

Document of  
The World Bank

Report No: ICR00003192

IMPLEMENTATION COMPLETION AND RESULTS REPORT  
(IBRD-75590 TF-96109)

ON AN

IBRD LOAN

IN THE AMOUNT OF US\$50 MILLION

AND A RECIPIENT-EXECUTED TRUST FUND

IN THE AMOUNT OF US\$0.5 MILLION

TO THE

PEOPLE'S REPUBLIC OF CHINA

FOR A

RURAL MIGRANT SKILLS DEVELOPMENT AND EMPLOYMENT PROJECT

August 26, 2015

Social Protection and Labor Global Practice  
East Asia and Pacific Region

## CURRENCY EQUIVALENTS

(Exchange Rate Effective February 28, 2015)

Currency Unit = Chinese Yuan (CNY)

CNY 1.00 = US\$0.16

US\$1.00 = CNY 6.27

## FISCAL YEAR

January 1 – December 31

## ABBREVIATIONS AND ACRONYMS

AAA	Analytical and Advisory Assistance
CPMO	Central Project Management Office
CPS	Country Partnership Strategy
FY	Fiscal Year
GDP	Gross Domestic Product
HR	Human Resources
ICB	International Competitive Bidding
ICR	Implementation Completion and Results Report
ISR	Implementation Status and Results Report
LM	Labor Market
M&E	Monitoring and Evaluation
MIS	Management Information System
MOF	Ministry of Finance
MOHRSS	Ministry of Human Resources and Social Security
MTR	Midterm Review
NCB	National Competitive Bidding
PAD	Project Appraisal Document
PDO	Project Development Objective
PMO	Project Management Office
PPMO	Provincial Project Management Office
RF	Results Framework
SAR	Special Administrative Region
TCC	Technical Cooperation Credit
TF	Trust Fund
TVET	Technical Vocational Education and Training

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**PEOPLE’S REPUBLIC OF CHINA**  
**Rural Migrant Skills Development and Employment Project**

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<b>A. Basic Information</b>			
Country:	China	Project Name:	Rural Migrant Skills Development and Employment Project
Project ID:	P085376	L/C/TF Number(s):	IBRD-75590,TF-96109
ICR Date:	08/20/2015	ICR Type:	Core ICR
Lending Instrument:	SIL	Borrower:	CHINA
Original Total Commitment:	USD 50.00M	Disbursed Amount:	USD 47.59M
Revised Amount:	USD 49.95M		
<b>Environmental Category: C</b>			
<b>Implementing Agencies:</b> Ministry of Human Resources and Social Security			
<b>Cofinanciers and Other External Partners:</b> Ministry of Foreign Affairs of the Netherlands			

<b>B. Key Dates</b>				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	11/27/2006	Effectiveness:	11/06/2008	11/06/2008
Appraisal:	11/26/2007	Restructuring(s):		03/20/2012 04/21/2014
Approval:	06/24/2008	Mid-term Review:	04/11/2011	04/18/2011
		Closing:	08/31/2012	02/28/2015

<b>C. Ratings Summary</b>	
<b>C.1 Performance Rating by ICR</b>	
Outcomes:	Moderately Satisfactory
Risk to Development Outcome:	Low or Negligible
Bank Performance:	Moderately Satisfactory
Borrower Performance:	Moderately Satisfactory

<b>C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)</b>			
Bank	Ratings	Borrower	Ratings
Quality at Entry:	Moderately Satisfactory	Government:	Moderately Satisfactory
Quality of Supervision:	Moderately Satisfactory	Implementing Agency/Agencies:	Moderately Satisfactory
<b>Overall Bank Performance:</b>	Moderately Satisfactory	<b>Overall Borrower Performance:</b>	Moderately Satisfactory

<b>C.3 Quality at Entry and Implementation Performance Indicators</b>			
<b>Implementation Performance</b>	<b>Indicators</b>	<b>QAG Assessments (if any)</b>	<b>Rating</b>
Potential Problem Project at any time (Yes/No):	Yes	Quality at Entry (QEA):	None
Problem Project at any time (Yes/No):	Yes	Quality of Supervision (QSA):	None
DO rating before Closing/Inactive status:	Moderately Satisfactory		

<b>D. Sector and Theme Codes</b>		
	<b>Original</b>	<b>Actual</b>
<b>Sector Code (as % of total Bank financing)</b>		
Adult literacy/non-formal education	24	10
Central government administration	21	20
Other social services	7	10
Vocational training	48	60
<b>Theme Code (as % of total Bank financing)</b>		
Access to law and justice	33	30
Improving labor markets	67	70

<b>E. Bank Staff</b>		
<b>Positions</b>	<b>At ICR</b>	<b>At Approval</b>
Vice President:	Axel van Trotsenburg	James W. Adams
Country Director:	Bert Hofman	David R. Dollar
Practice Manager/Manager:	Jehan Arulpragasam	Emmanuel Y. Jimenez
Project Team Leader:	Dewen Wang	Xiaoqing Yu
ICR Team Leader:	Junko Onishi	
ICR Primary Author:	Junko Onishi	

## **F. Results Framework Analysis**

### **Project Development Objectives (from Project Appraisal Document)**

The project development objective is to support the transition of rural workers to urban areas to access better employment opportunities that improve their incomes and working conditions. This objective will be achieved by (a) improving the access of rural workers to skills development opportunities, (b) reducing the cost of their job search through access

to enhanced employment services, and (c) removing the worst excesses of their transition through strengthened worker protections.

**Revised Project Development Objectives (as approved by original approving authority)**

**(a) PDO Indicator(s)**

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
<b>Indicator 1 :</b>	% of graduates of the project training institutions that find employment within 6 months of training completion (total and among students originating from rural areas)			
Value quantitative or Qualitative)	Anhui Total: 51% Rural: 48%		Anhui Total: 98% Rural: 97.6%	Anhui Total: 98.2% Rural: 98%
	Ningxia Total: 86% Rural: 86%		Ningxia Total: 90% Rural: 90%	Ningxia Total: 90% Rural: 92%
	Shandong Total: 63% Rural: 71%		Shandong Total: 91% Rural: 94%	Shandong Total: 91% Rural: 94%
Date achieved	04/30/2009		12/31/2014	12/31/2014
Comments (incl. % achievement)	Target values were not set originally, and they were set at the time of the second restructuring in April 2014 (approved in February 2014). All project provinces met the target for this indicator.			
<b>Indicator 2 :</b>	% of graduates of the project training institutions that find employment within 6 months in the occupational field for which they are trained (total and among students originating from rural areas)			
Value quantitative or Qualitative)	Anhui Total: 20% Rural: 16%		Anhui Total: 85% Rural: 84.5%	Anhui Total: 88% Rural: 86%
	Ningxia Total: 64% Rural: 62%		Ningxia Total: 90% Rural: 87%	Ningxia Total: 88% Rural: 89%
	Shandong Total: 54% Rural: 63%		Shandong Total: 78% Rural: 79%	Shandong Total: 76% Rural: 77%
Date achieved	04/30/2009		12/31/2014	12/31/2014
Comments (incl. % achievement)	Target values were not set originally, and they were set at the time of the second restructuring. Anhui and Ningxia both met the targets, while Shandong did not meet the targets but reached 97% of the target.			

<b>Indicator 3 :</b>	Wage of graduates of long term training program of the project training institutions (total and among students originating from rural areas)			
Value quantitative or Qualitative)	Anhui Total: 1,430 Rural: 1,400		Anhui Total: 3,300 Rural: 3,100	Anhui Total: 3,350 Rural: 3,130
	Ningxia Total: 1,808 Rural: 1,770		Ningxia Total: 2,650 Rural: 2,600	Ningxia Total: 2,474 Rural: 2,431
	Shandong Total: 1,300 Rural: 1,300		Shandong Total: 2,792 Rural: 2,775	Shandong Total: 2,795 Rural: 2,763
Date achieved	04/30/2009		12/31/2014	12/31/2014
Comments (incl. % achievement)	Target values were set at the time of the second restructuring. Anhui met both indicators, Ningxia and Shandong did not meet for Rural trainees but reached 93% and 99% of targets, respectively. Wages are monthly wages in nominal terms.			
<b>Indicator 4 :</b>	# of graduates receiving short, medium and long term training from project training institutions (total and among students originating from rural areas)			
Value quantitative or Qualitative)	Anhui Total: 37,123 Rural: 30,258		Anhui Total: 64,758 Rural: 57,632	Anhui Total: 63,986 Rural: 57,640
	Ningxia Total: 23,858 Rural: 19,747		Ningxia Total: 25,000 Rural: 22,500	Ningxia Total: 38,638 Rural: 36,111
	Shandong Total: 22,050 Rural: 17,902		Shandong Total: 32,190 Rural: 27,105	Shandong Total: 27,403 Rural: 22,979
Date achieved	04/30/2009		12/31/2014	12/31/2014
Comments (incl. % achievement)	This is a new indicator added at the time of the second restructuring. Ningxia met the targets, while Anhui missed the Total (reaching 98% of target) and Shandong missed both targets (reaching 85% for both).			

**(b) Intermediate Outcome Indicator(s)**

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
<b>Indicator 1 :</b>	% of graduates from the project training institutions by type of training (short, medium and long terms)			
Value (quantitative or Qualitative)	Anhui Total: 100% Short-term: 14% Medium-term: 44% Long-term: 42%		Anhui Total: 100% Short-term: 35%	Anhui Total: 100% Short-term: 35% Medium-term: 40% Long-term: 25%



	<p>Ningxia Total: 100% Short-term: 67% Medium-term: 21% Long-term: 12%</p> <p>Shandong Total: 24% Short-term: 21% Medium-term: 56% Long-term: 24%</p>		<p>Medium-term: 40% Long-term: 25% Ningxia Total: 100% Short-term: 85% Medium-term: 10% Long-term: 5%</p> <p>Shandong Total: 100% Short-term: 22% Medium-term: 24% Long-term: 54%</p>	<p>Ningxia Total: 100% Short-term: 84% Medium-term: 11% Long-term: 5%</p> <p>Shandong Total: 100% Short-term: 24% Medium-term: 27% Long-term: 49%</p>
Date achieved	04/30/2009		12/31/2014	12/31/2014
Comments (incl. % achievement)	Target values were not set originally, and they were set at the time of the second restructuring. Both Ningxia and Anhui met their targets, while Shandong had larger shares of short-term and medium-term training than targeted.			
<b>Indicator 2 :</b>	% of graduates from the project training institutions obtaining a diploma or certificate (total and among students originating from rural areas)			
Value (quantitative or Qualitative)	<p>Anhui Total: 85% Rural: 83% Ningxia Total: 85% Rural: 80% Shandong Total: 92% Rural: 94%</p>		<p>Anhui Total: 99% Rural: 99% Ningxia Total: 95% Rural: 95% Shandong Total: 99% Rural: 100%</p>	<p>Anhui Total: 99% Rural: 99% Ningxia Total: 96% Rural: 97% Shandong Total: 99% Rural: 99%</p>
Date achieved	04/30/2009		12/31/2014	12/31/2014
Comments (incl. % achievement)	Target values were not set originally, and they were set at the time of the second restructuring. All provinces met their targets (although Shandong missed by 1 percentage points for Rural, but still reached 99% of the target).			
<b>Indicator 3 :</b>	% of graduates from the project training institutions that obtained National Occupational Qualification Certification (total and among students originating from rural areas)			
Value (quantitative or Qualitative)	<p>Anhui Total: 50% Rural: 46% Ningxia Total: 20% Rural: 20% Shandong</p>		<p>Anhui Total: 98% Rural: 98% Ningxia Total: 95% Rural: 91% Shandong</p>	<p>Anhui Total: 98% Rural: 98% Ningxia Total: 94% Rural: 93% Shandong</p>

	Total: 52% Rural: 53%		Total: 96% Rural: 96%	Total: 95% Rural: 94%
Date achieved	04/30/2009		12/31/2014	12/31/2014
Comments (incl. % achievement)	Target values were not set originally, and they were set at the time of the second restructuring. Ningxia missed the Total target by 1 percentage point and Shandong by 1 (Total) and 2 (Rural) percentage points.			
<b>Indicator 4 :</b>	Ratio of actual average weekly hours of lab use in project training platforms to designed capacity (use a common denominator for all training platforms) (Shandong only)			
Value (quantitative or Qualitative)	72%		93%	92%
Date achieved	04/30/2009		12/31/2014	12/31/2014
Comments (incl. % achievement)	Target values were not set originally, and they were set at the time of the second restructuring. The target was missed by 1 percentage point.			
<b>Indicator 5 :</b>	Ratio of students taking “ordered training” requested by enterprises to total students in the project training institutions (total and among students originating from rural areas)			
Value (quantitative or Qualitative)	Anhui Total: 20% Rural: 20% Ningxia Total: 17% Rural: 15% Shandong Total: 35% Rural: 41%		Anhui Total: 60% Rural: 60% Ningxia Total: 95% Rural: 90% Shandong Total: 56% Rural: 60%	Anhui Total: 60% Rural: 59.8% Ningxia Total: 94% Rural: 92% Shandong Total: 54% Rural: 55%
Date achieved	04/30/2009		12/31/2014	12/31/2014
Comments (incl. % achievement)	Target values were not set originally, and they were set at the time of the second restructuring. Anhui met the targets. Ningxia missed the target for Total by 1 percentage point, while Shandong missed by 2 (Total) and 5 (Rural) percentage points.			
<b>Indicator 6 :</b>	% of graduates from the project training institutions that find jobs in firms with which the school has a partnership (total and among students originating from rural areas)			
Value (quantitative or Qualitative)	Anhui Total: 57% Rural: 56% Ningxia Total: 83% Rural: 80% Shandong Total: 43% Rural: 41%		Anhui Total: 85% Rural: 84% Ningxia Total: 90% Rural: 88% Shandong Total: 68% Rural: 75%	Anhui Total: 86.1% Rural: 84.5% Ningxia Total: 89% Rural: 89% Shandong Total: 73% Rural: 73%
Date achieved	04/30/2009		12/31/2014	12/31/2014
Comments (incl. % achievement)	Target values were not set originally, and they were set at the time of the second restructuring. Targets were met except for Ningxia for Total (missed by 1 percentage points) and Shandong for Rural (missed by 2 percentage points).			

<b>Indicator 7 :</b>	Frequency of workers using employment services (counseling, job referral, and guidance, etc.) in project-invested localities annually (total and among users originating from rural areas)			
Value (quantitative or Qualitative)	Anhui Total: 30,566 Rural: 17,154		Anhui Total: 623,547 Rural: 345,345	Anhui Total: 623,603 Rural: 345,390
	Ningxia Total: 85,956 Rural: 76,660		Ningxia Total: 92,000 Rural: 80,000	Ningxia Total: 121,014 Rural: 106,130
	Shandong Total: 395,400 Rural: 298,000		Shandong Total: 618,000 Rural: 509,000	Shandong Total: 600,300 Rural: 492,190
Date achieved	04/30/2009		12/31/2014	12/31/2014
Comments (incl. % achievement)	Target values were not set originally, and they were set at the time of the second restructuring. Both Anhui and Ningxia met the targets. Shandong missed the targets for both Total and Rural, reaching 97% and 96% of targets, respectively.			
<b>Indicator 8 :</b>	Frequency of workers using LM information system in project-invested localities monthly			
Value (quantitative or Qualitative)	Anhui: 9,630 Ningxia: 7,178 Shandong: 35,600		Anhui: 56,356 Ningxia: 7,000 Shandong: 172,000	Anhui: 56,700 Ningxia: 7,005 Shandong: 194,450
Date achieved	03/31/2009		12/31/2014	12/31/2014
Comments (incl. % achievement)	Target values were not set originally, and they were set at the time of the second restructuring. All provinces met their targets.			
<b>Indicator 9 :</b>	# of rural migrant workers receiving legal assistance in project-invested localities annually			
Value (quantitative or Qualitative)	Anhui: 28,53 Ningxia: 7,643 Shandong: 4,000		Anhui: 6,150 Ningxia: 5,000 Shandong: 21,000	Anhui: 6,195 Ningxia: 6,536 Shandong: 34,625
Date achieved	04/30/2009		12/31/2014	12/31/2014
Comments (incl. % achievement)	Target values were not set originally, and they were set at the time of the second restructuring. All provinces met their targets. Ningxia purposefully set a low target as the number of disputes were expected to decrease due to preventative measures.			
<b>Indicator 10 :</b>	# of policy studies to inform policy reform and formulation of rights protection for rural migrant workers at the national level			
Value (quantitative or Qualitative)	9		9	9
Date achieved	04/30/2009		12/31/2014	12/31/2014
Comments (incl. % achievement)	This is a new indicator, added at the time of the second restructuring.			

## G. Ratings of Project Performance in ISRs

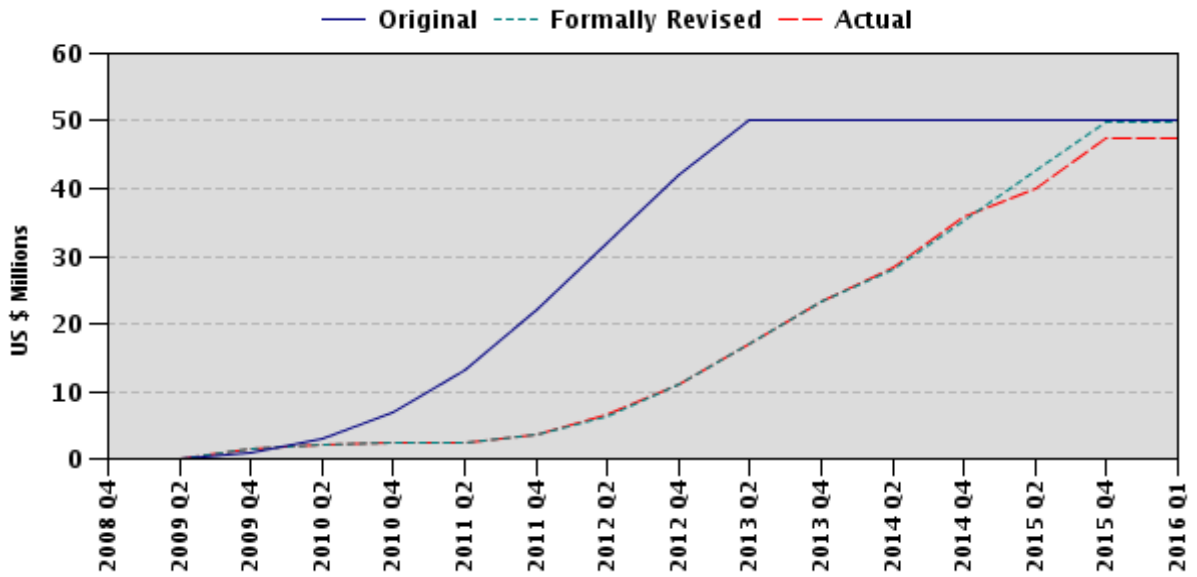
No.	Date ISR Archived	DO	IP	Actual Disbursements (USD millions)
1	01/10/2009	Satisfactory	Satisfactory	0.00
2	02/13/2010	Moderately Satisfactory	Moderately Unsatisfactory	2.03
3	10/16/2010	Moderately Satisfactory	Moderately Unsatisfactory	2.43
4	06/18/2011	Moderately Satisfactory	Moderately Unsatisfactory	3.60
5	03/13/2012	Satisfactory	Moderately Satisfactory	7.07
6	12/10/2012	Satisfactory	Moderately Satisfactory	15.37
7	06/26/2013	Satisfactory	Moderately Satisfactory	23.30
8	12/24/2013	Moderately Satisfactory	Moderately Satisfactory	28.27
9	06/27/2014	Moderately Satisfactory	Moderately Satisfactory	35.73
10	11/23/2014	Moderately Satisfactory	Moderately Satisfactory	40.11
11	02/18/2015	Moderately Satisfactory	Moderately Satisfactory	44.12

## H. Restructuring (if any)

Restructuring Date(s)	Board Approved PDO Change	ISR Ratings at Restructuring		Amount Disbursed at Restructuring in USD millions	Reason for Restructuring & Key Changes Made
		DO	IP		
03/20/2012	N	S	MS	7.07	Extension of project closing date. Justifications are 2-fold: (a) the original implementation period was four years despite the Bank's suggestion of five years at appraisal as the ministry wanted to accelerate implementation; and (b) immediately upon approval of the project the ministry underwent a major restructuring, resulting in significant turnover of key Project Management Office (PMO) staff.
04/21/2014	N	MS	MS	34.83	Project closing date extension and changes to the Results Framework (RF). The changes to the RF were required because of the changes in the approach

Restructuring Date(s)	Board Approved PDO Change	ISR Ratings at Restructuring		Amount Disbursed at Restructuring in USD millions	Reason for Restructuring & Key Changes Made
		DO	IP		
					to monitor the progress of intervention schools and the target values had to be retrofitted. The closing date needed extension due to the delays in project implementation during the first two years, and a second extension was required to complete project implementation.

### I. Disbursement Profile





## 1. Project Context, Development Objectives and Design

### 1.1 Context at Appraisal

#### A. Country and Sector Background

1. **Over the last three decades, internal labor migration in China has been occurring on an unprecedented scale.** According to the Rural Household Survey of the National Bureau of Statistics, the total number of migrants in 2006 was over 130 million. An estimated one in five rural workers was a migrant worker, and nearly one-half of the rural population lives in households with one or more migrant workers. Migrant labor likely accounts for about one-third of total urban employment.

2. **The massive migration flows reflect a combination of factors.** One factor is the large income differentials, with average urban incomes being over three times the rural average in 2005. By migrating from rural to urban China, a typical household nearly doubled its per capita income. Second, increases in agricultural productivity have created an extremely large pool of rural labor surplus, with estimates ranging from 50 to 200 million. Third, the dynamic urban economy generated great demands for labor, with the surplus rural workforce providing an obvious supply of low-cost labor. Migration thus had become an important contributor to China's economic growth and a crucial element in sustaining China's labor-based comparative advantage in global markets.

3. **The unprecedented scale and pace of rural-to-urban migration placed pressure on social and economic institutions, hindering the rural migrants' access to skills development and better employment opportunities that would improve their income and working conditions.** With regard to working conditions, migrant workers filled the most menial and lowest-paying jobs in urban labor markets, concentrated in occupations that exposed them to greater risk of work-related injury and illness. Few migrants were covered by social insurance programs, so any serious injury or illness imposed an immense burden on them and their families. Working conditions were also a serious problem, with considerable evidence of basic employment rights abuses and delayed or unpaid wages and limited avenues opened for protection. Migrant workers experienced social discrimination. Information about job opportunities and living conditions in destination cities remained largely informal. As for skills development, access to skills sought by urban employers was limited in rural areas since competitive markets for training services were slow to develop. In urban markets, the high turnover of migrants contributed to the reluctance of employers to invest in their skills. Trade unions and other organizations were yet to develop the capacity needed for protecting worker rights. Markets in China were thus struggling to cope with the massive flows of rural-to-urban migration.

4. **Recognizing the critical nature of these issues, guidelines, policies, and pilot programs were adopted at all levels of government to facilitate migration and ease the transition of rural workers to urban centers.** One set of reforms focused on relaxing the traditional legal and institutional separation between the rural and urban realms, tying rights and responsibilities to residency status. Some small cities and towns eliminated the distinction between urban and rural *hukou*<sup>1</sup> and allowed migrants to obtain *hukou* and/or access urban services, provided that they have

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<sup>1</sup> The *hukou* is a population registration system that defines peoples' residency status. It classifies the population into rural (agricultural) and urban (non-agricultural) according to their place of birth and defines peoples' access to public services based on this classification. Apart from its basic registration function, it provides the framework for managing population flows and defines entitlements for a range of social services,

stable incomes and legal housing. Other policies included legal measures to eliminate discriminatory treatment of migrants in access to employment. To improve migrant workers' employment opportunities, all levels of government implemented training programs and extended public employment services. Private providers of these services were also emerging.

5. **The 2006 State Council Opinions on Rural Migrant Workers recognized the significant contributions made by rural migrants to the country's development and the importance of safeguarding their rights.** The Opinions mandated the establishment of a system to guarantee and monitor salary payments and stipulated the principle of equal pay for equal work, staff leave, holidays, and overtime pay according to law. The Opinions also called for improved access to various benefits for migrant workers such as medical insurance and pension plans integrated with insurance for urban employees and/or transferred between locations. Finally, the Opinions mandated that migrant workers be represented in employees' representatives conferences and guaranteed their right to join trade unions according to law.

6. **However, much more remained to be done to facilitate labor mobility and help rural migrants transition to urban labor markets.** Although the government made considerable progress in establishing migration-friendly policies, greater implementation efforts were needed for the execution of the regulations to ensure better working conditions and protection at the local level. Another key priority was to increase training and employment service investments. Governments in both sending and receiving areas needed to develop capacity to meet the large demand to extend those services to those in remote areas. Meanwhile, an enabling environment and a regulatory framework were needed for more active private sector service delivery and for the market to function efficiently. Addressing such issues and facilitating the movement of rural labor were essential for China's continued progress in poverty reduction, economic growth, and creation of an equitable and harmonious society.

## **B. Rationale for Bank Assistance**

7. **The World Bank brought significant expertise and experience to the multifaceted task of facilitating the transfer of rural labor and developing China's labor market.** The Bank's comparative advantage included its extensive experience in the areas of skills development, employment services, and worker protection. Knowledge and international experience enabled the Bank to introduce international best practices and support an integrated approach for promoting the employment of migrants. The Bank had also been actively engaged in migration issues in China through policy dialogue and analytical work. The analytical programs on labor market development and China's rural-to-urban migration and social policies underpin the project design.<sup>2</sup>

### **1.2 Original Project Development Objectives (PDO) and Key Indicators (as approved)**

8. **The PDO was to support the transition of rural workers to urban areas to access better employment opportunities that improve their incomes and working conditions.** This objective was to be achieved by (a) improving the access of rural workers to skills development opportunities, (b) reducing the cost of their job search through access to enhanced employment services, and (c) removing the worst excesses of their transition through strengthened worker protections.

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including employment, training, health, housing, and social protection program(The World Bank; Development Research Center of the State Council, China, 2014).

<sup>2</sup> For a more detailed description of the analytical work, see the section on Project Preparation, Design, and Quality at Entry.



9. **The primary objective is therefore to support rural migrants through the process of rural-to-urban migration in order for them to access better urban employment opportunities that will improve incomes as well as their working conditions.** Improved access to better employment opportunities were expected to be achieved through increased access to better-quality skills training opportunities and enhanced provision of employment services. To improve working conditions, the project aimed to improve coverage and terms and conditions of labor contracts, provide legal aid services to migrants, and develop implementation regulations for the labor arbitration law, with particular focus on exploring an expedited arbitration process for migrant workers. While not targeted at the poorest of the poor in rural areas, the project was expected to have a positive impact on household poverty and rural development through migrant remittances, enhanced agricultural productivity from more efficient land utilization, and the transfer of skills and capital to rural areas with return migration.

10. Key outcome indicators included:

- percentage of migrants trained in project training institutions who find employment within 6 months of training completion;
- percentage of migrants trained in project training institutions who find employment in the occupational field for which they are trained within 6 months of training completion; and
- wage level of migrant graduates of long-term training programs of the project-supported training institutions, by occupations.

**1.3 Revised PDO (as approved by original approving authority) and Key Indicators, and Reasons/justification**

11. Although the PDO was not revised, key indicators were modified at the time of the second project restructuring to better align the indicators to the PDO and to refine the wording of the indicators to more precisely define them (Table 1). One key indicator (the last one below) was added and the wording of the original key indicators were redefined as:

- percentage of graduates of the project training institutions that find employment within 6 months of training completion;
- percentage of graduates of the project training institutions who find employment within 6 months in the occupational field for which they are trained;
- wage level of graduates of long-term training programs of the project-supported training institutions; and
- number of graduates receiving short-, medium-, and long-term training from the project training institutions.

**Table 1. List of Original and Modified PDO Outcome Indicators and Intermediate Outcome Indicators**

Original Indicators	Modified Indicators At the Time of the Second Project Restructuring
<b>PDO Outcome Indicators</b>	
1. % of graduates of the project training institutions that find employment within 6 months of training completion, by student origin (rural versus urban)	1. % of graduates of the project training institutions that find employment within 6 months of training completion (total and among students originating from rural areas)
2. % of graduates of the project training institutions that find employment within 6 months in the	2. % of graduates of the project training institutions that find employment within 6 months in the occupational field for which they

<b>Original Indicators</b>	<b>Modified Indicators At the Time of the Second Project Restructuring</b>
occupational field for which they are trained, by student origin (rural versus urban)	are trained (total and among students originating from rural areas)
3. Wage of graduates of long-term training program of the project training institutions, by student origin (rural versus urban) and majors	3. Wage of graduates of long-term training program of the project training institutions (total and among students originating from rural areas)
	4. # of graduates receiving short-, medium-, and long-term training from project training institutions (total and among students originating from rural areas)
<b>Intermediate Outcome Indicators</b>	
4. # of students trained in project training institutions, by type of training (long, medium, and short terms), by student origin (rural versus urban)	5. % of graduates from the project training institutions by type of training (short, medium and long terms)
5. % of students graduating from project training institutions and obtaining a diploma or certificate, by type of training and student origin (rural versus urban)	6. % of graduates from the project training institutions obtaining a diploma or certificate (total and among students originating from rural areas)
6. % of graduates from project training institutions that obtained National Occupational Qualification Certification, by student origin (rural versus urban)	7. % of graduates from the project training institutions that obtained National Occupational Qualification Certification (total and among students originating from rural areas)
7. Ratio of actual average weekly hours of lab use in project training platforms to designed capacity (use a common denominator for all training platforms) (Shandong only)	8. Ratio of actual average weekly hours of lab use in project training platforms to designed capacity (use a common denominator for all training platforms) (Shandong only)
8. Ratio of actual annual hours of lab used by non-platform training providers to total actual annual hours of lab use in project training platforms (Shandong only)	Dropped
9. Ratio of students taking 'ordered training' requested by enterprises to total students in project training institutions, by student origin (rural versus urban)	9. Ratio of students taking 'ordered training' requested by enterprises to total students in the project training institutions (total and among students originating from rural areas)
10. % of students graduating from project training institutions that find jobs in firms with which the school has a partnership, by student origin (rural versus urban)	10. % of graduates from the project training institutions that find jobs in firms with which the school has a partnership (total and among students originating from rural areas)
11. # of people-times of use of employment services (counseling, job referral, and guidance, etc.) provided by project invested employment institutions in project-invested localities, monthly average, by origin of the user (rural versus urban)	11. Frequency of workers using employment services (counseling, job referral, and guidance, etc.) in project-invested localities annually (total and among users originating from rural areas)
12. # of people-times of use of LM information system in project-invested localities (monthly average);	12. Frequency of workers using LM information system in project-invested localities monthly
13. # of migrants-times receiving legal assistance in project-invested pilot localities annually	13. # of rural migrant workers receiving legal assistance in project-invested localities annually
	14. # of policy studies to inform policy reform and formulation of rights protection for rural migrant workers at the national level

12. **The initial plan of a rigorous impact evaluation, also designed to provide data for the results framework (RF), could not be effectively implemented and alternative arrangements were agreed and implemented.** The monitoring and evaluation (M&E) was designed as a three-wave quasi-experimental impact evaluation covering Vocational and Technical Training Schools and employment service centers supported by the project (treatment) and those that are not (control). However, the baseline survey was never effectively carried out mainly due to the changes in the Ministry of Human Resources and Social Security's (MOHRSS) leadership at the start of the project due to the government reorganization in 2009 and 2010. After several unsuccessful attempts to monitor the project indicators by a local research institute, the Provincial Project Management Offices (PPMOs) agreed to take charge of collecting data directly from project schools for the RF.

#### **1.4 Main Beneficiaries**

13. **The main beneficiaries are the migrant workers from rural areas transitioning to urban areas.** The project's direct investments covered 13 counties in 10 municipalities/prefectures in the provinces of Anhui and Shandong and the Ningxia Autonomous Region. The project financed the procurement of equipment and other investments in 23 Technical Vocational Education and Training (TVET) Schools, technical colleges, and training centers (referred to as project schools in this report). During the course of the project, 447,577 students graduated (among them 85.6 percent were from rural areas) from project schools and public employment services served 4,206,642 job seekers (70.7 percent were rural migrants) in the project provinces. Project investments also reached well beyond the rural migrants in the three project provinces. These include the policy studies influencing policies affecting all 260 million rural migrant workers and many hundred million more migrant workers in the future as well as the digital curriculum designed under the project, which is planned to be widely distributed online.

#### **1.5 Original Components (as approved)**

14. **The project supported four main components at the national level by the Ministry of Human Resources and Social Security (MOHRSS) and in three provinces or autonomous regions: Anhui, Ningxia, and Shandong.** At the aggregate level, Anhui and Ningxia are primarily senders of migrants to urban areas in other provinces, whereas Shandong is both a sender and a receiver. The project localities were selected by the government to ensure that they demonstrate the challenges faced by both migrant receiving and sending areas and represent issues faced by different regions in China. As much of the migration is intraprovincial, especially to provincial capital and large cities, interventions were implemented at the destination areas in all three project provinces.

15. **Component 1: Skills Development (US\$72.84 million; o/w US\$42.74 million IBRD financing). This component included activities to (a) enhance capacity of the project provinces to deliver training to potential migrants; (b) improve the quality, relevance, and flexibility of the training offered, consistent with migrant and market needs in receiving areas; and (c) improve functioning of the training market.**

- **Subcomponent 1.1: The training capacity subcomponent provided equipment for a number of training centers and schools in all three project provinces to deliver occupational skills that are in demand for migrants.** In Shandong, public training platforms were equipped and tested as an instrument for expanding training by private providers and enterprises and as a way to encourage more competition and efficient use of public training resources. In Ningxia, seven mobile training bases were acquired to bring

short-term, modular training programs to isolated communities in mountainous and remote areas.

- **Subcomponent 1.2: The quality, relevance, and flexibility of training subcomponent supported activities that helped ensure effective use of the training capacity that was built.** These activities included understanding the learning needs of migrant labor and engagement of industry in defining skill competencies, developing modular competency-based curricula, preparing related instructional materials, and training instructors and school managers. Guidelines for establishing and managing public training platforms and training managers for these platforms were developed. The subcomponent also supported industry linkages to bring industry into the development of the training program and guide training investments.
- **Subcomponent 1.3: The training markets subcomponent addressed market failures and improved overall market efficiency.** It supported the improvement of the accreditation standards for training institutions at the provincial level and strengthened policies concerning the use of public training subsidies for migrants. Government subsidies for migrant training were included as counterpart financing to test the effect of demand-side financing on outcomes for migrants. The subcomponent also supported the development of information packages for migrants on training opportunities.

16. **Component 2: Employment Services (US\$4.96 million; o/w US\$3.24 million IBRD financing).** This component supported activities to (a) improve the provision of labor market information and public employment services for rural migrants and (b) further develop policies and institutions for employment services and support the development of the market for employment service provision.

- **Subcomponent 2.1: The labor market information and public employment services subcomponent supported the establishment of employment service institutions in rural areas and the extension of the labor market information system to county and township levels in selected project localities.** It developed and implemented new employment services programs, tools, and delivery methods most suitable for current and potential migrants. The project trained employment service staff and management.
- **Subcomponent 2.2: The policies and institutions for employment services subcomponent supported the development of regulations and standards concerning public employment services and the improvement of regulations on the licensing and accreditation of private employment service providers.** A rating system for service providers was tested to provide more information to potential clients and to promote quality enhancement.

17. **Component 3: Worker Protection (US\$2.19 million; o/w US\$0.88 million IBRD financing and US\$0.5 million grant from the government of Netherlands).** This component aimed to (a) improve the employment condition of migrant workers and (b) increase awareness of worker rights and support legal services for migrants. In addition to the loan, grant, and counterpart funding indicated above, an additional US\$300,000 was provided by a parallel financed technical assistance project.

- **Subcomponent 3.1: The employment conditions subcomponent tested ways to improve employment conditions for migrant workers and to improve coverage and terms and conditions of labor contracts.** The project supported the application of tools

such as labor contract templates tailored to the needs of migrants. The project supported the national government to improve policies concerning the setting and adjustment of minimum wage and to assess experiences with measures such as wage funds. It explored ways to assist migrant workers and unions to strengthen collective bargaining. The project built government capacity to enforce policies concerning worker rights.

- **Subcomponent 3.2: The legal services to migrant workers and awareness building of worker rights subcomponent supported pilot programs to provide legal aid services to migrants and developed implementation regulations for the labor arbitration law, with particular focus on exploring an expedited arbitration process for migrant workers.** The project enhanced the awareness of migrant workers concerning their rights and responsibilities by developing various communication tools, providing training, and supporting education and public information campaigns.

18. **Component 4: Policy Analysis, M&E, and Project Management (US\$3.40 million; o/w US\$3.02 million IBRD financing).** This component aimed to (a) support a policy-oriented research program and the sharing of information and knowledge concerning rural-to-urban migration; (b) help improve the monitoring of government programs in skills development, employment services, and worker protection and conduct impact evaluations of selected policy interventions; and (c) support project management and build capacity in general management and planning.

- **Subcomponent 4.1: The policy analysis and knowledge management subcomponent supported a policy-oriented research program to improve understanding of the trends of migration, challenges faced by migrants, and policy options.** The subcomponent also supported knowledge-sharing activities by compiling, organizing, and maintaining an information and data warehouse that provides access to data, local policies, best practices, research findings, and other information concerning migration.
- **Subcomponent 4.2: The monitoring and impact evaluation subcomponent helped develop a monitoring system for the government programs on migrant skills development, employment services, and worker protection.** It supported the development of an indicator system and defined monitoring arrangement, data collection, production of periodic monitoring reports, and training for management and staff on program monitoring. The subcomponent also supported the design and implementation of the tracer studies.
- **Subcomponent 4.3: The project management and capacity-building subcomponent supported the establishment and operation of Project Management Offices (PMOs) in the MOHRSS and in the project provinces and municipalities or counties.** Capacity building focused on planning and management skills for policymakers and senior managers.

## 1.6 Revised Components

19. No revisions were made to the components.

## 1.7 Other Significant Changes

20. **Extensions of closing date.** The project was restructured twice, extending the project closing date for a total of 30 months, from the original project closing date of August 31, 2012, to February 28, 2015. The first extension for 18 months was approved by the country director and

filed on March 20, 2012, while the second extension for 12 months was approved by the regional vice president and filed on April 21, 2014.<sup>3</sup>

21. **The extensions were necessary due to the initial delays in project implementation caused by an unexpected reorganization of the project's executing agency almost immediately upon the approval of the project.** The ministry and provincial agencies were subject to a major reorganization which merged two ministries into the MOHRSS and entailed significant focus from the ministry management and staff on internal organizational issues. The reorganization of the ministry took around 12 months and somewhat longer in the provinces, resulting in significant turnover of key Central Project Management Office (CPMO) and PPMO staff who had been involved in the project preparation and in effect losing approximately two years of project implementation period.

22. **A total of US\$2,481,861 was cancelled from the Bank loan.** This includes the US\$50,000 contract that was awarded to an entity without legal standing, and therefore determined as misprocured<sup>4</sup> the US\$331,106 undisbursed by the CPMO, and the US\$2,100,755 undisbursed by the Shandong PMO by the project closing date.

## **2. Key Factors Affecting Implementation and Outcomes**

### **2.1 Project Preparation, Design, and Quality at Entry**

23. **Project preparation. The ESW component of the comprehensive and collaborative joint program, China Labor Market Analytical and Advisory Assistance (AAA) Program, provided the analytical underpinning of the project.** The joint program comprised a government-executed technical cooperation program and complementary analytical studies by the Bank on labor market policies and institutions. The key recommendations of the report were for the government to (a) strengthen worker voice; (b) strengthen social insurance systems; (c) foster labor mobility and integrate migrant workers; and (d) facilitate reemployment and address skills gaps. International experiences based on this analytical work suggest that an integrated package of services covering skills training and employment services rather than training alone is more effective. Also, based on the recommendations made by the AAA, Active Labor Market Programs should respond to labor market demand and be linked to real workplaces. The project design draws heavily from the main findings and policy recommendations that emerged from this collaboration. The comprehensive nature of the analytical work allowed the project design to address a broad set of issues faced by migrant workers by combining training with employment services, creating a strong link between training design and provision with local industries, and establishing quality assurance mechanisms combined with a worker rights component.

24. **A knowledge-sharing workshop was also conducted as part of project preparation in January 2007.** The workshop was aimed at widening the perspective of the counterpart project team by learning from international experiences. The workshop focused on skills development and M&E, introducing main findings from impact evaluation of active labor market programs around

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<sup>3</sup> The notice to the client regarding the amendment to the project agreement was sent by the acting country director on February 13, 2014, but the restructuring was not filed until April 21, 2014, when the confirmation from the client was received.

<sup>4</sup> This was identified by the Audit Report issued on June 30, 2012. See a more detailed description under Procurement in section 2.4.

the world. This workshop helped bring the Bank and the counterpart teams' expectations and ideas together, paving the way for a more innovative project design.

25. **Strategic approach and relevance were appropriate.** The project design is fully consistent with the Bank's China Country Partnership Strategy (CPS) 2006–2010 (dated May 23, 2006; Report Number 35435) and reflects the government's priorities as laid out in the 11th Five Year Plan for 2006–2010. The sharp increase in urban labor demand in the previous 15 years brought about 'the largest moving of people in history'. This unprecedented wave of migration required the government to urgently face the challenge of integrating a large number of migrants working in urban areas to provide them with better access to employment opportunities.

26. **The project design appropriately reflected lessons learned and international experiences, resulting in an innovative design providing comprehensive support to rural migrants.** This integrated approach allowed provinces or autonomous regions to identify activities that would be beneficial to their localities that are at different stages of economic development, further inducing commitments from the local government.

27. **The relevance of the PDO was the key factor that sustained the commitment of the government to the project despite staff turnover at the ministry and the PMOs as a result of the reorganization.** The reorganization of the executing agency was a large setback to the capacity-building efforts during project preparation and the momentum built toward effectiveness. Although the momentum was lost due to the reorganization and staff turnover, the government's commitment toward the project remained strong due to the relevance of the project objectives.

28. **Risk assessment. At the time of project preparation, the weak implementation capacity was appropriately considered substantial in achieving the PDO.** Lack of leadership of the CPMO and poor monitoring to support the M&E component of the project were indeed the two weaknesses of the project, requiring the Bank's intensive technical assistance.

## 2.2 Implementation

29. **The project faced a slow start losing the initial two years, with a turning point marked at the midterm review (MTR) that led to an accelerated phase of implementation—the pace of which was maintained until the closing of the project.** The project was implemented for a total of six years and four months, with the first two-and-a-half years facing a slow start caused by the government reorganization. The reorganization led to significant changes and reductions in the number of PMO staff at all levels and substantially weakened the CPMO. The global financial crisis also had an effect on the project. PMO staff were diverted from their project tasks to work on addressing the impacts of the crisis as the rural migrants were largely affected by the shutdown of export-oriented manufacturing enterprises. For example, in Anhui Province, many rural migrants returned to the province as a result of the crisis and the project staff were assigned to local response initiatives such as daily monitoring of returned migrants, the establishment of the Business Startup Park for migrant workers, distribution of subsidies to enterprises to stabilize employment, and provision and subsidies for on-the-job training. By the MTR, two-and-a-half years into project implementation (June 2011), the project had disbursed 7 percent, marking an 84 percent disbursement lag.

30. **The MTR was the turning point, resulting in a set of agreements to accelerate the implementation.** Around the time of the MTR, procurement of IT equipment and machinery were initiated and smaller procurement packages were at various stages of processing. Although the procurement processes were starting to move, the 'soft' activities (that is, research, training, and

curriculum development) that consist of technical and capacity-building activities were still lagging. The MTR concluded with the following agreements: (a) the PMOs to revise the implementation and procurement plans; (b) the CPMO to organize project management training activities; and (c) the government to ensure timely sharing of project outputs to allow the Bank to provide technical inputs.

31. **The MTR created a new momentum, confirming a renewed commitment to the project led by the Ministry of Finance (MOF) to catch up with the delays in project implementation and improve project performance.** The MOF-MOHRSS-Bank tripartite meetings were held regularly between October 2010 until the end of 2013 to discuss progress on project implementation, including identifying priority issues, identifying fiduciary and project management training needs, and providing support for the semiannual report writing. The tripartite meetings were initially held every two weeks, later reduced to monthly meetings, and then bimonthly as project implementation picked up pace. This focus on accelerating project implementation was met with significant progress by the following supervision mission in January 2012. Large procurement packages had been processed, bidding documents had been issued for larger machinery, and good progress was made on national competitive bidding (NCB) packages at the local level. Implementation of ‘soft’ activities had also progressed, including policy studies at the central level, capacity building and staff training, development of training curriculum, and protection of workers’ rights. By February 2012, the disbursement rate had doubled since the MTR to 14 percent.

32. **With the improving performance in project implementation, the first restructuring was processed to extend the closing date by 18 months as it was clear that project activities could not be completed by the original closing date of August 31, 2012.** Although the government had requested for a two-year extension of the project closing date, the Bank proposed and the government agreed that an 18-month extension would better balance the desire for an adequate period of extension with the need to sustain the implementation momentum achieved since the MTR.

33. **By January 28, 2014, when the second restructuring was requested, the project had disbursed 81 percent.** The government continued to be fully committed to the project as addressing training and employment services for migrant workers was one of the government’s top policy priorities. With the one-year extension, the project was on track to complete all project activities and was expected to achieve the PDO.

### 2.3 M&E Design, Implementation, and Utilization

34. **In addition to the poor capacity of the project PMOs, the main issues related to the project M&E were brought to the attention of the PMOs from the implementation of the quasi-experimental impact evaluation when the project was experiencing a slow start.** The M&E design incorporated an innovative quasi-experimental impact evaluation, considered as best practice. However, this impact evaluation did not take off due to changes in the ministry’s leadership at the start of the project. Alternative arrangements made to collect data through a local academic institute failed due to quality issues of data collected by the institute, which ultimately led to dropping impact evaluation from the project. Strong technical assistance from the Bank enabled project monitoring by the PPMOs.

35. **Initial delays in implementing the impact evaluation were due to changes in the government.** By October 2010, two years after project effectiveness, the MOF called for a meeting to discuss the continued relevance of the project and its potential in turning around the project implementation delays. The meeting concluded that given the high relevance of the PDO, the



project should continue to be implemented but all efforts must be made to accelerate project implementation. During this period, the government was reluctant to launch data collection for the impact evaluation, considering it more important to prioritize their focus on catching up on other implementation delays.

36. **Further, data collected by the local academic institute as an alternative arrangement was of poor quality, inconsistent, and unreliable.** Data to monitor the indicators in the RF was collected by a local academic institute for the MTR from April 18 to May 4, 2011, but there were some inconsistencies in the data. Some key indicators were not supported by the team's observations in the field, with insufficient clarifications provided in the report. After one more attempt by the institute to monitor the project indicators, the PPMOs agreed to take charge of collecting data for the RF directly from project schools. Despite repeated efforts by the Bank to collect information from non-project schools, the PPMOs were able to collect data only from project schools. After the MTR, it became increasingly clear that the quasi-experimental impact evaluation will not be implemented; however, there is no documentation of dropping the original design and agreeing on an alternative method.

37. **As a consequence, the end target values for the indicators in the RF were not set as initially planned due to delays and eventual change in arrangements for data collection.** The targets were expected to be set based on the findings of the baseline survey for a quasi-experimental impact evaluation. The impact evaluation was planned as a three-wave evaluation survey to identify the effects of project investments by comparing the treatment and controls over time. This approach was discussed and confirmed with the government at project negotiation. The end target values for the indicators in the RF were established at the second project restructuring.

38. **As stated above, the original set of indicators for the project were rephrased to better define the indicators and supplemented by new indicators during the second restructuring.** This is mainly because the original intentions of the definitions of the indicators were lost at the time of implementation and some of the indicators that were collected did not appropriately reflect the wording of the original indicators. Therefore, definitions and measurement units were modified for one PDO outcome indicator and six intermediate outcome indicators. The sharpened definitions of the revised PDO outcome indicators were more focused and more appropriately measured the achievement of the PDO. The intermediate indicators were also more closely aligned with the investments made by the project.

39. **Had the quasi-experimental impact evaluation taken off, it would have been the first Bank-financed rigorous impact assessment of an investment project in China.** Although technically sound, this may have been ambitious considering the environment in China where such rigorous evaluations are rarely conducted. Nevertheless, the fact that this impact evaluation did not take place was a missed opportunity for the government to obtain evidence on project impacts and insights on effective policy reforms. After the quasi-experimental evaluation design was dropped, the Bank continued to discuss with the government to design and conduct an evaluation study. The alternative evaluation design proposed was a tracer study, designed as a retroactive case-control study, comparing the current status (outcome) of graduates from project schools (case) and non-project schools (control). After many months of discussions, it was agreed that data collection would be conducted in Anhui Province and Ningxia Autonomous Region.<sup>5</sup>

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<sup>5</sup> The final report of the evaluation study was made available to the Bank during the final stages of ICR writing. Although the government's project completion report makes references to the evaluation study findings, the Bank found some methodological issues in the analysis of the study and thus the findings are

40. **M&E implementation and use was an area that required significant efforts from the Bank team, primarily due to poor capacities of the project PMOs.** The institute contracted for data collection was not able to collect and report the data with adequate quality. The data collection was therefore conducted by the PPMO staff by working directly with the various project schools and employment service centers. There were data issues in the initial rounds of data collection that were subsequently corrected, such as (a) indicators were incorrectly defined; (b) calculation errors were made during compilation; and (c) unreasonable fluctuations that could not be explained were observed. With tremendous efforts and strong collaboration between the PMOs and the Bank, the capacity of the PMOs was strengthened and the data quality in the RF was reasonable and reliable in assessing the progress of the project outcomes.

#### 2.4 Safeguard and Fiduciary Compliance

41. **The project did not trigger OP 4.10. Although the Hui community in the Ningxia Autonomous Region has a clear ethnic identification, their lifestyle, including language, economic practices, and social behaviors, is quite similar to that of the broader Han Chinese society.** Therefore, the Hui are not particularly vulnerable to hardship or exclusion from the development process and do not meet the definition of ‘indigenous people’ as provided in OP 4.10.

42. **According to OP 4.01, the project is classified as Category C with regard to environmental effects.** The project had no adverse environmental effects. A certain amount of civil works was financed by counterpart funds to build new or renovate existing classrooms, labs, libraries, and dorms. These civil works followed Chinese regulations and requirements on environmental protection and management. The civil works plan was reviewed by the Bank after appraisal and it was confirmed that none of the activities would go beyond the concept defined by OP 4.01 for Category C.

43. **Financial management was rated in the Satisfactory range throughout project implementation.** The project had an adequate project financial management system and provided reasonable assurance and accurate and timely information on project implementation progress, with timely reporting of external audits of project funds. There were no major outstanding issues, and minor deficiencies such as delays in project accounting and financial reporting by the PPMOs were addressed or resolved in a timely manner.

44. **Procurement rating ranged from Satisfactory to Unsatisfactory throughout project implementation but was given a Moderately Satisfactory rating for the last Implementation Status and Results Report (ISR).** Procurement was unsatisfactory initially due to the delays in international competitive bidding (ICB) procurement processes and procurement of consultants to conduct ‘soft’ activities that included training, curriculum development, and policy studies. There was also one case of misprocurement identified by the Audit Report for the year ended December 31, 2011, issued by the State Audit Bureau on June 30, 2012. The Audit Report disclosed that a US\$50,000 contract was awarded by the CPMO to an entity with no legal standing. The team requested the government to suspend payments on this contract, recorded the issue in the aide memoire (supervision mission July 22–26, 2012), and conducted a post review. The CPMO and

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not referred to in this ICR. One of the main issues found was that although the outcomes such as wage levels and employment rate vary to a large extent by the sector and the location the graduates are employed in (or the vocational skills the graduates were trained in for those who are unemployed), these factors were not controlled for in the regression analysis. This was despite the fact that there was a wide variation in the distribution of sectors of employment among the graduates sampled for project schools and non-project schools.

the MOF agreed to the findings of the Audit Report and the Bank's post review. The CPMO appropriately addressed the issue by halting all future payments on this contract and repaid the Bank US\$15,000 which had already been paid to the entity under this contract.

## **2.5 Post-completion Operation/Next Phase**

45. **The government is keen to ensure the sustainability of the investments made by the project, including maintenance of equipment and goods, and is making appropriate arrangements at the provincial level.** To ensure that the equipment and other goods procured by the project are well-maintained and effectively used, the Department of Human Resource and Social Security in Ningxia issued a notice dated March 20, 2015. The notice provides guidelines for asset management of the equipment inventory registration, daily operational management, maintenance, utilization and disposal, safety procedures, and the use of the seven mobile training facilities. The order will warrant the ownership and the responsibilities to maintain equipment procured under the project for the training facilities, vocational schools, and public employment service centers, therefore ensuring sustainability. Anhui Province has an existing policy (issued in 2013) on asset management while Shandong is preparing to issue a similar notice. Furthermore, the Ningxia Autonomous Region issued a policy to sustain the capacities built in project schools, mobilize further resources to invest in rural migrant training, and strengthen dissemination of achievements. The province is committed to maintaining the PMO to facilitate the institutionalization of the positive impacts of the project.

46. **Pilot initiatives related to worker protection have been mainstreamed into the worker protection efforts for (non-migrant) general workers, with raised awareness and sensitivities of migrant-specific issues among local officials.** The activities under Component 3 on migrant worker protection were funded by the Dutch Trust Fund (TF) (at the central level and in Shandong) and Technical Cooperation Credit 5 (TCC5) (in Anhui and Ningxia). These activities closed earlier than the project with the TCC5 in Anhui closing in 2010 and the Dutch TF and the TCC5 in Ningxia closing in 2011. The activities funded under this component, including the pilot initiatives of legal aid for migrant workers and provision of a template for worker contracts, have been integrated into the general worker protection efforts of the provincial and regional governments.

47. **Provinces have local initiatives that will sustain the investments made by the project.** In Shandong, the General Office of Shandong People's Government issued Three-Year Action Plans covering 2015 to 2017 for Rural Migrant Workers Skills Upgrade, for Rural Migrant Rights Protection, and for Public Services, which mirrors the components of the project. The Three-Year Action Plan for Rural Migrant Workers Skills Upgrade supports the provision of vocational training and its range of skills training for migrant workers. The Three-Year Action Plan for Rural Migrant Rights Protection will provide training workshops with the aim of increasing rural migrants with contracts, strengthening collective bargaining and equal pay, improving coverage in social insurance, and improving worker safety. The Three-Year Action Plan for Public Services is aimed at improving social service provision to rural migrants, including employment services, health services, education for children of rural migrants, and housing security. Anhui Province has issued policies to provide free tuition and financial aid to students from poor households studying non-agricultural programs (jointly financed through central and provincial funds). Anhui Province has also increased financial subsidies for investments in qualified training institutes for training equipment upgrades and for strengthening entrepreneurship training.

48. **Furthermore, the National Policy Framework supporting rural-to-urban migration has ensured increased government budget allocation at all levels, resulting in greater investments in TVET schools and public employment service centers.** Social policies presented

in the 12th Five Year Plan also envisage equalization of access to public services to all citizens (including health care, education, employment, pension, social assistance, and housing). These reforms will continue to build on the investments made by the program and transform the labor market toward a fuller labor market integration and build stronger institutions.

### **3. Assessment of Outcomes**

#### **3.1 Relevance of Objectives, Design, and Implementation**

49. **The PDOs were highly relevant to the country's priorities when the project was developed and continue to be highly relevant at the time of the Implementation Completion and Results Report (ICR).** The objectives fit with the government's priorities as laid out in the 11th Five Year Plan for 2006–2010 and the Bank's China CPS 2006–2010. The objectives continue to be **highly relevant** at the time of the ICR, reflecting the government's 12th Five Year Plan for 2011–2015 and the Bank's CPS for the period FY13–16. The 12th Five Year Plan, as part of its urbanization strategy, supports the process of migration of rural farmers to urban towns by “establishing basic training and allowance systems for migrant workers, pushing forward the general coordination in provincial level regarding the capital management for the trainings of migrant workers.” Similarly, the CPS for FY13–16 continues to support the government's commitment to promote more inclusive development by addressing inequities that have emerged during the reform period, improving policies and delivery systems to promote rural-urban integration, and strengthening skills development including for migrants.

50. **The relevance of project design is substantial.** The PDO was appropriately aligned with the activities under each component, the outcome indicators, and the intermediate outcome indicators. Although several of the indicators were reworded during the second restructuring, these were to sharpen the meaning of the indicators and to define them as was interpreted by the project team. The components were designed to address key issues and bottlenecks for migrant workers identified by the China Labor Market Study component of the comprehensive China Labor Market Development AAA Program. The high relevance of the project design allowed the project outputs, in particular the policy studies, to contribute to higher-level national policy discussions.

51. **The relevance of project implementation is substantial.** The implementation of the project activities was successful at the central level and in the three project provinces but most notably highly successful in the Ningxia Autonomous Region and Anhui Province. Ningxia and Anhui, although with weaker capacities at the PMOs initially, were able to complete relevant activities in a timely manner and with good quality. All outputs delivered through the four components produced concrete and tangible contributions toward the PDOs. Furthermore, the project served as a platform for knowledge sharing by working directly with the subnational governments, fostering interagency cooperation, and applying international best practices through intensive technical assistance and the knowledge base founded by the preceding analytical work underpinning the project design.

#### **3.2 Achievement of Project Development Objectives**

52. **The overall achievement of the PDOs is Satisfactory.** This section evaluates the results against the targets as well as the positive trends throughout the project period. The primary PDO outcome is to support rural migrants through the process of rural-to-urban migration, in order for them to access better urban employment opportunities that will improve incomes as well as their working conditions. Improved access to better employment opportunities were expected to be achieved through increased access to better-quality skills training opportunities and enhanced

provision of employment services. To improve working conditions, the project aimed to increase coverage and terms and conditions of labor contracts, to provide legal aid services to migrants, and to develop implementation regulations for the labor arbitration law, with particular focus on exploring an expedited arbitration process for migrant workers.

53. **The project achieved the PDO to improve rural migrants' access to skills development opportunities.** The total number of those trained in project schools, and particularly those who originated from the rural areas, steadily increased in all three provinces. Targets in increasing the number of graduates of short-, medium-, and long-term training from project training institutes were met in Anhui and Ningxia, while in Shandong the December 2014 outcome reached only 85 percent of the target value.<sup>6</sup> In Anhui and Ningxia, the increase in the numbers of those trained who were from rural areas almost doubled between April 2009 and December 2014. A higher proportion of the graduates received short-term training in December 2014 than in April 2009 in all provinces, recognizing the constraints migrant workers face with regard to affordability of direct and indirect costs of skills training. This is a result of the project's investments in training equipment and teaching facilities that led to an expanded training curriculum and improved quality of training. The improvements in training quality and quantity have been widely publicized in local newspapers and other media, resulting in heightened appreciation for the training in project schools and increasing the number of applicants every year.

54. **The targets for the PDO outcome of the percentage of graduates finding employment within six months of training completion were met and positive trends were observed throughout the project period for all provinces.** The improvements in this indicator are staggering with 47, 38, and 4 percentage point increases in the Anhui, Shandong Provinces and Ningxia Autonomous Region, respectively, compared to the baseline. Targets for graduates finding employment in the occupational field for which they were trained within six months were also met or reached over 97 percent of the target in all three provinces. These achievements reflect the fact that training courses became more sensitive to market needs with strong collaboration with enterprises. According to the intermediate indicators, almost all of the graduates obtained a diploma or certificates and the National Occupational Qualification Certification. About 85 percent, 89 percent, and 73 percent in Anhui, Ningxia, and Shandong, respectively, found jobs in firms that the project schools had partnerships with, vastly decreasing the cost of searching for a job.

55. **The project also helped reduce the cost of job search through access to enhanced employment services.** The use of local public employment services for counseling, job referral, and guidance increased 20-fold in Anhui Province (from a baseline of 30,566 to 623,603 in December 2014), by 40 percent in Ningxia Autonomous Region, and 50 percent in Shandong Province between April 2009 and December 2014. All provinces met their targets for this intermediate results indicator both for all job seekers and those originating from the rural areas. Investments were made to improve the quality of services such as Shandong's efforts in establishing a local-level one-stop shop providing employment services and job counselling, entrepreneurship training, provision of loans, social security, legal aid, and residential registration. Similarly, Shandong issued a series of policies and measures to strengthen the service standards by establishing (a) a rural and urban integrated employment plan; (b) provincial development plan for human resources service industry; (c) service standards for public employment services; and (d) performance evaluation measures for the employment funds. Shandong also established an urban-rural integrated HR database, making it easier for job seekers to access information regarding jobs

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<sup>6</sup> While the target value for the PDO indicator '# of graduates receiving short-, medium-, and long-term training from project training institutions' for Shandong was 32,190 graduates, the indicator only reached 27,403 in December 2014.

in urban areas through their local public employment service centers. All three provinces set standards for trained public employment service officials, improving the quality of services provided.

56. **The project helped improve the incomes of rural migrant workers.** The targets for the PDO indicator on the level of wages of the students who graduated from long-term training in project training institutions have been met or were close to being met, with improvements observed throughout the project period.<sup>7</sup> The wage levels in China in general had seen steady increases during the project period. According to the National Bureau of Statistics' China Rural Migrant Workers Monitoring Reports (2011–2013), the wages almost doubled from 2008 to 2013 in nominal terms (see annex 10).<sup>8</sup> The trends in the nominal wage levels of the graduates of long-term training in project schools followed similar increases. Considering the per capita gross domestic product (GDP) by province, the three project provinces are considered to be lagging behind in their respective regions. The average wages of project school graduates originating from rural areas reaching the national average could be seen as evidence of the project's good performance.

57. **The project helped improve working conditions of rural migrant workers.** There was no PDO indicator to monitor the progress of the outcomes on worker protection. However, there was an intermediate outcome indicator that monitored the number of rural migrants who received legal assistance for addressing labor disputes, which has been met. In Shandong Province, the number of rural migrants who received legal assistance provided increased 8-fold, and the same doubled in Anhui Province. The number of rural migrants receiving legal assistance gradually decreased in Ningxia Autonomous Region and the target for this intermediate indicator (5,000) was set below the baseline in April 2009 (7,643) because the number of disputes requiring legal assistance was expected to be reduced. The most common labor disputes faced by migrant workers in Ningxia had been on wage payment. The timing of the project coincided with an increase in labor disputes primarily involving migrant workers as a result of the passing of the 2008 Law on Labor Dispute Mediation and Arbitration, which consisted of three labor laws on labor contract, employment promotion, and labor mediation and arbitration (The World Bank; Development Research Center of the State Council, China, 2014). Ningxia, however, was able to gradually reduce the number of disputes, possibly due to the fact that Ningxia is a sender province of rural migrants. The increase in disputes as a result of the law may not have been as pronounced. The reduction in labor disputes in Ningxia was made possible by the strengthening of the education on rights protection, raising awareness of migrant workers. This was done through the distribution of educational materials at spring festivals when many migrants gathered. A popular educational material was a set of playing cards with messages on laws, regulations, and services on worker rights protection printed on each card. As a result, rural migrants became more consistent and resolute in ensuring claims were heard by their employers. At the same time, the administrative guidelines for supervision for labor protection now specify the issues that are reviewed, significantly improving the enforcement of the regulations with, for example, more workers with signed contracts and awareness on their access to social security. These improvements together were expected to significantly reduce the number of migrant labor disputes, resulting in less need for legal assistance.

58. **Based on the above discussion and evidence, the overall achievement of the PDOs is therefore rated as Satisfactory.** It should be noted, though, that China also experienced impressive economic growth during this period (between 2008 and 2014). As such, in the absence

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<sup>7</sup> The targets were met in Shandong and Anhui Provinces, while in Ningxia Autonomous Region the indicators for all students and rural students reached 93 percent of the target wages.

<sup>8</sup> From CNY 1,340 in 2008 to CNY 2,609 in 2013.

of the impact evaluation as originally designed, it is hard to disentangle the effects of the project on certain outcome indicators from the national trend for these indicators. In general, non-project provinces during this period also saw increased investments in technical and vocational education. Had the impact evaluation been implemented, the assessment of the project's contributions would have been clearer. In the absence of such an impact evaluation, this ICR focusses on describing the contributions the project made by weaving together the evidence provided by the project PMOs.

### 3.3 Efficiency

59. **The project outcomes have significantly contributed to improving the cost-effectiveness, efficiency, and relevancy of programs addressing rural migrants.**<sup>9</sup> The level of efficiency of project implementation was rated as **Modest**. This is because the project experienced significant delays in the initial years of the project, resulting in a project implementation period of six years and four months while the project was designed for four years. Nonetheless, important results of some project activities were achieved in an efficient way.

60. **Central-level investments in developing digital training materials promises large future gains in efficiency.** Modular and competency-based training materials were developed for skills training, including 23 digital material packages and 45 digital curriculum packages. The quality of these training materials was assessed to be good and obtained positive feedback from those who piloted the training materials. Development of digital training materials and curriculum through the project promises a high efficiency gain in future skills development once the dissemination strategy is identified and implemented as the digital materials are final and ready for dissemination.

61. **Investments in public employment services at the county and township levels improved cost-effectiveness of employment services by improving quality and relevancy through a more market-oriented and demand-driven approach.** Public employment service officers are able to better cater to the needs of job seekers, not only by providing information on job opportunities but also by providing a more comprehensive set of services including information, advocacy, introduction to occupations, training, contract signing, and registration of laborers and firms. These one-stop shop services were provided at all local public employment service centers in Shandong.

62. **As previously mentioned, the project implementation coincided with an explosion in labor disputes as a result of the passing of the 2008 Law on Labor Dispute Mediation and Arbitration.** As very little had been done by the government in terms of efforts regarding protection of migrant workers, all the activities that the project supported were highly relevant and timely. Preventive measures including worker rights awareness raising, institutionalizing contract signing, and collective bargaining have all contributed to protecting migrant workers.

63. **Interventions such as policy studies that had national significance are highly efficient given the number of people—some 260 million existing rural-to-urban migrants and many more hundreds of millions of future migrants—who would benefit by the interventions.** Different departments of the MOHRSS carried out 28 studies in addition to 17 distinct deliverables produced as part of curriculum development. These studies have provided direct contributions to

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<sup>9</sup> The traditional net present value and economic rate of return were not calculated for this ICR since it is difficult to obtain a quantitative estimate of the impact of project investments on employment outcomes. The economic analysis in the project's Project Appraisal Document (PAD) also focused on assessing the project's contributions with regard to improving cost-effectiveness, efficiency, and relevancy of programs targeted at migrants.

four policy guidelines related to public employment service, migrant training, skills training, and other services to migrants affecting the conditions of migrant workers nationwide. The studies also led to the development of methodologies, tools and indicators, standards, certification processes, and training reference materials in addition to the digital training materials developed under curriculum development.

### **3.4 Justification of Overall Outcome Rating**

Rating: Moderately Satisfactory

64. **The overall outcome rating of the project is Moderately Satisfactory based on the analysis above.** The positive attributes of the project are (a) relevance of design and implementation were substantial and (b) the PDO was achieved measured by the significant improvements related to the PDO-level indicators and qualitative information collected on the overall improvements in the skills training and the support system for migrant workers, including employment services and rights protection. However, these positive attributes were counterbalanced by the following shortcomings: (a) implementation efficiency was set back by the initial delays in the start of the project which affected the implementation through to the end of the project and (b) the impact evaluation was not conducted as originally designed.

### **3.5 Overarching Themes, Other Outcomes, and Impacts**

#### **(a) Poverty Impacts, Gender Aspects, and Social Development**

65. **Although the project did not directly target the poorest of the poor in rural areas, the project has had a positive impact on poverty and rural development.** This was through migrant remittances, enhanced agricultural productivity from more efficient land use, and the transfer of skills and capital to rural areas with return migration.

66. **The project did not place specific focus on the gender differences in the impacts of project interventions or monitor the different impacts of project interventions by gender, although findings of the tracer study may suggest the need for gender-sensitive interventions.** The project did not have a specific focus on gender as rural migrants are predominantly male, with about a third estimated to be female by the National Bureau of Statistics. However, according to the graduates tracer study conducted in Ningxia Autonomous Region that tracked graduates from project schools in 2011, 2012 and 2013 to interview them, 44.5 percent of the 3,264 valid responses from graduates of short-term training<sup>10</sup> and 61 percent of the 880 valid responses from graduates of long-term training<sup>11</sup> were from females. According to a similar tracer study conducted in Anhui Province, although the gender breakdown of the sample is unknown, a larger share of female graduates currently hold general staff and team leader positions in their job while more male graduates hold technician and managerial jobs. The average wages of the first job after graduation for female graduates were about 5 percent lower (CNY 2,182 per month) than for male graduates (CNY 2,291 per month). According to the same tracer study in Anhui, more female graduates than their male counterparts considered that the training was not useful in their first job as well as in their current jobs. These findings suggest that the project appears to have had some positive impacts that were specific to female migrant workers, while the findings also suggest a need for further analysis and gender-sensitive interventions.

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<sup>10</sup> This is out of a total of 4,380 questionnaires sent out, yielding a response rate of 75 percent.

<sup>11</sup> This is out of a total of 2,020 questionnaires sent out, yielding a response rate of 43.5 percent.



## **(b) Institutional Change/Strengthening**

67. **Project management capacities were strengthened at all levels.** The CPMO and the PPMOs struggled with the structured nature of the Bank's fiduciary processes and the processes of monitoring project implementation progress and at times complained that they were the source of implementation delays. Nevertheless, the PMOs also appreciated the logical and rigorous processes established for project management and attributed the successful implementation of the project in part to the rigor of the Bank's processes and its structures. They suggested that the government adopt these processes in their own program operations. In particular, the PMOs found it useful to establish objectives, outcome indicators, and intermediary outcome indicators to measure progress and set up a system to monitor the progress through these indicators.

## **(c) Other Unintended Outcomes and Impacts (positive or negative)**

Not applicable.

## **3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops**

Not applicable.

## **4. Assessment of Risk to Development Outcome**

Rating: Low

68. **Supporting urban-rural migration and reversing the rising inequality between the rural and urban population is a priority for the Chinese government to sustain China's economic growth.** The urbanization in China has been rapid, which facilitated the unprecedented economic transformation and although gradual, the government is making important progress in addressing mobility restrictions. The urbanization process remains incomplete with migrants still lacking urban *hukou* that provides them access to urban public services and social security. Although *hukou* reform was beyond the scope of this project, the issue has significant bearing on the outcome of the migration. The Chinese government is making gradual but important progress in *hukou* reforms at the local level since 2006. The State Council called for a gradual rollover of the residence permit system in 2011.

69. **To sustain the project's development outcomes, considerable capacity has been built at the local level, establishing a new norm in training facilities, vocational schools, and public employment service centers toward market orientation and collaboration with enterprises.** The pedagogical approach transformed through the project's investments in equipment, training of staff, and exposure to international and domestic experiences were extremely positive, visible, and appreciated. These changes at the local level are expected to have a long-lasting effect.

70. **The favorable policy environment created through research and studies leading to improvements in policies for migrant workers is expected to be sustained (that is, will not be reversed).** However, the level of future efforts to further improve the policy environment at the central level may be slower than the pace in recent years during project implementation. These factors together will sustain and further improve the development outcomes. The possibility of reversal is expected to be low.

## 5. Assessment of Bank and Borrower Performance

### 5.1 Bank Performance

#### (a) Bank Performance in Ensuring Quality at Entry

Rating: Moderately Satisfactory

71. **The project design was based on comprehensive analytical work allowing the project to address the key issues faced by rural migrant workers.** This ensured that the project was well-aligned with the government's priorities and that there was a shared understanding between the government and the Bank of the key issues and policy options to be addressed by the project. The project design incorporated learnings from international experiences based on this analytical work to provide an integrated package of services covering skills training and employment services rather than a narrow set of interventions. The comprehensive package of services supported rural migrants throughout the process of rural-to-urban migration, including investments in training institutes to improve training capacity and quality, strengthened public employment services, and supporting migrant worker conditions through worker rights protection. The Bank team included appropriate technical specialists to develop the project. The team actively engaged the government at the central and provincial levels in the preparation of the project to ensure that the project design was relevant and appropriate.

72. **An ambitious impact evaluation incorporated in the project design and the lack of gender mainstreaming were two shortcomings in the project design.** Although the incorporation of impact evaluation as an integral component of the project's monitoring design may have been ambitious, the government was fully on board, which would have been a first Bank-financed project in China with a rigorous impact evaluation. Given the relatively weak capacity in project M&E identified at the appraisal stage, the evaluation design could have been made simpler or the team could have identified an alternative design in case implementation did not go smoothly. In addition, the M&E framework failed to document the plans for target-value setting of the key indicators for the RF, contributing to the delays in target setting during the supervision phase. Another shortcoming in the project design was the fact that the project did not have a gender-sensitive design and did not monitor outcomes broken down by gender. This is despite the fact that an initial social assessment report<sup>12</sup> recommends that special focus is placed on gender. Although only a third of the rural migrants have been women over the years as estimated by the National Bureau of Statistics, female rural migrants face specific and different needs and constraints when compared to men.

73. The **Moderately Satisfactory** rating of Bank performance at Quality at Entry weighs the highly relevant project design incorporating best practices and the shortcomings of the complex impact evaluation design and lack of gender sensitivity.

#### (b) Quality of Supervision

Rating: Moderately Satisfactory

74. **As the project experienced a slow start, the Bank team proactively engaged with the PMOs to speed up implementation and start-up activities.** After the project launch workshop in November 2008, the first supervision mission was conducted between April 5 and 15, 2009,<sup>13</sup>

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<sup>12</sup> Hohai University. 2007. *Social Assessment Report for Rural Migrant Skills Training and Employment Project*.

<sup>13</sup> Aide memoire sent to the government on May 8, 2009.

where the team emphasized the importance of staffing key functions of the CPMO. The second supervision mission was conducted between December 11 and 18, 2009, where the team highlighted the fact that no procurement had taken place at the provincial and local levels, resulting in a low disbursement rate.<sup>14</sup> The third supervision mission was conducted between June 17 and 24, 2010, where the team identified the lack of project management capacity at the provincial level and slow progress in procurement.<sup>15</sup> The team further conducted an interim implementation support mission between September 12 and 16, 2010, where the findings included staffing issues in all three PPMOs and the lack of progress in procurement.<sup>16</sup> Since the project launch, on an average, the team conducted implementation support missions every five-and-a-half months, indicating the Bank team's proactive efforts to identify bottlenecks and find ways to accelerate implementation with the PMOs.

**75. Gearing up toward the MTR in June 2011, the Bank team further increased the intensity of its engagement.** Once the ministry's reorganization was about to be completed, the Bank team worked closely with the MOF and the MOHRSS, meeting every two weeks to support the PMOs in accelerating the procurement of goods and consultant services. These biweekly meetings initiated by the MOF became the key platform to identify bottlenecks and agree on solutions.<sup>17</sup> The proactive engagement is evident from the two restructurings that were processed in a timely manner to support the government's performance in project implementation and the steady and consistent disbursements from 7 percent at the time of the MTR to 95 percent at the time of writing of this ICR.

**76. The intensive technical assistance from the Bank team strengthened the capacity of the PPMOs to manage project implementation and to submit progress reports in a timely manner.** The Bank team also provided intensive support on ensuring the quality of research studies, particularly at the provincial level, as research capacity is weak at the province level. The country-based team proved particularly crucial in resolving bottlenecks and accelerating implementation during the project's 'acceleration phase' after the project MTR.

**77. The one shortcoming was the delay in revising the M&E framework when it became evident that the original plan would no longer be implemented.** This delay had two effects: (a) the target values for the RF were set only at the time of the second restructuring, a year before the project closing and (b) the alternative method for the impact evaluation was agreed with the PMOs at the very last stages of project implementation. The initial delay was due to the focus of the government and the Bank on rectifying the delays in procurement and disbursement. The Bank team continued to pursue the original rigorous impact evaluation through the MTR but did not adjust the M&E framework until the second restructuring. Although the RF did not collect indicators broken down by gender, the findings from the provincial tracer studies suggested that male and female migrant workers were benefiting differently from the project. No adjustments were made to the project design.

**78. The Quality of Supervision is rated Moderately Satisfactory.** This takes into account the proactive role the Bank team played before the MTR and after in supporting the government's efforts in accelerating project implementation. The rating also takes into account the team's delays

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<sup>14</sup> Aide memoire sent to the government on December 29, 2009.

<sup>15</sup> Aide memoire dated July 20, 2010.

<sup>16</sup> Letter, dated September 28, 2010, sent to Mr. Wang Zhifeng, deputy director of the World Bank Loan Office at the Planning and Finance Department of the MOHRSS.

<sup>17</sup> Aide memoire sent to the government on May 24, 2011.

in adjusting the M&E framework once it was clear that it would not be implemented as originally agreed.

**(c) Justification of Rating for Overall Bank Performance**

Rating: Moderately Satisfactory

79. **Based on the Bank's Quality at Entry and Quality of Supervision, the overall Bank performance is rated Moderately Satisfactory.** This takes into account the Moderately Satisfactory rating at entry considering the team's effectiveness in preparing a project design that was highly relevant to the issues rural migrants faced and ensuring capacity building and consensus building throughout the design phase. However, the project design lacked a strategy for gender mainstreaming and included an ambitious evaluation design. The Bank performance during the supervision phase is also rated Moderately Satisfactory given the team's demonstrated proactive engagement. However, the team failed to set the target value earlier when it was evident that the evaluation design will not be implemented as originally designed.

**5.2 Borrower Performance**

**(a) Government Performance**

Rating: Moderately Satisfactory

80. **Although the reorganization of two ministries into the MOHRSS could not have been foreseen, the ministry did not take action to reinforce the CPMO to take a stronger leadership role even after the reorganization was completed.** Participation of a senior MOHRSS official was documented in one supervision mission in December 2009, where the deputy director general chaired and facilitated an open discussion about the challenges that the project was facing at the time.<sup>18</sup> Nevertheless, despite numerous discussions with the MOHRSS on the need for the CPMO to take a stronger leadership role, the CPMO remained weak and understaffed throughout project implementation. Similarly, the MOHRSS did not focus on the slow progress in the implementation of the M&E framework. The MOHRSS could have addressed the issue by providing additional expertise and staff to the CPMO.

81. **The MOF played an active role in ensuring that project implementation was accelerated through the conduct of regular tripartite meetings.** These meetings were held once every two weeks starting September or October 2010 and were gradually reduced to once a month and once every two months as the project implementation gained momentum. The last meeting was held toward the end of 2013. Issues addressed through the tripartite meetings included:

- identified training needs at the provincial level on financial management, procurement, semiannual report writing, and project management;
- identified issues, causes of delays, and solutions; and
- agreements on priorities until the following meeting.

82. **In addition, the MOF played an effective oversight role by making sure that the CPMO provided management support to the PPMOs but also asked the Bank to work directly with the PPMOs and not necessarily through the CPMO.** Furthermore, counterpart funding was fully provided at all levels, demonstrating the strong commitment to the project. Balancing the active and effective role played by the MOF and the lack of action by the MOHRSS to strengthen the CPMO's leadership role, which contributed to the initial delays in project implementation and

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<sup>18</sup> Aide memoire sent to the government on December 29, 2009.

failure to implement the evaluation as originally designed, the government rating is **Moderately Satisfactory**.

**(b) Implementing Agency or Agencies Performance**

Rating: Moderately Satisfactory

83. **The CPMO and the three PPMOs were all actively engaged in project implementation and supervision, with the Ningxia and Anhui PMOs performing particularly well.** The impact of the ministry's reorganization was experienced at different degrees by the four PMOs. The CPMO and the Shandong PMO experienced the largest turnover of key staff, while the staff of Ningxia and Anhui PPMOs negotiated with their offices to minimize staff turnover. Although the Ningxia Autonomous Region and Anhui Province were considered to have lower capacity relative to the central and Shandong PMOs, the Ningxia Autonomous Region and Anhui Province' proactivity in addition to the close engagement of the two provinces' high-level officials had significant positive impacts on the implementation of the project in these provinces. PMO staff of both Ningxia Autonomous Region and Anhui Province remained the same throughout project preparation and implementation. This resulted in good understanding of the project as well as its project management requirements. The capacities built were most prominent for these two PPMOs, with timely submission of quality data for the semiannual reports.

84. **The Shandong PMO had suffered from a constant lack of dedicated staff appointed for project management.** At most, the project PMO had one staff working part-time on the project. This resulted in delays in procurement processes as well as follow-up on other implementation details. There was little engagement in the project by the local government oversight agencies, resulting in a lack of understanding of the needs of the project by the local government. These limitations manifested most prominently in the delays in submissions of reports and data for the RF and the US\$2.101 million undisbursed funds from the province allocation at project closing due to delays in procurement processing.

85. **The CPMO also suffered from rapid staff turnover at the initial stages of project implementation and faced chronic staff shortages with project management.** Staff shortages that resulted in tasks consistently falling on one or two junior staff aggravated the lack of leadership of the CPMO to coordinate and supervise and lead the project implementation. Despite repeated discussions at tripartite meetings, little improvements were seen during project implementation until the last several months of the project with the change in leadership of the project management team. Based on these varied levels of efforts and effectiveness of the PMOs, the implementing agencies' performance is rated **Moderately Satisfactory**.

**(c) Justification of Rating for Overall Borrower Performance**

Rating: Moderately Satisfactory

86. **Based on the implementation analysis above, the overall borrower performance is rated Moderately Satisfactory.** This rating weighs the strong performance of the MOF in accelerating implementation while MOHRSS was unable to strengthen the CPMO. Performance of the PMOs varied, with weak CPMO and Shandong PMO performances counterbalanced by strong and effective performance of the PMOs in Anhui and Ningxia.

**6. Lessons Learned**

87. **The project adopted an innovative design by forming a model of intervention in addressing the needs faced by rural migrants at different stages of the rural-to-urban**

**migration in a comprehensive manner.** The project design embraced the lessons learned from international experience that it is more effective to support job seekers by providing both training and employment services rather than training alone. The diverse and extensive nature of the bottlenecks faced by rural migrants required a project design that not only strengthened access to skills development opportunities but also access to employment opportunities through employment services and interventions to strengthen worker rights protection. The project also contributed to strengthening policy framework through the policy studies which were primarily conducted at the national level. This integrated model of package of services was highly relevant in all three project provinces with different profiles, suggesting that the model could be highly relevant in many other settings. Although the specifics of bottlenecks and hurdles faced by migrants may be different in every context, this model that allows to address a diverse set of issues spanning from skills development, job search, improved access to social services, and worker rights protection could be applied in countries facing massive flows of rural-to-urban migration and international migration.

88. **The flexible implementation mechanism allows tailored solutions for the varying needs of provinces, whether net sender province or net receiver province of rural migrants.** This breadth of issues covered by the project is an important distinction from traditional TVET projects, allowing the project to support both sending and receiving areas of rural migrants. Although the project was comprehensive in design, the investments were left flexible to address the specific needs faced by provinces at different stages of economic development. In Anhui, a major contribution made by the project was the improved partnerships with local enterprises and increased entrepreneurship. In the Ningxia Autonomous Region, the focus was improving training of basic skills and outreach of training activities through mobile training bases. In Shandong, the project investments were made in improving training of advanced technical skills. Different needs in the three provinces were effectively addressed through the project investments' flexible nature of the project design.

89. **The project was carefully designed so that the public sector would not crowd out the private sector service delivery.** Strong partnerships were fostered between the public sector and the private sector to improve service quality and efficiency delivered by both public and private sectors. For example, in Anhui Province, schools developed enterprise-specific training courses by institutionalizing school-local enterprise partnerships and establishing a committee that met regularly, twice a year. The committee jointly developed school development plans, teaching reform initiatives, curriculum reviews, internship programs, trainer exchange programs, and enterprise-based training (using the facilities of the local enterprises). As a result of this partnership, various types and contents of skills training were offered through long-term training and modular, short-term training that perfectly met the skills gap faced by the enterprises. An explicit goal in Anhui Province was for the project schools to produce graduates with the skills required to meet the specific needs of local enterprises. In addition, project schools organized an annual workshop inviting large and mid-sized enterprises to identify the demand for high-tech skills. This school-enterprise partnership development was modeled after what they learned through the study tour to Hong Kong SAR, China funded by the project. Other efforts to foster public-private partnerships were through the training of rural information collectors and labor brokers and other intermediaries, particularly on protecting the rights of rural migrants. This was the first time in Ningxia that the local government approached informal labor brokers and intermediaries, opening doors for further collaboration.

90. **Various training modalities were developed by paying special attention to migrant workers' constraints.** Rural migrants, the main target group for the project, often could not afford

the time or the cost of attending lengthy academic training.<sup>19</sup> Therefore, curriculum development emphasized short-term and medium-term training provided in a modular manner for migrants to attend the training at their own pace. The developed modular, digital training material financed by the project is expected to also benefit migrants who cannot afford to spend long periods in training. The training trucks in Ningxia are tailored to provide short-term practical training (for example, in cooking or sewing) for women living in mountainous areas who would otherwise not be able to travel to towns to attend training. This attention to the specific needs of the target group of migrant workers was key to improving access to skills development for rural migrants.

91. **There is a need to incorporate gender mainstreaming into the intervention model by understanding gender perspectives in access to information, skills development opportunities, employment services, and the gender disparities in the jobs rural migrants aspire to obtain.** As identified by the tracer study in Anhui, more female graduates than their male counterparts considered that the training was not useful in their first job as well as in their current jobs, suggesting that the types of skills taught at project schools were not appropriate for the jobs the female migrant workers obtained. The tracer study also found that women hold general staff and team leader positions while more male graduates hold technician and managerial jobs. Systematic incorporation of gender focus at key stages of project design and implementation at all levels are required to ensure that the specific needs of female rural migrants will also be appropriately addressed.

92. **The M&E framework adopted by the project was innovative, adopting the best-practice design requiring strong capacity, commitment, and resources at the central level.** The lack of capacity to implement the M&E framework was identified as a risk at the appraisal stage, which suggested a need for a different institutional arrangement alleviating the CPMO from the designing and procurement of the firm to conduct the evaluation. The evaluation could have been assigned to a separate office or agency. Similarly, given the pre-identified capacity concerns, embedding impact evaluation in regular monitoring carries risks, particularly in the context of China, where the government is not used to conducting impact evaluations. As a result of the delays at the start of the project which delayed the implementation of the baseline data collection, there were delays in collection of regular monitoring data as well. Given that this would have been the first Bank investment project in China with a rigorous impact evaluation, it may have been more prudent to separate monitoring data collection and impact assessment to minimize the risk of delays and/or to have a pre-identified plan B in case the original plans were not realized. Although at the design stage the government understood the benefits of a rigorous evaluation and committed to implement the agreed design, the US\$190,000 budget allocated for a three-round survey covering three provinces does not seem to substantiate the initial commitment. Implementing rigorous impact evaluations requires considerable resources and dedicated staff ideally independent from project management functions.

## **7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners**

### **(a) Borrower/implementing Agencies**

A summary of the Borrower's ICR is in Annex 7. No additional comments were received.

### **(b) Cofinanciers**

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<sup>19</sup> Hohai University. 2007. *Social Assessment Report for Rural Migrant Skills Training and Employment Project*.

93. The Trust Fund for Strengthening Rights and Protection of Migrant Workers (TF096109) at the amount of US\$500,000 from the Netherlands supported Component 3 of the project. At the time of the closing, the Netherlands Minister for Development Cooperation indicated satisfaction with the implementation and the achievement as a result of its financial contribution.

**(c) Other partners and stakeholders**

Not applicable.



## Annex 1. Project Costs and Financing

### (a) Project Cost by Component (in US\$, millions equivalent)

Components	Appraisal Estimate (US\$, millions)	Actual/Latest Estimate (US\$, millions)	Percentage of Appraisal
Component 1: Skill Development	42.74	42.92	100
Component 2: Employment Services	3.24	2.06	64
Component 3: Worker Protection	0.88	0.68	77
Component 4: Policy Analysis, M&E, and Project Management	3.02	1.73	57
<b>Total Baseline Cost</b>	49.83	47.39	95
Physical Contingencies			
Price Contingencies			
<b>Total Project Costs</b>	49.83	47.39	95
Front-end fee PPF	–	–	–
Front-end fee IBRD	0.125	0.125	100
<b>Total Financing Required</b>	50	47.52	95

### (b) Financing

Source of Funds	Type of Cofinancing	Appraisal Estimate (US\$, millions)	Actual/Latest Estimate (US\$, millions)	Percentage of Appraisal
Borrower		33.02	35.06	106
IBRD		50.00	47.39	95
Netherlands: Ministry of Foreign Affairs/Ministry of Development Cooperation		0.50	0.50	100

## Annex 2. Outputs by Component

1. This section describes the outputs of the four components. The assessment is based on aide memoires, ISRs, two implementation support and ICR Missions, and reports and information submitted by the four PMOs. During the ICR mission, discussions were held with the relevant officials at the PMOs.

2. Table 2.1 presents the expenditures at the time of appraisal and at the time of writing the ICR. The expenditures can also be broken down by expenditure categories: US\$37.72 million on goods; US\$4.76 million on consulting services; and US\$4.8 million on training, conferences, and seminars.

**Table 2.1. Budget at Appraisal and Expenditures at the Time of the ICR, by Component**

Component	Allocation at the Time of Appraisal (IBRD Financing)	Expenditures at the Time of the ICR (IBRD Financing)
1. Skills Development	42,737,300	42,922,138
2. Employment Services	3,242,600	2,059,653
3. Worker Protection	877,700	682,581
4. Policy Analysis, M&E, and Project Management	3,017,400	1,728,767
Total	49,875,000	47,393,139

3. **Component 1: Skills Development (US\$72.84 million; o/w US\$42.74 million IBRD financing).** This component aimed to (a) enhance capacity of the project provinces to deliver training to potential migrants; (b) improve the quality, relevance, and flexibility of the training offered, consistent with migrant and market needs in receiving areas; and (c) improve functioning of the training market.

4. The total expenditure to date for Component 1 is US\$42.92 million, 100 percent of the cost estimated at appraisal.

5. The following six indicators tracked the progress of this component:

- Percentage of graduates from the project training institutions by type of training (short, medium, and long term)
- Percentage of graduates from the project training institutions obtaining a diploma or certificate (total and among students originating from rural areas)
- Percentage of graduates from the project training institutions that obtained National Occupational Qualification Certification (total and among students originating from rural areas)
- Ratio of actual average weekly hours of lab use in project training platforms to designed capacity (use a common denominator for all training platforms) (Shandong only)
- Ratio of students taking ‘ordered training’ requested by enterprises to total students in the project training institutions (total and among students originating from rural areas)
- Percentage of graduates from the project training institutions that find jobs in firms with which the school has a partnership (total and among students originating from rural areas)

6. **Except one indicator in Shandong Province, all of these indicators were met (or reached extremely close to the target value) in all the provinces.** These indicators are designed to measure the type of training provided by project schools that need to cater more toward what

migrant workers need (more short-term training than long-term training). The indicators also measure quality of training by the percentage of graduates from project schools obtaining diplomas, certificates, or National Occupational Qualification Certification. The indicators measuring ratio of students taking ordered training (requested by local firms and enterprises) and percentage of graduates finding jobs in firms that project schools have partnerships with, both measure the extent of relevance of training and success of partnerships among the project schools and local firms and enterprises. The one indicator that was not met was the percentage of midterm graduates from the project training institutions in Shandong Province. The target was 54 percent but the final indicator in December 2014 marked 27 percent. This was because the Shandong Province altered the earlier trends and placed more emphasis on the provision of long-term training rather than medium-term training, hence increasing the proportion of graduates in long-term training but reducing medium-term training.

**7. Subcomponent 1.1: Training capacity. This subcomponent aimed to provide equipment for a number of training centers and schools in all three project provinces to deliver occupational skills that are in demand for migrants.** Well over 80,000 pieces of equipment were procured for the 23 schools and training centers in the 3 provinces. The equipment ranged from large high-tech equipment such as the five color printing machine procured for Shandong, digital CNC processing, five-axis processing equipment, and automobile repair workshops to computers and multimedia equipment for use in the classroom. These pieces of equipment have transformed the relevance of these schools for the local industries as well as for students and prospective students. Local firms now request for interns during school holidays and hire them when they graduate, knowing that the graduates will join the firm fully trained and ready to work independently on the machines that the firms use. Automobile repair is one of the most popular courses for the students as there is high demand for automobile mechanics given the increased car ownership. For advanced machinery such as the five color printing machine and five-axis processing equipment, the local industries request use of the equipment during off-school hours, enhancing school-enterprise collaboration. This was made possible as local enterprises were consulted before the procurement of the equipment.

**8. A unique initiative in the Ningxia Autonomous Region is the mobile training bases, which are trucks that were refurbished into mobile training workshops.** These trucks now bring short-term, modular training programs to isolated communities in mountainous and remote areas, allowing trainees to obtain skills for a considerably lower cost.<sup>20</sup>

**9. With these pieces of updated and upgraded equipment, the reputations of the schools have considerably improved, as highlighted by Anhui's Lu'An Senior Technical School.** For example, they were able to mobilize funding from local government sources. All the investments have made technical vocational schools a more attractive schooling option for young secondary school graduates from rural areas and their parents. The quality improvements in skills development at these schools are evident by the number of national and provincial prizes and awards won by students and instructors alike.<sup>21</sup>

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<sup>20</sup> A promotional video on the training trucks in Ningxia can be viewed here: <http://www.worldbank.org/en/news/feature/2014/09/01/new-skills-and-job-opportunities-for-china-rural-migrants>.

<sup>21</sup> For example, in Anhui Province, more than 32 students from project schools won the 3rd prize at the provincial skills contest. In 2014, an instructor from Lu'An TVET School received a national award for his contributions in training highly skilled workers.

10. **Subcomponent 1.2: Quality, relevance, and flexibility of training. This subcomponent transformed training by linking schools with the labor market and its demands, making the contents of the training more practical, and using various pedagogical methods.** The procurement of computers and multimedia equipment, coupled with training of school instructors and school managers, restored the quality of teaching in the project schools. Before the project, instructors based their teaching on textbooks and training was held in classrooms. With the project's investments, teaching now takes place in laboratories where all the pieces of equipment are placed. In-class teachings also take advantage of the multimedia equipment and computers and are more dynamic and student-centered. During the school break in summer, instructors and school management visited firms and large employers to learn the type of skills in demand. The instructors also work during the off-school season to learn cutting-edge technology and skills applied by employers of the graduates and future graduates of the schools.

11. **School-enterprise collaboration was established with a total of 3,096 enterprises, greatly improving the way schools design and provide training on relevant and practical skills.** Project provinces actively took initiatives to study how school-enterprise collaboration could be improved. In Anhui, a survey was carried out to identify the issues and constraints schools as well as enterprises face in allowing closer collaboration. In addition to the full consultation of training program contents and on equipment to procure, project schools have also set up training centers inside local enterprises to better meet the needs of the enterprises by effectively responding to 'ordered training' requested by the enterprise. These ordered trainings are targeted at the students of the schools and employees of the enterprise. The quality of these ordered trainings has improved in project schools, vastly improving the relevance of the schools and reflecting the effective use of the investments made by the project. These school-enterprise collaborations have greatly facilitated the graduates obtaining jobs where they can fully use their acquired vocational skills. A total of 308,697 graduates (among them 85.2 percent from rural areas) found jobs through the school-enterprise collaboration between 2009 and 2013. Anecdotal evidence from Anhui Province shows that encouraged by the skills obtained at the schools, over 300 graduates started their own workshops, creating employment for some 2,100 workers.

12. **Competency-based curricula and related instructional materials developed include 23 immediately deployable material packages and 45 curriculum packages.** These resources were developed for distance learning on three modules: (a) integrating into urban life - language (for speakers of a dialect in Shandong); (b) on-the-job training for waiters; and (c) digital movie and television shows. All modules were assessed to have high quality, with appropriate pedagogical methods applied. A pilot of these modules provided good feedback from students and instructors alike. The dissemination strategy is being designed to ensure that the modules are widely available to the public.

13. **Subcomponent 1.3: Training markets. This subcomponent addressed market failures to improve overall training market efficiency by establishing accreditation standards and assessing more effective communication channels.** In Shandong, to standardize the quality of training in the province, the provincial government developed training center accreditation standards and assessment tools for public training platforms and training subsidies. In Anhui Province, a study was conducted to identify the most effective information release channel on migrant training and jobs to reach the target migrant population. The study was completed in 2014 and the study findings will be presented to schools and employment centers to improve the effectiveness of their communication campaigns.

14. **Component 2: Employment Services (US\$4.96 million; o/w US\$3.24 million IBRD financing).** This component aimed to (a) improve the provision of labor market information and

public employment services for rural migrants and (b) further develop policies and institutions for employment services and support the development of the market for employment service provision.

15. The total expenditure to date for Component 2 is US\$2.06 million, approximately 64 percent of the cost estimated at appraisal.

16. The following two indicators tracked the progress of this component:

- Frequency of workers using employment services (counseling, job referral, and guidance, etc) in project-invested localities annually (total and among users originating from rural areas)
- Frequency of workers using LM information system in project-invested localities monthly.

17. **Both these indicators for all three provinces met their respective targets or were as close as 97 percent of the target.** In Anhui Province, the total number of workers using employment services increased 20-fold between April 2009 and December 2014. In Ningxia, the number increased by 40 percent and in Shandong by 52 percent during the same period. Similarly, both in Anhui and Shandong, the number of workers using labor market information systems increased by over 5-fold, while in Ningxia Autonomous Region the number stayed the same over the years.<sup>22</sup>

18. **Subcomponent 2.1: Public employment service centers have been set up and upgraded, vastly increasing the number of job seekers served.** During the course of the project, over 4.2 million job seekers were served at the public employment service centers, with 85.2 percent of them being migrants. For example, in the province of Anhui, 520 sets of computers, facsimile machines, and printers were procured for the public employment service centers. Training curriculum was developed and training for public employment service center staff have also been conducted, with 750 staff trained over four training courses. In Ningxia, such training was also conducted on policies and its applications. The weaknesses of these employment service officers were identified and discussed at the training, which included competition and market orientation of job search and service orientation. Officers were trained to improve awareness of issues that individuals and families without jobs face and the importance of their rights protection. In Shandong Province, a management information system (MIS) was established containing job search information on 33 million individuals, which is equivalent to 55 percent of the working age population in the province. The MIS is accessible from the five-level public platform, which established a one-stop shop at the local level throughout the province, providing employment services, social security, legal aid, residential registration, and other public services. Also, in Shandong, about 80 percent of the farmers claimed that they received information on public employment service centers and the services they provide.

19. **Subcomponent 2.2: Standards were established through improved policies and institutions for employment services.** In Shandong Province, service standards of employment service centers were established based on a study and manuals for employment service officers were developed and distributed. As a result of the investments made through studies and workshops, Shandong's 12th Five Year Plan promoted the strengthening of the employment service centers and laid out plans for accreditation and certification of employment services. Anhui Province issued the Standards for Anhui Provinces' Public Employment Services that provides detailed provisions

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<sup>22</sup> There is a typing error in the final ISR RF for this indicator. The 'Total' number for the indicator 'Frequency of workers using employment services (counseling, job referral, and guidance) in project-invested localities annually' is correctly entered as 121,014 but the number for 'Rural' should be 106,130.

on service contents, process, and service satisfaction. The implementation of the Law on Employment Promotion stipulated in 2010 will ensure that the provinces plan and execute employment promotion in urban and rural areas in a standardized manner.

20. **Component 3: Worker Protection (US\$2.19 million; o/w US\$0.88 million IBRD financing, US\$0.5 million grant from the government of Netherlands).** This component aimed to (a) improve the employment condition of migrant workers and (b) increase awareness of worker rights and support legal services for migrants. In addition to the loan, grant, and counterpart funding indicated above, an additional US\$300,000 is provided by a parallel financed technical assistance project.

21. The total expenditure to date for Component 3 is US\$0.68 million, approximately 77 percent of the cost estimated at appraisal.

22. The following two indicators tracked the progress of this component:

- Number of rural migrant workers receiving legal assistance in project-invested localities annually
- Number of policy studies to inform policy reform and formulation of rights protection for rural migrant workers at the national level.

23. **Targets for both the indicators mentioned above were met in all three provinces.** Shandong increased the number of legal assistance interventions by over 8-fold, while the number for Anhui doubled between April 2009 and December 2014. Although the target was met in Ningxia Autonomous Region for the same indicator, the target (5,000) was set below the baseline in April 2009 (7,643) because the number of disputes requiring legal assistance was expected to reduce. The most common labor disputes faced by migrant workers in Ningxia had been on wage payment. Through the project, Ningxia strengthened education on rights protection, raising awareness of migrant workers who became more consistent and firm in ensuring claims be heard by their employers. At the same time, the administrative guidelines for supervision of labor protection now specify the issues that are reviewed, significantly improving the enforcement of the regulations. These improvements together were expected to significantly reduce the number of migrant labor disputes, resulting in less need for legal assistance.

24. **Subcomponent 3.1: Policies were established and implemented to improve employment conditions.** The Anhui Province and Ningxia Autonomous Region conducted studies to assess the design of the migrant rights protection system. The studies found the need to enhance migrant training and subsidies and employment promotion, ensure mechanisms to transfer and sustained coverage of pensions and social security, and ensure that migrant children are entitled to education. These findings were incorporated into the respective provincial government policies.

25. **Under the guidance of the CPMO, the provinces developed and applied the contract template, established and enforced minimum wage, and received guidance on salary setting.** Funded by the Dutch TF,<sup>23</sup> the MOHRSS developed the Guidance Manual on collective bargaining, model agreements for collective bargaining, and training materials. Pilots were conducted in eight cities in Shandong, Jiangsu, and Hubei Provinces. The officials from Shandong also used the Dutch TF to visit Australia and New Zealand and were exposed to rights protection of farmers and studied how to establish a wage guarantee fund and conduct collective bargaining on wage.

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<sup>23</sup> Netherlands Trust Fund for Strengthening Rights and Protection of Migrant Workers (TF096109).

26. **Awareness on migrant workers' rights was raised through the production of a digital film and publicity week (Shandong Province), playing cards, and leaflets (Anhui Province).** According to statistics, some 800,000 migrants viewed the film in the provinces of Jinan and Shandong, and over 1.34 million migrant workers benefited from the publicity week around China's Spring Festival in 2011.

27. **Subcomponent 3.2: Support to legal services to migrant workers were provided and information materials were developed and distributed to increase awareness of worker rights.** Legal support was provided in eight cities in Shandong Province, financed by the Dutch TF. One legal firm per city was selected to provide legal services for three to five days a week. The Dutch TF ICR indicates that during the period of January to October 2011, the law firms handled 4,598 cases involving 5,440 individuals. Among these cases, 1,670 cases were related to wage arrears involving 2,043 individuals, with a total arrear amount of CNY 5.7 million. Some 954 cases were related to social insurance payments, with unpaid funds of CNY 3 million, and 638 cases related to work injury, with a total arrear amount of over CNY 3 million. The remaining cases were related to wage and contract conflicts. As a result of the legal services, legal labor relations were established between the employees and the employers by signing a written contract, with many of them reviewed by legal firms at the request of the migrant workers. Through legal support, about 1,000 migrant workers who originally sought lawsuits solved their disputes with the employers through mediation or consultation.

28. **Component 4: Policy Analysis, M&E, and Project Management (US\$3.40 million; o/w US\$3.02 million IBRD financing).** This component aimed to (a) support a policy-oriented research program and the sharing of information and knowledge concerning rural-to-urban migration; (b) help improve the monitoring of government programs in skills development, employment services, and worker protection and conduct impact evaluations of selected policy interventions; and (c) support project management and build capacity in general management and planning.

29. **The total expenditure to date for Component 4 was US\$1.57 million, approximately 57 percent of the cost estimated at appraisal.** The main savings were from Subcomponent 4.2 as monitoring was conducted by project staff and an impact evaluation was not conducted.

30. **Subcomponent 4.1: The policy analysis and knowledge management subcomponent supported a policy-oriented research program to improve understanding of the trends of migration, challenges faced by migrants, and policy options.** The subcomponent also supported knowledge-sharing activities by compiling, organizing, and maintaining an information and data warehouse that will provide access to data, local policies, best practices, research findings, and other information concerning migration. Table 2.2 provides the list of studies and assessments conducted under this subcomponent. In addition to the 17 distinct deliverables produced as part of curriculum development, 28 studies were conducted under this component, managed by different departments of the MOHRSS in Beijing. These studies have directly contributed to four policy guidelines related to public employment service, migrant training, skills training, and other services to migrants, affecting the conditions of migrant workers nationwide. Similarly, in addition to the digital training materials developed under curriculum development, the studies developed methodologies, tools and indicators, standards, certification processes, and training reference materials. All of these studies were relevant nationwide and not just for the project provinces. Hence, although impossible to estimate the impact in concrete numbers, these studies guarantee a large return for the project's investments in this component.

**Table 2.2. List of Studies Conducted at the Central Level under Subcomponent 4.1**

	<b>Study</b>
Employment Promotion Department	<ul style="list-style-type: none"> <li>• Development of training curriculum for public employment service</li> <li>• Strengthening the establishment of site and function for public employment services</li> <li>• Methodologies for performance management for public employment services</li> <li>• Establishment of an MIS on data relevant to migrants for information sharing</li> <li>• Research on undertaking start-ups by migrants</li> <li>• International comparison on labor market policies in the process of urbanization</li> <li>• Research on application of financial subsidies for migrant training and employment</li> <li>• Research on new issues - research on development of new generation migrants</li> <li>• Development of statistical and analytical tools for monitoring the national employment information</li> <li>• Development of evaluation system for service quality provided by employment mediators</li> <li>• Promoting growth of industrial organizations</li> <li>• Promoting innovative development of labor demands</li> </ul>
Vocational Capacity Building Department	<ul style="list-style-type: none"> <li>• Migrant training needs assessment</li> <li>• Training performance system construction</li> <li>• Design of Performance Measurement for Migrant Training</li> <li>• Team leader training standards in enterprises</li> <li>• Establishment of an online training network</li> <li>• Research on migrant training practice by enterprise technicians</li> <li>• Investment utilization efficiency of public training resources for migrants</li> </ul>
Labor Relations Department	<ul style="list-style-type: none"> <li>• Literature review of migrant wages and minimum wage</li> <li>• Evaluation of collective negotiations in China</li> <li>• Analysis of the labor registration system and its effects</li> <li>• Evaluation and improvement of the wage standard</li> <li>• International development and trends in wage collective bargaining</li> <li>• Research on special labor relations</li> <li>• Strategy on employment development of labor transfers by migrants</li> <li>• Research on preventive mediation work for migrant labor disputes</li> <li>• Studies on the modes of settlement for migrant worker disputes</li> </ul>

**31. On research on public employment services alone, the research findings promoted development and improvements in the following national policies:**

- Notice of the MOHRSS and the MOF on Related Issues in Further Improving Public Employment Services System
- Opinions of the State Council on Further Implementing Services for Migrant Workers (State Council Notice [2014] No. 40)
- Notice of the MOF and the MOHRSS on Related Issues in Carrying out Employment Special Fund Performance Assessment Pilot (C.S. [2012] No. 17)
- Opinions of the State Council on Further Implementing Services for Migrant Workers (State Council Notice [2014] No. 40)
- “MOHRSS’ Circular on Upgrading Rural Migrant Workers Occupational Skills Plan - Chunchao Action Implementation Plan” (MOHRSS Fa [2014] No. 26)
- “MOHRSS and MOF’s Joint Circular on the Implementation of 2014 National Advanced



Skills Development Base and National Level Skills Master Studio Establishment”  
(MOHRSS Han [2014] No. 54)

32. **Subcomponent 4.2: The monitoring and impact evaluation subcomponent helped develop a monitoring system for the government programs on migrant skills development, employment services, and worker protection.** This subcomponent supported the regular data collection to monitor the progress of project implementation for the RF. The Bank team had to provide intensive technical assistance to ensure that the indicators were interpreted in a standardized manner and calculated correctly. As a result of the technical assistance, the data reported in the RF is of adequate quality to assess the level of success of project implementation.

33. **Subcomponent 4.3: The project management and capacity-building subcomponent supported the establishment and operation of the PMOs in the MOHRSS and in the project provinces and municipalities and counties.** With regard to the number of PMOs, 1 central office in Beijing, 3 PPMOs, and 22 city or county offices were needed to be supported. Training and capacity building extended to these offices include financial management, procurement, documentation and filing, and communication and reporting. Strengthening the capacity of these PMOs was essential in the efforts to accelerate project implementation and disbursement. Although the CPMO and the PPMOs struggled with the structured nature of the Bank’s fiduciary processes and the processes of monitoring project implementation progress, the PMOs also appreciated the logical and rigorous processes. The PMOs attributed the successful implementation of the project in part to the rigor of the Bank’s processes and its structures and suggested that the government adopt these project management processes in their own program operations.

### Annex 3. Economic and Financial Analysis

1. **The economic rationale of the project support to enhance migration flows is justified as migration was widely acknowledged as an important engine for economic growth and poverty reduction by narrowing the income gap between rural and urban areas in China.** Data for prefecture-level cities in 2010 demonstrated that differences between marginal productivity and real wages persist and are greatest in midsize cities, suggesting less than optimal labor mobility. Based on productivity differences between agriculture and urban occupations in industry or services, studies have shown that every 1 percent more migration from rural to urban areas would yield 1.2 percent more GDP.<sup>24</sup>

2. **This report does not attempt to estimate the net present value or the economic rate of return.** The project PAD also did not estimate the net present value or economic rate of return as obtaining a quantitative estimate of the impact of project investments on employment outcomes is difficult. This section therefore focuses on assessing the project's contribution with regard to improving cost-effectiveness, efficiency, and relevance of programs targeted at rural migrants. The contribution of the project was not only economic but technical oversight and capacity building enhanced the cost-effectiveness, efficiency, and relevance of their programs.

3. **Cost-effectiveness. The project investments have increased the capacity of training institutes to enroll more students and to train on a more diversified set of skills.** Training modules and curriculum are now being designed in close consultation with the enterprises. Owing largely to the project investments, larger training institutes have been identified as the resource training institutes at the national as well as provincial levels, providing training for instructors of other training institutes. Therefore the impacts of the project investments are not only contained to the graduates of these specific training institutes but also have positive spillovers on non-project schools through training of instructors. The mobile training bases in Ningxia significantly improved the outreach of skills training to residents in mountainous areas, with minimal cost to the training participants as well as the training institute. Training participants in these remote mountainous areas may have otherwise never participated in skills training that promise higher incomes. As a result of this, more graduates are obtaining national vocational qualification certificates and finding jobs before graduation through the school-enterprise collaboration.

4. **Public employment service officers are able to better cater to the needs of the job seekers, not only by providing information on job opportunities but also by providing a more comprehensive set of services, including information, advocacy, introduction to occupations, training, contract signing, and registration of laborers and firms.** In Shandong, service standards of the employment services were established and officers were trained based on a manual which was distributed to ensure the standard of services provided. One-stop shops were established at the local level throughout Shandong Province, providing employment services, social security, legal aid, residential registration, and other public services to local and migrant job seekers. Efforts to strengthen information dissemination were also made, reaching approximately 80 percent of farmers in the area. Farmers were trained on farming techniques and management of farm products to nurture new generation of farmers and help them understand the responsibilities of jobs and improve living standards.

5. **Supporting mitigating activities such as awareness raising of migrant workers, applying contract templates, and promoting collective wage bargaining result in reduced**

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<sup>24</sup> DRC background study Urbanization and Economic Growth, Annex, referred in (The World Bank; Development Research Center of the State Council, China, 2014).

**number of labor disputes.** Preventing labor disputes are obviously more cost-effective than providing legal support to those facing labor disputes, although the latter is also highly relevant in this context.

6. **Relevance. The project was highly relevant in the context of the largest number of internal migrations in history.** Between 2000 and 2012, rural workers working in urban areas more than doubled from 79 million to 163 million. By 2013, 44 percent of the total urban employment was held by rural migrants (The World Bank; Development Research Center of the State Council. The People's Republic of China, 2014). The government places strong emphasis on improving the services and the policy environment to better facilitate the transition process of the rural migrants.

7. **The project interventions were timely as new labor laws were passed in 2008, including the Labor Contract Law and the Labor Dispute Mediation and Arbitration Law.** In particular, the passing of the Labor Dispute Mediation and Arbitration Law was met with an explosion of labor disputes. At completion of the implementation of grant-funded activities, mitigating activities for rural migrants were integrated into the functions of employment services and addressed all laborers, not only for migrants. As not many activities in migrant rights protection was conducted before the project, all activities that the project's component on migrant worker protection initiated were highly relevant and timely.

8. **Efficiency. The various investments made by the project have increased the capacity of the training institutes to increase the training courses and the number of students they can enroll.** Coupled with the increased relevance of the training content, there are many more prospective students interested in being enrolled in the project schools. The increased training institute and enterprise partnerships have increased 'ordered training' requested by enterprises. Firms are requesting for students to work at the firm as interns and will hire them upon graduation. This increases the likelihood of graduates finding a job locally, without having to migrate to a larger town or city. Firms and enterprises also came to training institutes to rent the equipment procured using project funds as training institutes now had more upgraded equipment, which allow schools to contribute to the development of the local industry.

9. **Modular and competency-based training materials were developed for skills training, including 23 digital material packages and 45 digital curriculum packages, which promises further efficient delivery of high-quality, standardized training.** The quality of these training materials was assessed to be good and they obtained positive feedback from those who piloted the training materials. Once the materials are made accessible through the Internet, the efficiency of skills training will increase massively. The challenge for the government now is to identify the most appropriate and effective dissemination strategy for such training materials.

10. **Project investments in employment services also promise further efficient delivery of service through standardized management and sharing of information with job seekers and employers.** In Shandong Province, the project invested in an information system to manage the data on job seekers. The standardization and sharing of information through the MIS improves the efficiency of job matching while ensuring quality of information sharing. In Anhui Province, computers, printers, and facsimile machines were procured and the facilities of employment centers were upgraded. With more public employment centers located in rural counties and townships, local job seekers are better able to access the services. During the course of the project, the number of job seekers using the employment services increased significantly (by 20-fold in Anhui and by 40 percent and 52 percent in Ningxia and Shandong, respectively), improving the efficient use of the facilities and the infrastructure.

11. **The policy environment was improved by conducting 28 studies on topics ranging from employment promotion and vocational capacity building to labor relations and labor disputes.** These studies in general were of high quality and directly applicable as inputs for policy identification or for policy consideration. Of the 28 studies, 11 studies were designed to evaluate existing programs for rural migrants and to establish standards, guidelines, and evaluation methods. The remaining 17 studies contributed to four policy guidelines related to public employment service, migrant training, skills training, and other services to migrants, affecting the conditions of migrant workers nationwide. Considering the sheer number of people affected by these policy guidelines (260 million existing rural-to-urban migrants plus many hundreds of million more in the future), the policy studies were an efficient contribution to the Chinese government's efforts to improve the conditions of rural migrant workers.

12. **Financial analysis. The PAD estimates that the expected amount of recurrent expenditures at the school level accounts for an average of less than 5 percent of the expected revenues.** Project schools saw large increases in the number of students they could take in through improved training facilities and larger variety of courses offered. Schools are also doing more 'business' with local enterprises by renting more expensive (hence more costly to maintain) equipment. The recurrent costs generated by the project are manageable. Some schools were able to apply for additional government funds due to the improved quality and relevancy of the training they provide owing to the investments made by the project.

## Annex 4. Bank Lending and Implementation Support/Supervision Processes

### (a) Task Team Members

Names	Title	Unit	Responsibility/ Specialty
<b>Lending</b>			
Xiaoqing Yu	Director	GSPDR	
Cristobal Ridao-Cano	Program Leader	EACIF	
Liping Xiao	Senior Education Specialist	GEDDR	
Xiaowei Guo	Senior Procurement Specialist	GGODR	
Haixia Li	Sr Financial Management Specialist	GGODR	
Margaret Png	Lead Counsel	LEGLE	
Haiyan Wang	Senior Finance Officer	WFALN	
Chaogang Wang	Senior Social Development Specialist	GSURR	
Lansong Zhang	Operations Analyst	GSPDR	
Sabrina Gail Terry	Program Assistant	GHNDR	
Arvil Van Adams	Consultant		
Gordon Betcherman	Consultant		
Daniel R. Gibson	Consultant		
Hope C. Phillips Volker	Consultant		
<b>Supervision/ICR</b>			
Dewen Wang	Senior Social Protection Economist	GSPDR	
Philip B. O'Keefe	Lead Economist	GSPDR	
Junko Onishi	Senior Social Protection Specialist	GSPDR	
Zhengxuan Zhu	Consultant	GSPDR	
Xiaowei Guo	Senior Procurement Specialist	GGODR	
Haixia Li	Sr Financial Management Specialist	GGODR	
Xuan Peng	Program Assistant	EACCF	
Tao Su	Program Assistant	EACCF	
Limei Sun	Program Assistant	EACCF	
Maya Razat	Program Assistant	GSPDR	
Liping Xiao	Senior Education Specialist	GEDDR	
Lansong Zhang	Operations Analyst	GSPDR	

**(b) Staff Time and Cost**

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	US\$, thousands (including travel and consultant costs)
<b>Lending</b>		
<b>FY05</b>	22.71	146.44
<b>FY06</b>	6.06	33.58
<b>FY07</b>	30.07	276.81
<b>FY08</b>	23.50	155.66
<b>Total:</b>	<b>82.34</b>	<b>612.49</b>
<b>Supervision/ICR</b>		
<b>FY09</b>	9.02	66,385
<b>FY10</b>	20.88	64,002
<b>FY11</b>	12.75	76,896
<b>FY12</b>	7.53	110,172
<b>FY13</b>	13.00	86,164
<b>FY14</b>	20.60	113,705
<b>FY15</b>	26.71	130,247
<b>Total:</b>	<b>110.49</b>	<b>647,572</b>

**Annex 5. Beneficiary Survey Results**  
*(if any)*

N/A

**Annex 6. Stakeholder Workshop Report and Results**  
(if any)

N/A



## **Annex 7. Summary of Borrower's ICR and/or Comments on Draft ICR**

1. The former Ministry of Labor and Social Security and the Bank agreed on strategic cooperation through the Rural Migrant Skills Development and Employment Project (hereinafter referred to as the project) to strengthen skills training, employment opportunities of migrant workers, work environment, and the protection of the rights of migrant workers.

### **I. Project Overview**

2. The overall development objective is to support the transfer of migrant workers from the countryside to the city for obtaining better employment opportunities, higher income, and better working conditions by increasing the opportunities to acquire skills training, improving employment services, and strengthening the protection of their rights and interests. With the support of the Bank, the MOF, and the National Development and Reform Commission, various project activities were satisfactorily accomplished, yielding abundant project results with expanding influences.

3. The project realized the expected objectives. The skills development component improved the ability of Shandong Province, Anhui Province, and Ningxia Autonomous Region to provide training for potential migrant workers. The component improved the quality, relevance, and flexibility of rural migrant training. The employment services component improved the information and employment services through policy development and provision of employment services. The rights and interests protection component improved the employment conditions of migrant workers and enhanced the awareness of migrant workers in rights protection and means of legal services. The policy research, M&E, and project management component undertook policy research related to migrant workers moving into the city; improved the monitoring of migrant workers' skills development, employment services, and rights protection activities; assessed the impact of policy interventions; and significantly enhanced the capabilities in project management and planning.

### **II. Use of Project Funds**

4. According to the loan and grant agreements, the total project amount is US\$50 million and the grant amount is US\$500,000. The project disbursed a total of US\$47.29 million of the loan (96 percent): US\$4.64 million of the loan amount was used by ministry-level departments, US\$17.65 million by Shandong, US\$15 million by Anhui, and US\$10 million by Ningxia. The saving was US\$2.71 million. The project disbursed 100 percent of the grant amount.

5. The project disbursed US\$37.72 million for goods; US\$4.76 million for consulting; and US\$4.8 million for training, conferences, and seminars. Component 1 disbursed US\$3.69 million for goods; US\$2.79 million for consulting; and US\$3.28 million for training, conferences, and seminars. Component 2 disbursed US\$20,000 for goods; US\$70,000 for consulting; and US\$620,000 for training, conferences, and seminars. Component 3 disbursed US\$120,000 for goods; US\$320,000 for consulting; and US\$200,000 for training, conferences, and seminars. Lastly, Component 4 disbursed US\$1.07 million for consulting and US\$700,000 for training, conferences, and seminars.

### III. Project Plan and Completion Status

#### *Ministry-level Departments*

6. Ministry-level departments guided the overall project implementation, established systems and regulations for training and services, and directed the overall coordination and management. These departments also undertook policy consulting services, training resource package development, and training.

- **The Professional Capacity Building Division** conducted research and analysis on team leader job training, public training of migrant workers, training needs analysis, training and evaluation system, and training portals. These projects have been completed.
- **The Labor Relations Division** conducted research, analysis, and consultation on collective wage bargaining, employment filing system, minimum wage standards, and special labor relations. Except for ‘wage payment security research’, all projects have been completed.
- **The Mediation and Arbitration Management Division** studied the procedures for prevention of labor disputes and proposed and piloted the ‘wage consultation system’, which is expected to be scaled up. The project has been fully completed.
- **The Employment Promotion Division** conducted migrant-related studies on employment, business start-up, and subsidies for training and employment; developed public employment service officials’ training; established migrant workers research database; conducted international comparison of labor market policies during urbanization; developed the national employment monitoring and analysis tools; and conducted the professional intermediary service quality assessment. The following policies were formed based on the research: Notice of the MOHRSS and the MOF on Related Issues in Further Improving Public Employment Services System and Opinions of the State Council on Further Implementing Services for Migrant Workers (State Council Notice [2014] No. 40).
- **The Financial Planning Division** was responsible for the project M&E, tracking the implementation process, and evaluating project impacts. All studies have all been completed.
- **The NDRC** studied the issues related to rural migrant population, analyzed the current situation, developed development strategies, and guided the implementation of the project.
- **The China Employment Training Technical Instruction Center** developed training resource packages and formulated the online courses, evaluation question bank, and student and instructor manuals. The digital and public vocational training packages and the digital resources sharing and management platform will be widely used in future vocational education. Six schools piloted the digital resource packages and platform.

7. The activities in each project province consisted of all four project components. The following are the summaries of activities for each province by component.

#### *Shandong Province*

##### (a) Skills development

- Procured equipment including the Heidelberg Speedmaster five color offset printing machine CX102-5, five-axis machining center, machine tool, chemical and welding equipment, and computer teaching and field training equipment

- Conducted human resource (HR) and training market analysis; developed training materials and modules; and organized overseas study tours for teachers, a variety of models of school-enterprise cooperation activities, and a tracer study of graduates
  - Developed training center accreditation standards and assessment tools for public training platforms and training subsidies, which helped standardize the training in the province
- (b) Employment services
- Established the HR market in four cities, a province-wide five-level public service platform serving as a local one-stop shop for employment services, social security, legal aid, residence registration, and management of floating population
  - Established employment services and an urban-rural integrated HR database, an integrated employment plan, HR service plan, standards for public employment services, methods for performance assessment of the employment fund, and a series of policy measures, including the Notice of the People's Government of Shandong Province on Issuing Shandong Province's Employment Promotion Plan (2011–2015), Shandong Province's Public Employment Services Standardization Manual, and Shandong Province's 12th Five-year Special Planning for the Professional Intermediary Service Industry
- (c) Worker protection (applying the grants from the Dutch government)
- Conducted HR and social security integration policy research and developed and piloted HR and social security integration software, employment registration MIS, labor relations staff training, study tours, wage collective negotiation and wage deposit, migrant workers' legal rights and policy awareness raising, and free legal aid for migrant workers in eight cities
  - Trained migrant workers on rights protection, public services, fire safety, health care, transportation safety, HIV/AIDS prevention, civil rights, and other legal awareness
- (d) Policy research, M&E, and project management
- Developed regulations for project management according to Bank and MOHRSS requirements and set up expert guiding groups and project M&E activities

### ***Anhui Province***

- (a) Skills development
- Procurement of over 8,000 items of field training equipment worth US\$14 million
  - Training and job market surveys providing a basis for migrant worker training policies
  - Teacher training: Trained over 800 teachers from 10 project schools and organized teachers to practice in enterprises, training resource, and curriculum development
  - Tracer study covering over 2,000 graduates from 10 project schools by training subject for 3 years
  - Conducted school-enterprise cooperation survey: 18 schools and 31 enterprises were studied on the constraints on cooperation and their expectations

- Carried out ‘training information release channel survey activities’
- (b) Employment services
- Strengthen labor market information: Distributed 520 computers, fax machines, and printers to 10 townships to connect them to the county-level labor market information system
  - Trained employment services staff on Employment Promotion Law, Social Insurance Law, and Labor Contract Law. A total of 750 people attended the training
  - Issued Standards for Anhui Province’s Public Employment Services that provides detailed provisions on the service contents, process, and service satisfaction
- (c) Worker protection (funded by the U.K. government)
- Proposed measures for migrant worker training subsidy and urban employers’ social insurance and school admission of migrant workers’ children in cities adopted by the provincial government and relevant departments
  - Distributed the ‘migrant worker’s legal rights protection propaganda manual’, including at the various ‘Spring Wind Action’ events in January 2015
- (d) Policy research, M&E, and project management
- Conducted surveys and situation analysis on migrant worker training information release channels; school-enterprise cooperation; migrant worker training and labor market demand; development of migrant workers’ legal rights protection; a tracer study; and the design, installation, management, information update, and other aspects of employment services information system equipment provided for towns and townships.

***Ningxia Autonomous Region***

- (a) Skills development
- Procured training equipment, including laboratory equipment, intelligent agricultural facilities, electrical and electronic engineering, fitter and welder, IT, clothing design and production, hotel and restaurant services, excavators and loaders, construction machinery simulators, and animal husbandry and breeding
  - The mobile training trucks unique in Ningxia were operationalized
  - Teacher training: Trained 480 teachers in more than 10 professional skills. Some 312 people obtained primary, intermediate, and senior qualification certificates
  - Assisted the CPMO in piloting of the distance learning for migrant worker training and employment, market research, and school-enterprise cooperation
- (b) Employment services (funding from the Bank TCC5)
- Developed training materials for Arabic-speaking services staff, resulting in policy development. In 2014, the Ministry of Science and Technology evaluated this as ‘very successful’
  - Trained 1,116 public employment services staff, village information personnel, and job brokers
  - Developed an employment services network and carried out policy research
- (c) Worker protection
- Provided labor dispute arbitration training, conducted promotional activities

including issuing 840,000 migrant worker rights protection service cards, and issued relevant policies

- (d) Policy research, M&E, and project management
- Undertook project M&E, annual project implementation audits with the Department of Audit, developed FM and accounting methods
  - Trained 167 project managers on financial management and public relations
  - Organized overseas study tours for 45 persons, 29 project meetings, on-site supervision meetings, and project task outline writing skills training

#### **IV. Completion Status of Project Objectives**

##### ***Skills Development***

- This component improved training capabilities, quality, and the training market.
- Based on the training needs, the project schools purchased equipment (see table 7.1) that promoted the integrated teaching models, linked teaching with actual production, matched rural workers' skills with job requirements, and enhanced the rural workers capacity to adapt to jobs.
- All provinces have improved environmental conditions for migrant worker training and built, renovated, or extended migrant worker training sites of 271,042 m<sup>2</sup> over the five years.
- From 2009 to 2013, various project regions actively built, renovated, or expanded field training sites and mobile caravans.
- Cumulatively, the three provinces developed 307 training programs, 1,529 pieces of multimedia training courseware, 225 sets of training materials, and 3,271 training teachers, thereby strengthening training relevance and flexibility and satisfying the needs of transfer-in market and migrant workers.
- By the end of 2013, 240 majors had been increased under the support of the project, including 30 in Shandong, 79 in Anhui, and 131 in Ningxia.

##### ***Employment Services***

- This component improved labor market information, employment services policies, and the quality of project management.
- The three provinces cumulatively provided 393,109 employment posts in five years, including 330,669 posts for migrant workers, accounting for 84.12 percent of the total.
- From 2009 to 2013, the project cities in the three provinces extended HR market information to a total of 849 townships (streets) and 16,296 villages (communities) and obtained fruitful achievements in the construction of primary community information platforms.
- From 2009 to 2013, a total of 2,847 employment and job services personnel and project management personnel participated in training in the three provinces.

##### ***Worker Protection***

- This component actively engaged policymakers to participate in training and carried out legal rights protection training for migrant workers.
- The three provinces trained 666 policymakers and project management personnel.
- Over the five years, from 2009 to 2013, the three provinces trained over 240,000 migrant workers.
- The three provinces held 1,793 activities for the promotion of legal rights protection

for migrant workers and totally distributed 1.73 million copies of legal rights protection promotion materials.

#### *Policy Analysis, M&E, and Project Management*

- This component completed 56 researches, organized 163 seminars and 230 overseas study tours, and developed 50 policy documents to improve project management.
- **Strengthened research and information sharing on relevant policies related to migrant workers**, and completed over 60 research on migrant workers for policy development.
- **Strengthened skills development, employment services, and rights protection activities of migrant workers, and policy assessments.** 52 seminars were held in Shandong (468 participants), 79 in Anhui (1,339 participants), and 32 in Ningxia (205 participants); 230 domestic trainings were organized with 1,897 participants; 43 overseas study tours were organized for 78 participants; and 37 reports were compiled.
- **Capacity building for project management and planning.** A total of 50 policy documents were formed. Shandong, Anhui, and Ningxia issued 39, 242, and 10 policy documents, respectively, supporting capacity building in project management and planning.

### **V. Role and Effect of the Project**

#### *Direct Effect of the Project*

- **Expanded scale of training**, with some 90 percent of trainees from rural areas. Training focused on rural trainees. Some 522,628 were trained (85.51 percent of them from rural areas). Among them, 447,577 graduated (85.56 percent of them from rural areas).
- **Graduation certifications** obtained by 419,898 from 2009 to 2013 (84.69 percent of them rural trainees).
- **National vocational qualification certificates** obtained by 365,348 (86.6 percent of them rural trainees).
- **Full operation of project training platform in 2013.**
- **School-enterprise joint trainings were effective**, with 3,096 school-enterprise cooperation were established and 308,697 (85.19 percent of them rural) found jobs through school-enterprise cooperation.
- **Expanded employment services** serving 4,206,642 persons (70.66 percent migrants).
- **Increased signed labor contracts** in Shandong with 30 percent in Linyi and 100 percent in Lu<sup>3</sup>An.

#### *Continuous Influences of the Project<sup>25</sup>*

- **Good employment prospects after training**, with 376,568 trainees finding jobs within six months after taking part in training (85.86 percent of them were from rural areas).
- **Well-targeted training**, with over 80 percent finding jobs related to their majors within six months.
- **Although there is still room for improvement, the wage level immediately after training improved.** Monthly average wage of trainees (within six months of getting

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<sup>25</sup> The data is based on findings from an evaluation study conducted by the central government comparing graduates from project schools and non-project schools. The methodology used for this study was not appropriate and therefore the findings of this study were not referenced in the ICR.

the job) among those trained for one year who found jobs within six months in Weifang and Maanshan was the highest (CNY 3,000) and that in Binzhou was the lowest (CNY 2,300); the monthly average wage of rural laborers in Shou County was the highest (CNY 2,820) and that in Guyuan was the lowest (CNY 2,200).

8. China Renmin University was contracted to evaluate the impact of the project and to collect data of graduates of non-project schools concerning training and employment. The effect of the project comparing graduates from project schools with those from non-protect schools is listed below:

- **Direct effect of training:** 19.3 percent more graduates obtained vocational qualification certificates; more graduates were satisfied in terms of ‘professional curriculum design of training’ and ‘opportunity and content of field training’.
- **Feedback on employment:** 9 percent more graduates found a job matching their major for their initial employment and current employment; 7 percent and 9.2 percent more graduates considered training as either very useful or useful for their initial and current employment, respectively.
- **Wage and hours:** Project school graduates received hourly wages which were 23.5 percent higher and worked 1.635 days more per month and 0.679 hours less per day on their initial job and on average worked 2.898 days more per month and 0.31 hours less per day in their current job.
- **Rights protection:** 24.9 percent more signed a labor contract for their initial employment and 14.9 percent more participated in all social insurance types in their initial jobs. More graduates from project schools also enjoy the benefits of social insurance in their current employment.

## **VI. Experience and Influences of the Project**

9. During project implementation, the following teams and committees played key roles in ensuring effective implementation of the project: project guiding committee, project leading group, external expert group, the project monitoring organization, and each of the leaders from the Department of Planning and Finance World Bank Office.

### ***Project Experience***

- **Project design and organization are key.** The implementation was in accordance with the project task outline, guaranteeing the completion of project with agreed quality and quantity.
- **Structured project supervision guaranteed project success.** To standardize project operation, the CPMO issued multiple guidelines and established strict supervision, account rendering, withdrawal, and bid invitation processes and formed an unimpeded project management information network, laying a solid foundation for success.
- **The Bank project management and operational guidelines are an important basis for success.** A monitoring system was established at the beginning tracking progress in a timely manner. The project was executed in accordance with the planned task outline and the Bank Project Implementation Manual was followed earnestly.

### ***Main Influences***

10. The project had an impact on the project itself, China’s project management, and the Bank.

11. **The project had significant effects on China’s migrant worker management, training, and skills development and on migrant worker protection.**

12. **The project significantly enhanced the hardware of project schools**, including infrastructure and labs and created conditions to strengthen trainees’ practical skills and school curriculum.

13. **Study tours helped improve management capacity of HR and Social Security Departments**, which are expected to remain for a long period.

14. **Research findings on public employment services promoted policy improvements:**

- Notice of the MOHRSS and the MOF on Related Issues in Further Improving Public Employment Services System
- Opinions of the State Council on Further Implementing Services for Migrant Workers (State Council Notice [2014] No. 40)
- Notice of the MOF and the MOHRSS on Related Issues in Carrying out Employment Special Fund Performance Assessment Pilot (C.S. [2012] No. 17)
- Opinions of the State Council on Further Implementing Services for Migrant Workers (State Council Notice [2014] No. 40)

15. **Development of curriculum and digital teaching materials** resulted in 68 training packages, with some of those piloted in three technical schools receiving positive feedback.

16. **The project promoted effective management, standardized processes, and strengthened assessments of HR and Social Security Departments at all levels.** Despite some conflicts encountered during the implementation concerning management concepts and operational flow, complicated Bank procedures, objective setting, the project’s management, and effect assessment were worth learning and referring to. The project strengthened management of each department.

17. **Improving the Bank’s project management.** The Bank also made adjustments in processes not suitable for China. It is fair to say that management ideas and methods of the Chinese also have a profound influence on project management and operation of the Bank.

## **VII. Problems and Suggestions**

### ***Problems and Shortcomings***

- **Need more efficient project management.** Implementation was delayed due to the government reorganization and to the complex Bank fiduciary processes. Government reorganization resulted in personnel changes at all levels. The turnover of staff working on procurement at the central and provincial levels caused delays and problems in quality.
- **Project operation procedures must be optimized to accelerate project implementation.** All project units considered the Bank’s review procedures logical, standardized, and rigorous. However, these procedures slowed down approvals, execution, and procurement. As a result, timelines were missed and the project could not achieve its maximum potential impact.
- **Slow procurement processes.** Delays caused IT device specifications to be out of date and rigid procurement rules resulted in some devices no longer meeting training



needs.

- **Improvements required in coordination of project monitoring and labor market management.** The project set high standards for monitoring of training and employment services. However, the statistical department failed to gather complete data. Impact evaluation could not be implemented due to delays in project implementation.

#### *Relevant Suggestions*

- **Optimize Bank procedures by balancing control and efficiency.** Bank procedures such as prior reviews were loaded with trivial details and were not appropriate for China. The Bank should revise the procedures to ensure strict financial management and efficiency for smooth implementation.
- **Train staff to improve project management** by hiring experts to address staff shortages, urging provinces to train staff on Bank project operations, standardizing processes, ensuring quality and efficiency, and training project managers on procurement and financial management.
- **Fully utilize and sustain the training platform developed by the project.** The platforms introduced or strengthened by the project that should be sustained include in-service training and collaboration with enterprises; government incentive mechanism; the government's guiding role in migrant worker training; the migrant worker rights protection; and inclusion of rural migrants in the government's vocational training financial subsidies.
- **Strengthen migrant worker onboarding and enterprise development training** by combining migrant worker skills training and business start-up. Move toward longer and higher technical skills training so that migrant workers can transform their employment.
- **Strengthen employment services** by strengthening the policy environment and employment services, promoting smooth labor mobility, and unifying labor markets for HR development, law enforcement, contract signing, and safeguarding migrant worker rights and interests.

### **VIII. Project Promotion and Application**

18. The following outputs must be further disseminated to sustain the project impacts:

- **Continue research for policies development,** sustaining initiatives such as the green channel system for priority handling of migrant worker labor disputes; scaling up the 'labor wage negotiation system' to prevent labor disputes; the adjustment of regional minimal wage standards; strengthening new-generation migrant workers' vocational training; and strengthening the training functions of skills master studios.
- **Promote training resource packages developed by the project** which cultivated a combined online and field training. The training package should be applied nationwide, establish digital resource development sites, and provide resource sharing and allocation services for digital vocational training resources.
- **Scale up Ningxia's training vans** in mountainous areas like Xinjiang, Tibet, and Guizhou.
- **Adopt Anhui's migrant worker skills training to support business start-up.**
- **Adopt project implementation, monitoring, and assessment of Bank projects.** Each office should reinforce project demonstration, capital use, and process monitoring and impact evaluation to ensure objectives are met for government projects.

**Table 7.1. Summary of Equipment Financed by the Project**

Procurement Method	No.	Category	Quantity	Amount in CNY, thousands	Amount in US\$, thousands
ICB	1	Business desktop computer	2,737	1,308	215
	2	Touch screen machine	5	4	1
	3	Portable computer	116	66	11
	4	PC servers (including cabinet)	30	54	9
	5	Switch (including router)	114	112	18
	6	Printer (including fax and scanning devices)	634	165	27
	7	Video projection equipment (including LED display)	193	193	32
	8	Lathe/turning equipment	493	395	65
	9	Welding equipment	942	8,310	1,367
NCB (including shopping)	10	Auto repair equipment	1,463	1,481	244
	11	Electrical and electronic equipment	4,803	1,912	314
	12	Engineering machinery and equipment	4,173	8,173	1,344
	13	Food processing and farming equipment	1,562	589	97
	14	Garment processing equipment and books	63,328	163	27
<b>Total</b>			<b>80,593</b>	<b>22,925</b>	<b>3,770</b>

**Table 7.2. Fund Usage Summary Table (As of June 30, 2015)**

Component	Loan Capital (US\$)	Used Loan Amount (US\$)	Surplus Loan Amount (US\$)	Supporting Amount (CNY)	Used Supporting Amount (CNY)
<b>MOHRSS</b>					
Component 1	2800,000.00	2,761,245.90		0.00	0.00
Component 2	500,000.00	278,736.58			
Component 3	450,000.00	318,504.46			
Component 4	1,237,500.00	1,274,552.39			
Subtotal	5,000,000.00	4,633,039.33			
<b>Anhui Province</b>					
Component 1	14,079,094.11	14,079,094.11	0.00	62,794,980.00	70,876,299.16
Component 2	668,231.96	668,231.96			
Component 3	114,934.75	114,934.75			
Component 4	100,239.18	100,239.18			
Subtotal	15,000,000.00	15,000,000			
<b>Ningxia Autonomous Region</b>					
Component 1	7,920,000.00	9,341,047.83	0.00	28,080,000.00	39,822,582.52
Component 2	802,100.00	282,272.87			
Component 3	287,700.00	211,348.89			
Component 4	964,900.00	165,330.41			
Subtotal	10,000,000.00	10,000,000			
<b>Shandong Province</b>					
Component 1	18,707,500.00	16,764,656.99	2,396,460.13	16,552,946.00	109,121,897.70
Component 2	875,000.00	692,582.88			
Component 3	0.00	0.00			
Component 4	367,500.00	196,300.00			
Subtotal	20,000,000.00	17,653,539.87			
Front-end fees	125,000.00				
<b>Total</b>	<b>50,000,000.00</b>	<b>47,286,579.20</b>	<b>2,713,420.80</b>	<b>207,427,926.00</b>	<b>219,820,779.38</b>

## **Annex 8. Comments of Cofinanciers and Other Partners/Stakeholders**

N/A

## Annex 9. List of Supporting Documents

### World Bank Documents

- Liu, Shijin, Jun Han, Klaus Rohland, Bert Hofman, Yongzhi Hou, Chorching Goh, Mara Warwick, Yupeng He, Peilin Liu, Xian Zhuo. 2014. *Urban China: Toward Efficient, Inclusive, and Sustainable Urbanization*. Washington, DC: World Bank Group.
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- Loan Agreement (Loan Number 7559-CN), Project Agreement, Grant Agreement (TF096109) for Rural Migrant Skills Development and Employment Project.
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### Studies and Assessments

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### Government of China Documents

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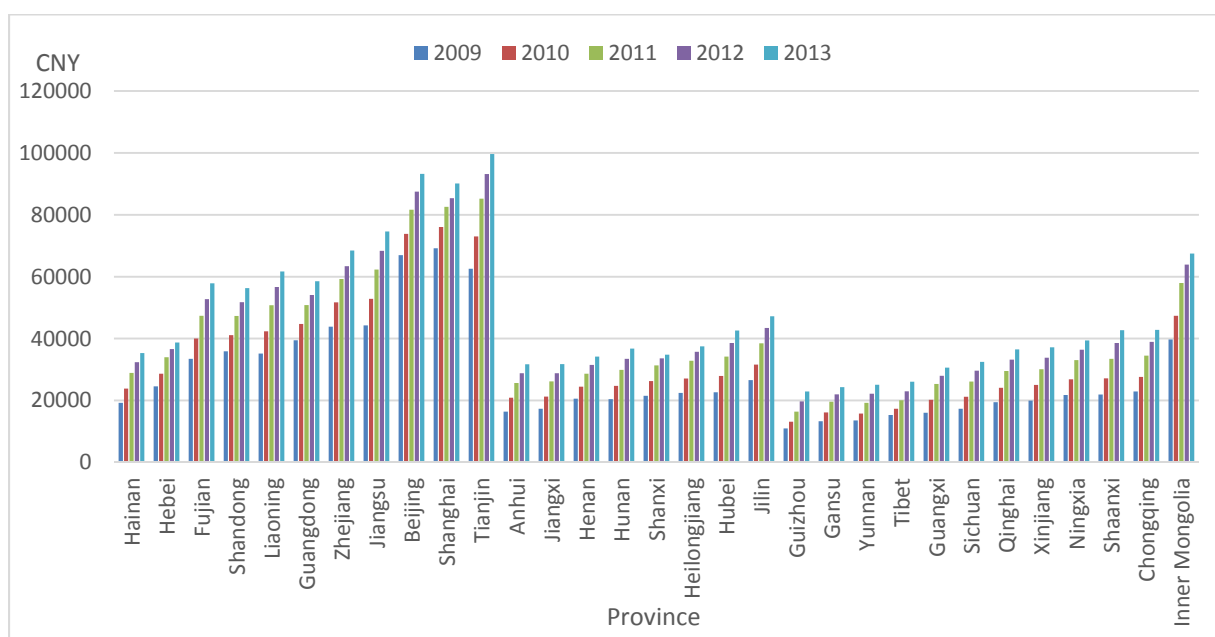
## Annex 10: The Economic and Labor Market Conditions in China between 2008 and 2014

1. The data provided in this annex is to give context to better appreciate the project outcome and intermediate outcome indicators. Since the figures are obtained from national statistical yearbooks, they are not directly comparable to the project indicators.

### *Economic Growth*

2. China experienced an impressive economic growth during the project period, and as can be seen in the figure below, per capita gross regional product grew in every province during the period. This growth was driven by market reform and urbanization (World Bank 2012).

**Figure 10.1. Per Capita Gross Regional Product 2008–2013**



### *Labor Supply and Migration*

3. A source of growth in China has been the expanding labor source owing to the demographic dividend and rising from under 600 million of working age (15–64 years) in 1980 to around 990 million in 2012 (World Bank 2013) and the rural labor surplus. Although the rural surplus labor is declining and is estimated to be depleted by 2030 (World Bank 2013), the number of rural migrants rose throughout the project period. From 2008 to 2014, at the national level, the total number of rural migrants increased by 22 percent. The proportion of women have been stable throughout the period with about a third of the migrants being women.

**Table 10.1. Number of Rural Migrants and Gender Breakdown**

	2008	2009	2010	2011	2012	2013	2014
Total rural migrants (million)	225	230	242	253	263	269	274
Male (%)	n.a.	65.1	65.1	65.9	66.4	n.a.	67
Female (%)	n.a.	34.9	34.9	34.1	33.6	n.a.	33

Source: NBS, the National Monitoring Report on Rural Migrant Workers (2009–2014).

Note: n.a - Not Available.

### ***Vocational and Technical Schools***

4. There are different types of schools managed by different agencies. The project schools are among those categorized as skilled worker schools and are managed by the MOHRSS. These schools are small in number compared to employment training centers or privately owned vocational training agencies.

**Table 10.2. Number of Schools by Type in 2012**

<b>Region</b>	<b>Skilled Worker Schools</b>	<b>Employment Training Centers</b>	<b>Private Vocational Training Agencies</b>
National	2,892	3,913	18,897
Anhui	88	117	977
Shandong	213	1,037	1,285
Ningxia	19	22	175

Source: China Labor Statistical Yearbook.

5. Considering only the skilled worker schools, allocation of resources has increased nationally as well as in the three project provinces over the years. The rate of increase in Shandong and Ningxia was comparable to the national-level increase, while resource allocation grew faster in Anhui Province.

**Table 10.3. Fund Allocation for Skilled Worker Schools - 2008–2012 (in CNY, billions)**

<b>Region</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Average Annual Growth Rate (%)</b>
National	204.4	237.3	260.4	271.5	306.1	10.61
Shandong	24.3	30.2	36.4	32.4	36.1	10.35
Anhui	3.7	5.2	5.2	5.1	6.7	15.55
Ningxia	1.4	2.4	2.1	1.4	2.1	10.47

Source: China Labor Statistical Yearbook.

6. The number of full-time teachers at the skilled worker schools in the three project provinces schools grew at a higher rate than the national average.

**Table 10.4. Number of Full-time Teachers**

<b>Region</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Average Annual Growth Rate (%)</b>
National	205,764	215,141	221,409	222,087	223,944	2.2
Shandong	21,929	22,345	24,261	24,445	26,240	4.6
Anhui	4,173	5,130	4,595	4,767	5,293	6.8
Ningxia	1,461	2,131	1,973	1,708	1,828	8.0

Source: China Labor Statistical Yearbook.

### ***Labor Demand***

7. With regard to labor demand measured by the total registered job vacancies, compared to the 7.4 percent national average annual growth, Anhui grew faster at 11.9 percent, Shandong slightly lower at 6.7 percent, while job vacancies decreased in Ningxia.

8. It is important to note that the initial assessments indicate that there is considerable difference with regard to the destinations of migrant workers from the three project provinces. The vast majority of migrants from Shandong stay in Shandong, with only 22.6 percent who migrate outside of Shandong. Their destinations include Jiangsu (4.1 percent), Beijing (3.6 percent), and Guangdong (3.3 percent). Similarly, in Ningxia, the majority finds jobs inside Ningxia and only 30.4 percent migrate outside the province. Their destinations include Inner Mongolia and Xinjiang. On the other hand, a vast majority of migrants (83.2 percent) from Anhui go outside the province, Shanghai (19.6 percent), Jiangsu (22.9 percent), and Zhejiang (25.6 percent).

**Table 10.5. Number of Registered Job Vacancies - 2008–2012**

Region	Total Registered Job Vacancies					Average Annual Growth (%)
	2008	2009	2010	2011	2012	
National	55,070,174	60,457,000	67,544,645	71,157,112	73,192,017	7.4
Anhui	1,569,731	1,959,489	2,470,030	2,604,445	2,377,935	11.9
Shandong	3,332,623	3,581,204	3,490,948	4,735,823	4,073,346	6.7
Ningxia	386,245	512,180	534,626	364,696	337,009	-0.6

Source: China Labor Statistical Yearbook.

### *Wage Levels*

9. Although nominal wage levels are lower in the western and central regions compared to the national level and the eastern region, the rate of increase over the years was higher in the central and western regions than the eastern region and at the national level. These wage levels and the increasing trend are comparable to those of the wages (and their trends) of graduates of long-term training of project schools.

**Table 10.6. Average Nominal Wage - 2008–2012 (in CNY)**

Region	2008	2009	2010	2011	2012	Average Annual Growth (%)
National	1,340	1,417	1,690	2,049	2,290	14.5
East	1,352	1,422	1,696	2,053	2,286	14.2
Central	1,275	1,350	1,632	2,006	2,257	15.6
West	1,273	1,378	1,643	1,990	2,226	15.1

### *Labor Disputes*

10. Between 2008 and 2012, the number of labor disputes at the national level slightly decreased while in all project provinces the numbers increased; there was a 14.2 percent and 15.5 percent increase in Anhui and Ningxia, respectively. The average annual change is not calculated for Shandong as the 2011 figure seems too low, giving a large rate of increase on average over the years.

**Table 10.7. Number of Labor Disputes Filed - 2008–2012**

<b>Region</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Average Annual Change (%)</b>
National	693,465	684,379	600,865	589,244	641,202	-1.7
Anhui	6,860	7,873	7,282	8,684	11,776	15.5
Shandong	48,399	44,036	38,739	6,650	34,903	–
Ningxia	1,552	2,018	2,143	2,563	2,587	14.2

*Source:* China Labor Statistical Yearbook.

11. The number of cases mediated decreased at the national level and in Shandong and Ningxia, while it increased in Anhui Province.

**Table 10.8. Changes in the Total Number of Labor Disputes Mediated - 2008–2012**

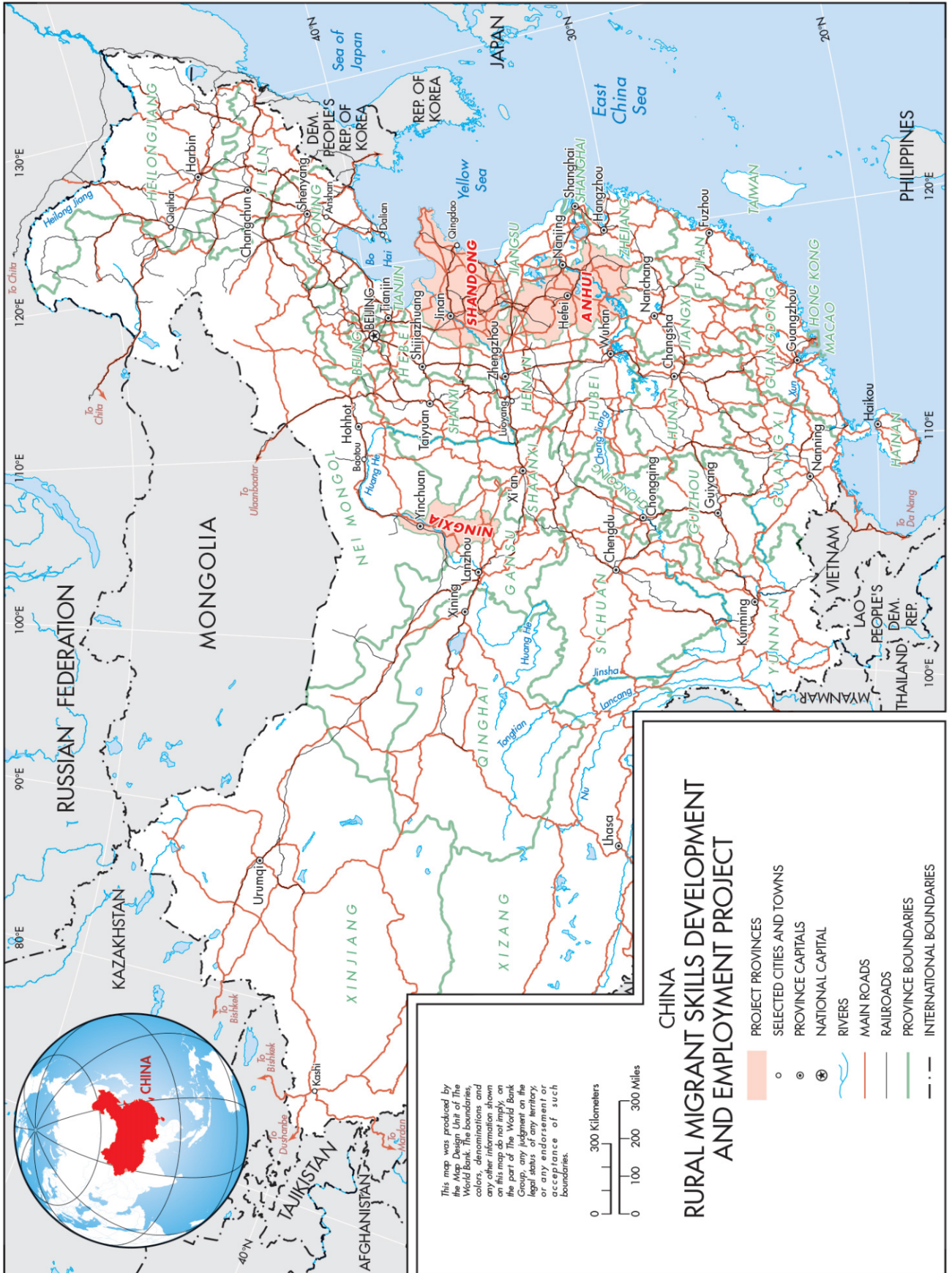
<b>Cases Mediated</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Average annual change (%)</b>
National	237,283	185,598	163,997	194,338	212,937	-1.3
Shandong	12,240	11,598	10,502	12,123	10,141	-3.9
Anhui	3,429	2,525	2,418	2,495	4,535	13.6
Ningxia	849	866	1,207	1,010	493	-6.5

*Source:* China Labor Statistical Yearbook.



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MARCH 2008