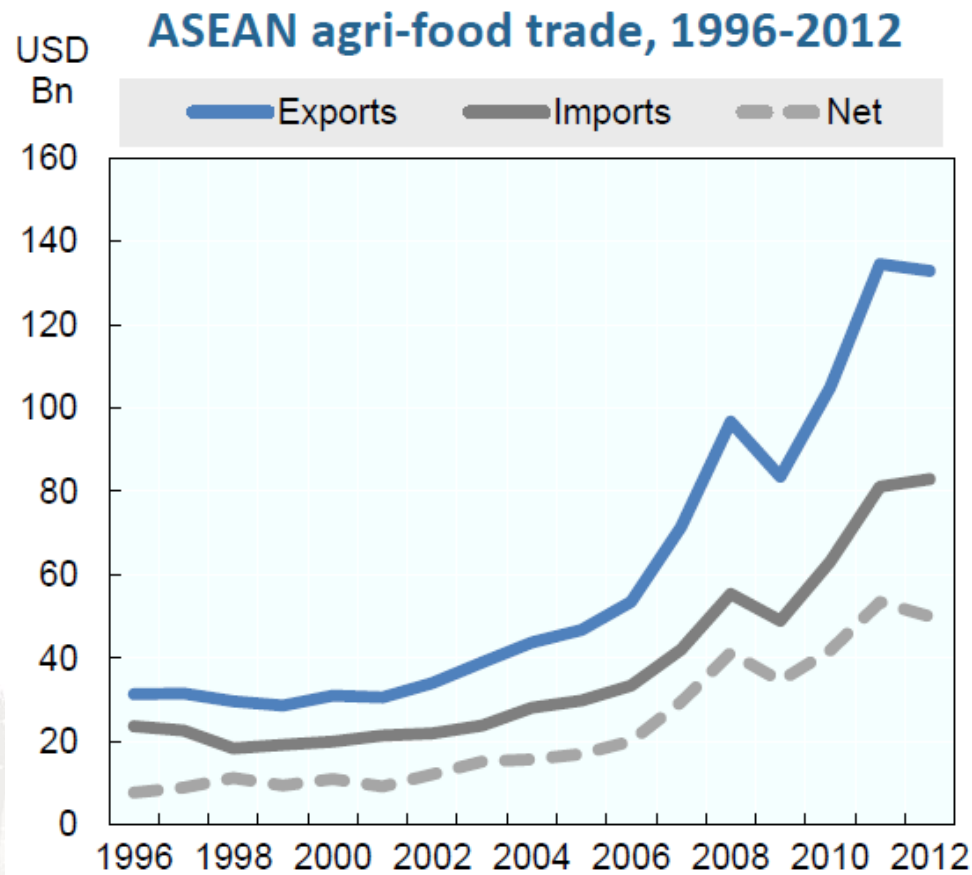
- ASEAN **rural population 625m / 55%** (OECD & FAO 2017)
- In Myanmar 68% of the working population is in rural areas
- **≈ 40% of employment in ASEAN is in agriculture & fisheries** (OECD & FAO 2017)
- E.g. Vietnam: Share of employment in rural areas: 54% **agriculture**, 27% in **industry and construction**, 19% in **services** (OECD 2017)
- E.g. Myanmar: Share of employment in rural areas: 70% agriculture, 11% in industry and construction, 19% in services or other (World Bank 2018)

Rural Labour Market

Agriculture I

- Southeast Asia is a net **agro-food exporter**
- Agri-food systems are a **growth sector** – 20% expected in next 10 years (OECD & FAO 2017)
- "while the **share of employment in farming may decline** as part of broader structural transformation, the **number of jobs in agriculture may still go up**, and many of the new services and manufacturing jobs will be dependent on agriculture" (IFAD & World Bank 2017)

ASEAN – Net Food Exporter



OECD Global forum on Agriculture 3 May 2017 Paris,

Future Relevance – Skill Requirements along Food Value Chain

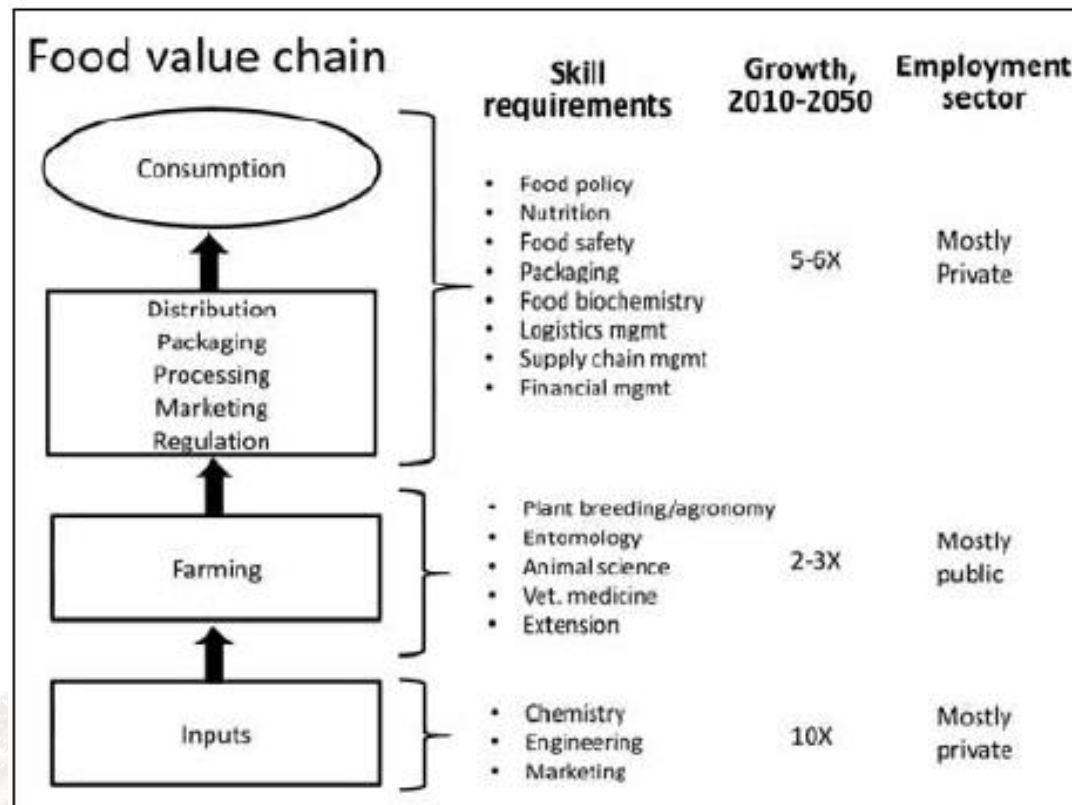


Figure 1: Labour demand along the food value chain (Annor-Frempong & Jones, 2014).

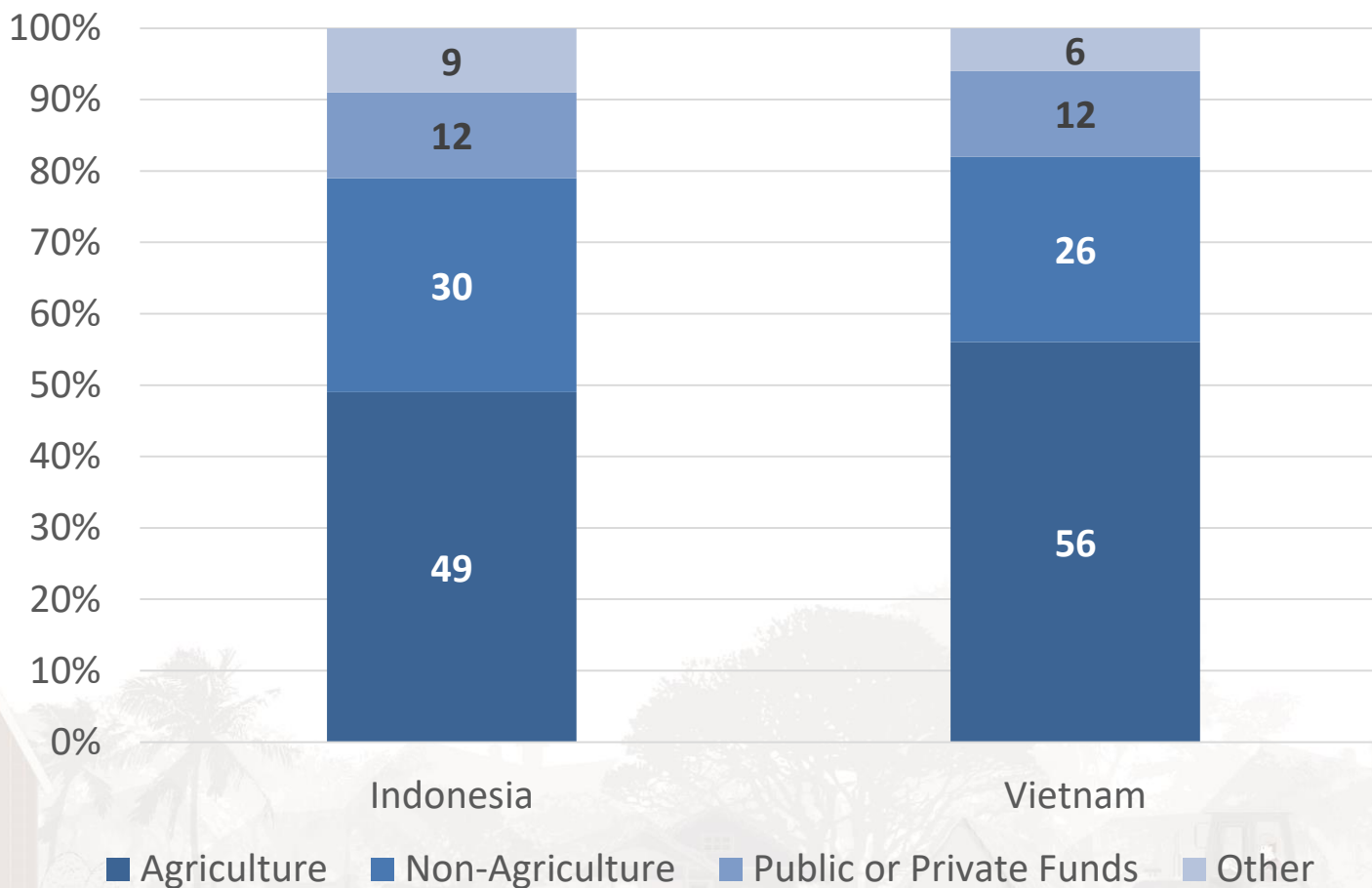
Rural Labour Market

Agriculture II

- **Small-holder farmers** – account for **50%-80% of farmers** in rural areas of ASEAN (OCED & FAO 2017)
- “The key first characteristic of the smallholder in many countries of East Asia is that **their livelihoods are not met only or even mainly from farming.**” (Rigg et. al. 2016)
- Larger shares of the workforce than in urban areas have **2 or more jobs (UNU 2018).**
- Reasons for off-farm employment: limited access to land, seasonality, opportunities.
- **Increasing relevance of remittances** from migrant labour for rural households (cities and abroad) (Alexander et. al 2017).



Income Diversification of Smallholder Farmers in Vietnam and Indonesia



FAO 2018

Rural Labour Market

Micro Enterprises and SME

- **Own account workers** - around 50% in ID, TH, VN (incl. urban areas) (ILO 2017)
- MSME dominate in SEA – **75% are micro and 20% are small-sized** incl. urban areas (ITC 2015)
- Micro enterprises contribute more to income generation than employment generation – but there is a **large growth potential** (Harvie 2003)

Rural Labour Market

Micro Enterprises and SME

Example Myanmar:

- **64 percent of all workers in micro enterprises are owners**, 19% unpaid family workers, 2% paid family members, **15% non-family workers** (World Bank 2018).
- **66% of micro-enterprise workers are women** (World Bank 2018)
- Individuals with vocational training are twice as likely to be owners of a micro enterprise – especially in rural areas

Urbanisation in ASEAN

Table 5.1. Urbanisation of ASEAN Countries (%)

Country	Level of urbanisation (2015)	Projected annual rate of change (2015-2020)	Country	Level of urbanisation (2015)	Projected annual rate of change (2015-2020)
Brunei D.	77.2	1.52	Myanmar	34.1	2.29
Cambodia	20.7	2.73	Philippines	44.4	1.57
Indonesia	53.7	2.30	Singapore	100.0	1.50
Lao PDR	38.6	4.13	Thailand	50.4	2.20
Malaysia	74.7	2.19	Viet Nam	33.6	2.59
			Southeast Asia*	47.6	2.21

Note: Southeast Asian includes Timor Leste

Source: UNPD, 2015: 206-257.

Sheng 2016

Internal Migration - Trends

- Main **migration age: 15-30**
- Females tend to migrate rural-urban and long-term
- Males tend to migrate rural-rural and seasonal
- Poorer individuals comprise a disproportionate number of internal migrants
- Family & employment-related factors as primary motivation for migration
- ☒ More educated members of household tend to migrate

(UNESCO 2018)

International Migration - Trends

- **Majority of labour migrants** from Cambodia, Laos, Myanmar and Vietnam **come from agriculture (62%)**
- They work abroad mainly **in manufacturing, construction, hospitality or food services (66%)**.
- 69% develop one or **more skills** in the destination country:
 - Foreign language skills (38%)
 - Social skills and confidence (36%)
 - Vocational skills (36%)
- Yet **only 16% use the skills upon return** to their home country.
- Upon return to their home country, **51% return into agriculture** – the largest share of the rest moving to factory work (4%).

(ILO & IOM 2017)



Skills are important...

“Lack of access to quality education is the foremost constraint on the employability of rural populations” (ILO 2014)



...but skills are not everything!

Spectrum of action areas to increase to increase the number of jobs for youth in rural areas	Farm		Rural non-farm	
	Self-employ.	Wage employ.	Self-employ.	Wage employ.
Facilitate inclusion of rural youth in policy dialogues and program designs	x	x	x	x
General demand side actions				
Invest in complementary infrastructure	x	x	x	x
Raise agricultural productivity growth to raise demand for non-farming goods & services			x	x
Promote high value agriculture and value addition		x	x	x
Improve the rural business climate and trade	x	x	x	x
Promote competition and private sector participation and investment	x	x	x	x
Promote secondary towns	x	x	x	x
Role of farm mechanization		x	x	x
Specific target supply side action				
Skills development and matching rural youth to jobs	x	x	x	x
Facilitate access to land	x	x		
Improve access to affordable finance	x	x	x	x
Promote MSME development			x	x
Support social protection & safety net programs & access to social services	x	x	x	x

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Approaches to Rural Skills Development

1. Rural extension services
2. Informal training
3. Community-based skills development
4. Skills development as part of integrated rural development programmes
5. Formal education (incl. TVET/ATVET)



Relevance of TVET?

Technology Lens: „Evidence suggests that **more educated** and skilled individuals are **more likely to adopt and effectively use modern technologies**, respond to market opportunities and increase their earnings” (World Bank & IFAD 2017)

Productivity Lens: „**Low levels of agronomic knowledge and skills** of producers contribute to **poor product quality and low productivity**. Expanding ...farmer education...can help spread modern farming practices...” (OECD-FAO 2017)

Employment Lens: “Evidence from Asia suggests that **better education and training increases the chances of finding high-paying non-farm employment**, whereas lack of education tends to limit options to agriculture or low-wage non-farm employment” (ILO 2014)

Income Lens: TVET trained youth **earn more than untrained youth**. The rate on return on TVET is slightly decreasing and lower in rural areas (OECD 2017)

Transformation Lens: “Rapid improvements in skills...enable the farm-to-factory shift” (McKinsey 2012)

Challenges for Skills Development in Rural Areas

1. Relevance

- Skills development is **not in line** with multiple livelihood strategies (SDC 2016)
- „Courses are **supply driven** and modelled on urban programmes“ (OECD 2017)
- TVET is **not adapted to the real economic opportunities** of the locality and does not engage with industry (ILO 2016)

→ There is scarcity of relevant labour market information!

Challenges for Skills Development in Rural Areas

2. Technical Delivery (of TVET)

- Rural **enrolment** in TVET is lower than in urban areas (World Bank 2018)
- **Adequately trained teachers and trainers:** „A major challenge is identifying and selecting appropriate trainers” (ILO 2016)
- **Funding** – „ATVET is chronically underfinanced overall ” (SDC 2016)
- Insufficient and **oudated infrastructure** (SDC 2016)

Challenges for Skills Development in Rural Areas

3. Demographics and Geography

- **Remote regions** face different set of problems than rural regions close to a city - weak production and consumption linkages, lack of services
- **Greying** – trend for young men to migrate to urban spaces and demographic change in SEA, leaves older men (and women) in rural areas (SDC 2016)

Challenges for Skills Development in Rural Areas

4. Gender Dimension

- **Youth unemployment is higher among women** (World Bank & IFAD 2017)
- Female workers in rural areas are more prone **to operate informally** (OECD & ASEAN 2017)
- “Rural girls and women **do not have sufficient access** to vocational training” and other services (UNESCO INRULED 2012, OECD & ASEAN 2017)

Challenges for TVET in Rural Areas

5. Governance

- There is **no clear strategy** of education and training development for rural areas (OECD 2017)
- A-TVET is **often disconnected** from other types of TVET... e.g. housed in a **different ministry** (SDC 2016)
- **Coordination between Ministries and Donors** active in skills development is required. (GIZ project report 2017)

Challenges for TVET in Rural Areas

- 1. Relevance**
- 2. Technical Delivery**
- 3. Demography and Geography**
- 4. Gender Dimension**
- 5. Governance**



Thank you



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