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Sustainable Employment Creation: A Strategic Concern for the Philippine Economy

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December 2009*

I. Quantity and Quality of Jobs Created as a Strategic Concern

Every planning year, the government sets various targets and the number of jobs generated is usually among one of these. However, it is not only the number of jobs that must be aimed for but also their quality. Typically, we define a job to include not only work that is full time but also those that are part time, temporary status, with low returns and even unpaid (family labour). However, the type of employment one has determines the level of development of the human person, whether he or she can get out of a poverty trap. The International Labour Organization and various trade unions have already been advocating “decent work”. Decent work involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration and the freedom for people to express their concerns, organize and participate in the decisions that affect their lives. Thus, strategically if we want a higher of human development for our citizenry, what we should aim for is to generate these kinds of work, the good quality jobs.

This short policy paper hopes to underscore the importance of tackling this job generation and employment issue as a significant concern for the country. Specifically, the paper aims to:

- update the employment situation of the country and analyze the causes of unemployment and underemployment
- recommend ways of generating sustainable employment opportunities and of improving employability of Philippine workers
- identify private sector action to address short to mid-term mismatches between supply and demand
- recommend possible institutional mechanisms to mainstream a sustainable employment creation strategy for the country

A. Unemployment and Underemployment: Perennial Woes

The most recent official labour statistics in October 2009 saw the number of the unemployment rate at 7.1% and underemployment at 19.4% (Table 1).

Table 1: Unemployment and Underemployment Rates

<i>Philippines</i>	<i>October 2009^{1/}</i>	<i>October 2008</i>
Population 15 years and over (in '000)	59,704	58,182
Labor Force Participation Rate (%)	64.0	63.7
Employment Rate (%)	92.9	93.2
Unemployment Rate (%)	7.1	6.8
Underemployment Rate (%)	19.4	17.5

Notes: ^{1/} Estimates for Oct 2009 are preliminary and may change.

^{2/} Population 15 years and over is from the 2000 Census-based population projections.

Source: National Statistics Office, 2009 (<http://www.census.gov.ph/data/pressrelease/2009/ff0903tx.html>)

Underemployment rate increased to 18.2% in January 2009 from October 2008. Its increase in April was 18.9%, in July 19.8% and in Oct 19.4%. Thus, underemployment was actually a bigger problem as many workers had no choice but to have lower quality jobs. The quality of employment can also be gleaned from the composition of the employed in terms of the class of workers. A large proportion i.e. more than 45% of the employed are unpaid family and own account workers. In terms of own account workers, around 90% are self employed. These are mostly from the informal sector.

Table 2: Class of Worker, 2009

<i>Class of Worker</i>	<i>January 09</i>	<i>Apri09</i>	<i>July 09</i>	<i>Oct 09</i>
Wage and Salary	52.3	51.9	55.3	53.6
Unpaid Family	12.3	13.6	11.6	11.9
Own Account	35.4	34.9	33.9	34.5
- Self-employed	31.3	31.1	29.5	30.5
- Employer	4.1	3.9	4.4	4.0

Source: National Statistics Office, 2009 (<http://www.census.gov.ph/data/pressrelease/2009/ff0903tx.html>)

For the past twenty years, unemployment and underemployment has haunted government bureaucrats and policy makers. Some 1.3 to 1.5 million Filipinos join the labor force every year. Despite the exodus of Filipinos to work abroad, official unemployment rates remain high by East Asian standards. Indonesia is the only other country with unemployment rates in the higher single digits as the Philippines (Table 2).

Table 3: Unemployment Rates in East Asia, 2003-2007

<i>Country</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>
China	4.3	4.2	4.2	4.1	4.0
Hongkong	7.9	6.8	5.6	4.8	4.0
Indonesia	9.5	9.9	11.2	10.3	9.1
Malaysia	3.6	3.5	3.5	3.4	3.1
Philippines*	11.3	11.8	11.5	8.0	7.3
Singapore	4.0	3.4	3.1	2.7	2.1
South Korea	3.6	3.7	3.7	3.5	3.2
Taiwan	5.0	4.4	4.1	3.9	3.9
Thailand	2.2	2.1	1.8	1.5	1.4

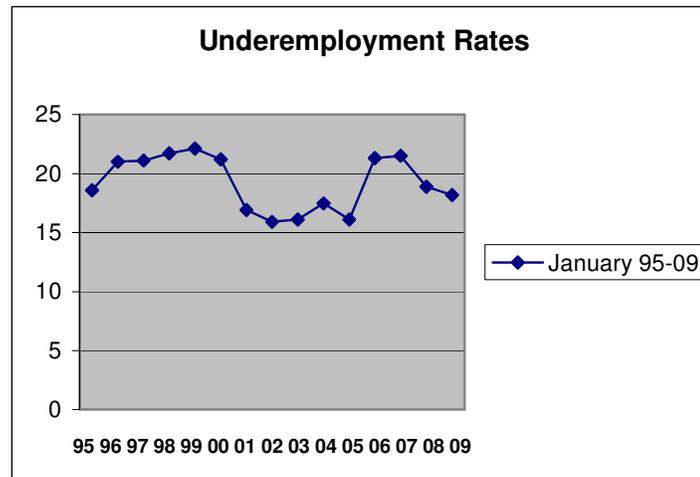
* The official definition of unemployment was changed in 2006 resulting in lower rates

Source: *ADB Outlook 2008*

A recent estimate meanwhile by the independent think-tank Social Weather Stations based on its second quarter survey in 2009 showed about 10 million unemployed, corresponding to an unemployment rate of 25.9%. These rates differ because of the difference in definitions used. The former uses the ILO definition which states that these are the people: (1) without work, (2) currently available for work, and (3) seeking work while the latter only asks whether the person is with or without work.

Official underemployment rates are seen to reflect the existence of low quality jobs and they have remained relatively high for the past fifteen years hovering from 16-22% (see figure below). This is consistent with the results of the 2008 Informal Sector Survey of the National

Statistics Office (NSO) which showed that there were about 10.5 million informal sector operators in the country with almost 90% as self employed workers. Not surprisingly, ADB researchers Hasan and Jandoc (2009) note that the share of employment in manufacturing, the sector where most quality permanent jobs are generated has been stagnant and it is the services sector that has “absorbed” the shift of employment from agriculture. The fastest-growing job type is not permanent wage employment but casual wage jobs and that there is weak growth in wages and earnings for workers in general.



It is in this context that this brief policy paper is being written. These twin problems urgently need adequate attention by the authorities if we want to lift a big percentage of our citizenry trapped in chronic poverty¹. Unemployment and underemployment of the vast majority of our citizens contribute greatly to their impoverishment. Poverty incidence among households increased from 24.4% in 2003 to 26.9% in 2006 and the number of poor families increased from 4.02 million in 2003 to 4.68 million in 2006. The headcount index increased from 30.0% in 2003 to 32.9% in 2006 and the number of poor people from 23.8 million in 2003 to 27.6 million in 2006. Self-Rated Poverty² has ranged from 50%-52% for most of 2008, peaking at 59% (estimated 10.6 million people) in the 2nd quarter. Inequality just like poverty has also been persistent over the past twenty years. This year poverty incidence for sure will further increase as the impact of economic crisis lingers on and after the devastation caused by the storms that hit the country.

Aside from high unemployment and underemployment rates, the labour market is also experiencing a high rate of overseas migration. This is a rationale response of a segment of the labour force to the unavailable supply of quality jobs in the country. A recent estimate on the stock of overseas Filipinos shows that around 8.7 million are working abroad. About 47.36% or 4.13 million are temporary workers while permanent residents account for 42.31% or 3.69 million. Irregular³ workers meanwhile comprise 10.32% of the total or .9 million.

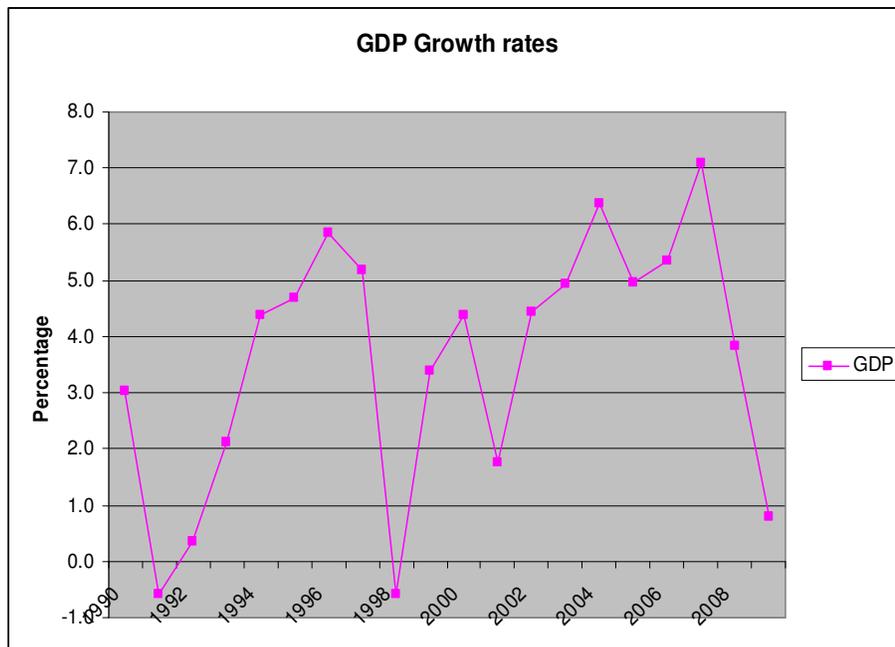
¹Recent SWS and Pulse Asia estimates show that at least 20% of the households in the country are mired in chronic poverty

² An approach measuring poverty incidence through a random survey of households (heads) which identify themselves as being poor; in the Philippines, this was pioneered by the Social Weather Stations

³ These are workers without valid visas or those who entered host countries illegally

B. The Macroeconomic Picture: Growth without Quality Jobs?

In 2007 the Philippines experienced growth of 7.1%, the highest so far since the 80s. However, more recently, growth again has gone down to 4.6% in 2008 and possibly 0.8% in 2009 (see Chart below for GDP Growth rates). The failure to sustain a high level of economic growth also explains the unavailability of jobs in the country. Without good job opportunities, people will not be able to earn incomes and are vulnerable to poverty. The working age population in the Philippines was growing by 2.6% annually from 1997 to 2008. This translates to an average of 1 million new entrants and reentrants into the labour force each year. The labour force, which numbered 23.9 million in 1997, had increased by more than 50% to 37.1 million by October 2008. This is not only due to high population growth but also to the steady increase in the participation of women in the workforce. Total labour force participation rose from only 49% in 1970 to almost 65% in 2008. Because of the boom and bust cycles of the Philippine economy in the last three decades and only moderate economic growth performance in recent years, employment opportunities have failed to keep up with this growth in the labour force.



Source: ADB Key Indicators, 2009

The share of industrial and manufacturing employment, where relatively stable and higher quality jobs are usually found, has declined over the years. The agriculture sector's share in employment also fell significantly, from 61.2% in 1960 to 51.4% in 1980 and down to 36.1% in 2007. This shows that there has been a lack of sustainable income opportunities, especially in the rural areas where most of the poor can be found. In contrast, the services sector, which is mostly urban-based and composed of informal workers, absorbed much of the labour force during the last two decades (Table 4).

Table 4: Sector Employment Shares(%)

Sector	1960	1965	1970	1975	1980	1985	1990	1995	2000	2005	2007
Agriculture	61.2	56.7	53.7	53.5	51.4	49.0	45.2	43.4	37.1	35.9	36.1
Industry	12.6	11.3	12.6	12.1	11.6	10.7	10.7	5.9	6.2	10.0	9.5
Manufacturing	12.1	10.9	11.9	11.4	10.6	9.7	9.7	10.2	10.0	9.7	9.1
Services	26.2	31.5	32.1	34.1	36.5	40.2	44.0	40.5	46.7	53.9	54.4

Source: 2002 Philippine Statistical Yearbook, 2008 ADB Key Indicators

Agriculture has been neglected in past years. Lack of certain policies, inadequate infrastructure, and institutional/governance weaknesses have decreased investor interest in improving agricultural productivity. . It is important to note that the manufacturing and industry sectors have the highest employment elasticity among the three major sectors. Lanza and Felipe (2005) estimates from 1993 to 2004 that industry has elasticity of 1.09, services, .744 and agriculture, .64. Thus with low growth in industry, generation of quality jobs remained insufficient. Jobs in agriculture and services are mixed with the so-called “low quality, unpaid type of jobs” prevalent in the informal sector.

Employment Creation: Key Factor for Poverty Alleviation and Political Stability

Policy makers and leaders from the various sectors of society probably consider unemployment and underemployment as simply part of a laundry list of problems that each government needs to solve. However, it must be highlighted that tackling this urgent concern may actually spur and sustain economic growth and development. The reason is that unemployment and underemployment have negative spillover effects not only on individuals but for society at large. For Filipinos, jobs are considered *hanap buhay* or ‘source of life’. According to Nobel laureate Amartya Sen, aside from the mere loss of income associated with unemployment and underemployment, there are other effects not entirely economic that include:

- skill loss and long-run damages to human resources: people “unlearn by not doing”; unemployment or underemployment may result into skills depreciation, loss of cognitive abilities, loss of confidence and sense of control
- loss of freedom: unemployment and underemployment constrains the choices of people with regard to various decisions affecting everyday life
- psychological harm and misery: intense suffering and mental agony sometimes resulting into loss of self-esteem and even to suicides
- ill health and mortality: unemployment and underemployment can also lead to clinically identifiable illnesses and to higher rates of mortality
- loss of human relations: disruptive of social relations and family life
- motivational loss and future work: social-psychological effects of unemployment include breeding of further unemployment in the future; transformation from being “in the labor force but unemployed” to being “out of the labor force”
- gender and racial inequality: unemployment and underemployment feeds the politics of intolerance and racism and heightens gender and age discrimination
- weakening of social values: continued unemployment and underemployment breeds cynicism about fairness of social arrangements and a perception of dependence on others; they may also increase alcohol and drug use and increased crime rates

Given such hidden costs and losses from unemployment and underemployment, government bureaucrats and policy makers need to give sufficient attention to these double labour market

headaches. One realizes that increased employment, better incomes and more quality jobs accessible to the citizenry will in turn translate to greater domestic demand and further growth plus the bonus of better social cohesion and peace and order. In the lingo of the current response to the crisis, increased domestic economic activity is critical for growth rebalancing. In addition, sustained job creation lifts the country out of the poverty trap with improved growth elasticity of poverty reduction resulting from more and better quality jobs.

C. Estimating the True “Good Quality Employment Gap”

How many jobs does the economy need to generate to be at par with our ASEAN neighbours who have at least 2-6% unemployment rate? Table 5 shows the actual employment figures.

Table 5: Current Employment Statistics

Year	Population 15 years old +	Labour Force		Employment		Unemployment	
		Persons	Rate	Persons	Rate	Persons	Rate
2005	54,799	35,494	64.8	32,875	92.6	2,619	7.4
2006	55,998	35,838	64.0	33,007	92.1	2,831	7.9
2007	56,845	35,938	63.2	33,671	93.7	2,246	6.3
2008	58,183	37,063	63.7	34,542	93.2	2,525	6.8
2009*	59,081	37,788	64.0	34,916	92.4	2,871	7.6

**for three quarters only*

Table 6 meanwhile conservatively estimates the backlog if one assumes 2-6% unemployment. We will also assume that the labour force will grow conservatively at 2%, the country’s current population growth rate. Given these assumptions, it looks like we need to generate at least 1.2 to 2.0 million jobs every year to catch up with the unemployment rates of our neighbours. If we include efforts to reduce underemployment, touted to be the bigger problem, by at least 10%, an additional 7.3 million good quality jobs must be produced. Also if we assume that all the temporary migrant and illegal workers abroad will return to work locally, this would be an additional 5 million jobs. From Table 7, the total employment gap is around 13.6 – 15.2 million good quality jobs if we want very low unemployment rates, nil underemployment and overseas employment only as a choice.

Table 6: Backlog in 2010 Given 2%, 4% and 6% unemployment* (000)

Year	Labour Force		Employment		Unemployment		Backlog	New Entrants within Backlog
	Persons	Rate	Persons	Rate	Persons	Rate		
2009*	37,788	64.0	34,916	92.4	2,871	7.6		
2010a	38,508	63.9	37,738	98.0	770	2.0	2,822	720
2010b	38,508	63.9	36,968	96.0	1,540	4.0	2,052	720
2010c	38,508	63.9	36198	94.0	2,310	6.0	1,282	720

*Assumptions: Labor Force grew 2% and participation rate is 63.9
 Backlog is 2.822 million if target unemployment rate is 2%
 Backlog is 2.052 million if target unemployment rate is 4%
 Backlog is 1.282 million if target unemployment rate is 6%

Table 7: Total Employment Gap

Target Unemployment Rate	Needed jobs to cover unemployment (million)	Needed quality jobs to cover underemployment of 19% (million)	Needed domestic jobs to cover returning overseas workers: temporary and irregular (million)	Total number of good quality jobs needed (million)
2%	2.82	7.316	5.03	15.166
4%	2.052	7.316	5.03	14.398
6%	1.282	7.316	5.03	13.628

To generate 520,000 jobs in manufacturing, it should at least expand by 10% in 2010 (assuming employment elasticity of 1 for industry and mfg). To generate 1,260,000 jobs in services, it should at least expand by 10% in 2010; at 5% growth, only 630,000 jobs (assuming employment elasticity of .7 for services) To generate 660,000 jobs in agriculture, it should at least expand by 10% in 2010 (assuming elasticity of .6 for agriculture.)⁴ A balanced 10% growth for the entire economy may yield 2.5 million jobs given these elasticity assumptions. Surely, this will not be enough for the 15 million real ‘good quality employment’ gap.

II. How can we generate more jobs for our people in the local economy?

Understanding the Critical Constraints to Sustained Economic Growth

The demand for labour is a derived demand i.e. it follows from increased demand for goods and services. Thus, any type of constraint that decreases the growth potential of the country is also a hurdle for job creation. Most of the reasons outlined below are related to critical constraints to growth of the Philippine economy. The ADB (2007) study on Philippine Critical Development Constraints uses a variety of evidence to determine the critical constraints to growth in the Philippines, among which are: a tight fiscal situation, inadequate infrastructure, weak investor confidence, and an inefficient labor market.

Many of these critical constraints are interlinked. Only when the fiscal situation sufficiently improves will the Government be in a position to allocate more resources to infrastructure investment. However, improved infrastructure alone is not enough to lower the cost of doing business and to stimulate private investment. Better infrastructure has to be accompanied by significant improvements in investor confidence, which can be done through the Government adequately addressing governance concerns by implementing initiatives aimed at reducing corruption and improving political stability.

⁴ Elasticities from Lanzona and Felipe (2005)

Removing these three constraints (e.g., tight fiscal space, inadequate infrastructure, and weak investor confidence) will result in increased private investments from domestic and foreign sources. But, to ensure that growth can be sustained at a high level similar to that achieved by many Southeast and East Asian economies in recent decades, the Government will also need to address the market failures (such as information and coordination externalities) in order to encourage investments for diversifying and expanding the manufacturing sector/exports, and in upgrading the level of technology. Sustained high growth, resulting from removing the critical constraints, will create more productive employment opportunities. This is essential because insufficient and low quality employment is the most critical constraint to poverty reduction in the Philippines.

Attracting both foreign and local investors in the economy (by solving key investment constraints particularly the high cost of doing business in the country)

The country's performance in attracting both domestic and foreign investment has been relatively weak. The country's gross domestic capital formation (GDCF), the best indicator of business expansion, as a percentage of gross domestic product (GDP) has been on the decline since 2001. While in double digits, the Philippines' GDCF is still well below that of its ASEAN and East Asian peers.

In terms of Foreign Domestic Investments (FDI), the table below again shows the poor performance of the Philippines vis-à-vis our ASEAN neighbors. Because of this lack of investments, manufacturing and industry suffered lack luster growth for many years

Table 8: FDI as percent of GDP in ASEAN

FDI (percent of GDP)	2001	2002	2003	2004	2005	2006	2007	2008
Brunei Darussalam ^a	1.3	4.0	1.7	1.0	1.8	0.8	...	...
Cambodia	3.7	3.5	1.8	2.4	5.9	6.6	10.0	7.4
Indonesia	-1.9	0.1	-0.3	0.7	2.9	1.3	1.6	1.6
Lao PDR	1.4	1.4	0.9	0.7	1.0	5.4	7.9	...
Malaysia	0.6	3.2	2.2	3.7	2.9	3.9	4.5	3.6
Myanmar	...	...	...	...	...	...	...	...
Philippines	0.3	2.0	0.6	0.8	1.9	2.5	2.0	0.9
Singapore	18.2	8.2	12.5	18.2	11.6	18.1	15.0	12.5
Thailand	4.4	2.6	3.7	3.6	4.6	4.6	4.6	3.7
Viet Nam	4.0	4.0	3.7	3.5	3.7	4.0	9.8	...

Source: ADB (2009)

A study by the Asian Development Bank (2005) indicated that the poor quality of key infrastructure services, a fragile and underdeveloped financial system, and a perception that contracting and regulatory uncertainty adds to the costs of doing business which also makes investors hesitant. The surveyed firms identified corruption and macroeconomic instability as the two biggest impediments to a good investment climate in the Philippines. Electricity supply, security and regulatory uncertainty also figured prominently. The World Bank's *Doing Business* indicators showed the same concerns regarding costs, complexity, and uncertainty in contract enforcement. The World Bank viewed the Philippines as providing a less certain environment compared with Indonesia, Thailand, China, and Malaysia. The Philippines, along with Indonesia, performed significantly below the other East Asian countries in terms of corruption-related indicators.

Crafting and implementing a sound industrial policy for job creation

According to Harvard economist Dani Rodrik, a sound industrial policy is founded on a strategic collaboration between the government and the private sector with the aim of identifying where the constraints and obstacles for industrial restructuring lie and what type of interventions most likely will remove them. It should also be complementary to market forces not distortive and should maximize its contribution to growth while minimizing its risks of generating waste and rent seeking. The focus is not on policy outcomes per se but on the policy process where a venue in which public and private sector collectively solve problems in the production sphere knowing the opportunities and constraints confronted by each other.

Industrial policy applies not just to manufacturing but to other sectors as well as activities that are characterized by constant or increasing returns to scale. The state through industrial policy must also be utilized to translate successes in global integration into more productive employment and higher household incomes through the promotion of backward and forward linkages between externally related activities and the rest of the economy. (Montes and Memis, 2008).

1. Providing venues of collaboration and support for sunrise and potential industries where the country is competitive and has comparative advantage especially for highly labor intensive sectors or for those that create multiple linkages (backward and forward) in the economy.
2. Strategic Assessment of sunrise and potential industries and sectors – examining their strengths and weakness and looking at how government will be able to assist in improving the global competitiveness of such sectors in terms of basic infrastructure support to industrial clusters, market information, linkage and networking, research & development and favorable policy environment.
3. A first listing includes the eight sunrise industries identified by the National Competitiveness Council (NCC) - tourism, agri-business, IT/business process outsourcing/research & development, creative industries, mining, electronics, supply chain logistics, automotive manufacture, and health, wellness and retirement. A simple open skies policy in key airports would catalyze tourist arrivals and create job opportunities in areas surrounding the airport. This has been the experience in Clark, Pampanga and in Cambodia (Siem Reap and Phnom Penh).
4. In a 2006 workshop sponsored by the National Competitiveness Council, the foreign chambers of commerce estimated that if the country would be able to attract US\$3 billion per year, around 1 million jobs every year can be generated from the following: a) liberalizing constitutional and legal restrictions b) energy, power and biofuel sectors c) infrastructure (Subic-Batangas Transport Corridor) d) health care, retirement and tourism e) information technology and related sectors f) manufacturing and g) mining.

Helping small and medium enterprises to flourish (as they are the main generators of jobs in the country)

In the country, the lack of access to financing has severely constrained the growth of SMEs as private banks are reluctant to lend to SMEs because of their general aversion to dealing with a large number

of small accounts. Many SMEs cannot access available funds due to their limited track record, limited acceptable collateral, and inadequate financial statements and business plans. Thus any serious job creation strategy must include:

1. Access to credit and finance - Some private banks were able to overcome these challenges by providing assistance in preparing accounting records, business advice, and simplifying loan documentation and tailor fitting loans to match the borrower's cash flow.
2. Institutions to monitor and diffuse new technologies and provide technological services e.g. material testing, inspection, certification of quality, instrument calibration, establishment of repositories of technical information, patent registration, research and design, and technical training
3. Programs for the provision of information exchange to local firms to make strategic linkages with multinational corporations (MNCs) – like the Singapore model

Assisting local governments to create an adequate environment to attract and sustain investments especially labor intensive ones

1. Full support to the program of the National Competitiveness Council for the 120 “spark plug LGUs” and maximizing the emulation and spillover effects of these LGUs.
2. Institutionalize involvement of key LGU representatives in the formulation of industrial policies and job creation strategies and programmes

Development of financial markets to tap domestic savings and harness remittances into productive investments especially in local rural economies (to provide both in farm and off farm employment)

1. Creation of a variety of financial instruments that would attract savings from the middle and upper classes including remittances from OFWs which could then be channeled to various private sector initiatives especially in the rural areas.
2. Enhancement of the equity markets and open access to such by capable and efficient SMEs

Improving the capability of our workforce

Forming the young by improving the quality of basic education (primary and secondary), health and nutrition

1. Implement substantial reforms in all stages of the education and training system

Tap public-private sector partnership mechanisms to improve the quality and completion rates of primary and secondary school students.

The length of schooling must be brought at par with international norms.

Skills upgrading and training for out of school youth and those who drop out of school

1. Establish key programs to address youth unemployment

Strengthening of vocational and technical training especially for in-demand jobs and occupation

1. Technical schools must reorient their curricula to serve employer needs and requirements and address specific skills needed by industries.
2. The dual tech system is a good practice which may adopted by technical schools and their partner training institutions.

Solving labor market information and mismatch problems (through more efficient information) and labor mismatch issues (through better demand and supply coordination)

1. Institutionalize a private sector – academe-government mechanism to analyze labor market demand and supply and formulate strategies for such
2. Involve the private sector in curriculum development and agree on longer and earlier internships
3. Encourage the private sector to train people beyond their requirements through double-deduction of training expenses

Providing an explicit policy on labour migration

It is high time for the government to accept that given the current state of development of the country, Filipino workers especially the more educated ones include in their options, the choice to go abroad. An explicit labour migration policy must be established to ensure that Filipinos leaving to work abroad get quality jobs and that they are amply protected in the host countries. This should be complementary to the labour migration management programmes that the government already has through POEA and OWWA.

III. What mechanisms do we set up to be able to implement a viable employment creating economic strategy?

Institutionalization of Strategy

Mainstreaming an employment-creation strategy (jobs created must be high quality and emanating from sustainable enterprises in sectors that have huge scale and market potential and where the country has comparative advantage) in Major Development Plans from the Medium Term Philippine Development Plan (MTPDP) to the Local Development Plans (LDPs).

Regular Review of Employment Strategy

It must be ensured that any new and major economic policy or program must be reviewed for its employment impact. The President or his alter ego must assign government and private sector champions to spearhead these reviews; the government must also offer incentives for labor-intensive investments and for those that will generate high quality jobs.

A Feasible Implementing Mechanism

A multi-stakeholder mechanism (including the private sector champions) that will generate ideas for policies and programs for job creation and monitor implementation of such shall be established in coordination with the National Competitiveness Council (NCC).

Empowering LGUs

Key national agencies in cooperation with the National Competitiveness Council (NCC) shall assist the Local Government Units (LGUs) in incorporating an employment creation strategy in their Local Development Plans (e.g. Spark Plugs Project)

Strengthen the coordination of the three training and education institutions – Deped, Ched, and Tesda

There must be a well coordinated education and human resource development programme for the country and this can only be done through institutional coordination among three agencies – Deped, Ched and Tesda.

Monitoring of Indicators

Various key indicators on employment creation shall be regularly gathered and monitored (e.g. unemployment and underemployment rates, official and those privately generated like SWS; hiring and firing rates, etc.) as these are important inputs for policy and program formulation.

IV. Conclusion: Urgency in Addressing the Employment Problem

Given the continuing situation of high unemployment and underemployment in the country, there is a need for policy makers to be aware of the dire consequences of not adequately addressing this malaise. Several of our social problems have been a direct or indirect aftermath of prolonged unemployment and underemployment of many of our citizens. The main negative impact of course is a poverty trap that continues to mire almost a fifth of Filipino households.

The focus of government intervention should be the creation of stable, full-time jobs for its fast growing labor force. An important first step is the revival of the moribund manufacturing sector. It's too soon to give up on Philippine manufacturing, which has given us a lot of decent jobs in the past. A good start will be on food manufacturing - to feed a large and rising Filipino population.

Urgent action requiring more political will on the part of government will certainly be needed particularly in setting up the mechanisms to solve these twin problems. Better coordination and collaboration among key stakeholders – government, private sector and workers organizations will also be necessary for the success of any serious initiative to address these concerns.

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