

Philippine Development Forum Working Group on
Millennium Development Goals (MDGs) and Social Progress

Combating Poverty Through Creation of
Ample Decent Employment Opportunities

I. INTRODUCTION

- Policymakers in the Philippines have reached a consensus in terms of effectively bringing down poverty incidence. That is, by creating ample decent employment opportunities for its economically active workforce.
- The Medium Term Philippine Development Plan (MTPDP): 2005-2010, the country's economic blueprint, has adopted such reflection by mounting a campaign of creating 6 to 10 million jobs within the six-year period. Chapter 9 of the Plan outline the major employment strategies that are being undertaken in order to realize such gargantuan goal, namely, support to employment generation, employment facilitation, employment preservation and employment enhancement.
- Alongside these strategies are key employment generators (KEGs) which are expected to create employment opportunities given robust economic activities in these sectors. These include: agribusiness development, tourism, cyber services health, mining overseas employment, to mention some.

II. EMPLOYMENT SITUATION as of January 2006

- Based on the January 2006 results of the Labor Force Survey (LFS), the country's employment situation improved as it grew by 2.4 percent compared to 0.3 percent growth for the same period last year.
- The agriculture and services sectors contributed to the much improved employment performance as these sectors managed to register a 4.5 percent and 2.4 percent growth, respectively. In terms of absolute terms, employment increments are notably high in the agriculture (475,000+), private households with employed persons (102,000+), wholesale and retail (85,000-) education (58,000+), real estate (44,000+), financial intermediation (37,000+), and hotels and restaurants (30,000+) sectors.
- Unemployment rate based on the new definition stood at 8.1 percent for the period Youth unemployment remained high at 18.2 percent, more than double of the national unemployment rate.
- Unemployment rate went up by 5.2 percent, reaching 21.3 percent in January 2006 from 16.1 percent in January 2005.

III. AREAS FOR COOPERATION

- *Addressing job skills mismatch.* The perennial problem of jobs skills mismatch continues to aggravate the unemployment problem of the country. The results of the recently-concluded 2006 National Manpower Summit revealed that more employment could have been generated if the country were able to produce the right kind of workers. According to industry stakeholders, bright employment prospects await jobseekers in the agribusiness, cyberservices, hotels and restaurants, medical tourism, health service, mining and aviation sectors as these sectors are expected generate 577,718 employment in 2006 alone, and nearly 700,000 employment in 2007.
- These employment prospects, however, can only be realized if the challenges besetting these sectors are addressed. Expansion in the cyber services operations in the country, for instance, require employment of large number of workers who need not be college graduate but as long as the applicant is computer savvy and proficient in English. However, the industry is currently experiencing a shortage of qualified manpower as high turn-over rate of workers, and low hiring rate, e.g., five “near hires” for every hire, plagued the industry.
- *Extending social protection to vulnerable groups.* The country's policymakers recognizes that reducing vulnerabilities goes hand in hand with the quest to eliminate poverty. Safety nets and buffers against various life's contingencies including those arising from work are necessary so as not to cultivate poverty any further. At present the Philippines has an institutionalized system of social security that caters for the most part to the so-called formal sector workers. While strides are being undertaken to extend social protection coverage to the informal sector workers who are essentially comprised of women workers, out of school youth, displaced workers and other marginal groups of workers, admittedly there still a lot to be done on this area.
- *Promoting non-adversarial modes of dispute resolution.* Highly legalistic procedures, inordinate delays and compulsory methods characterize the dispute settlement system of the country. This administration is adamant in its stance to veer away from such system by promoting alternative disputes resolution (ADR) particularly conciliation and mediation in all entries of labor disputes.
- *Creating employment opportunities in micro, small and medium enterprises and promoting entrepreneurship.* In the Philippines, MSMEs account for 99 percent of total establishments and employ about 70 percent of the labor force. The MTPDP identifies expansion in the economic activities of MSMEs as a major KEG through self-employment. This outcome can be realized if the country's SMEs are globally competitive. To do this, SMEs should have the capacity to develop and acquire technologies, and establish strategic partnership up and down their value chain. Moreover, micro-entrepreneurial and self-employment activities should be promoted as options for employed persons as well as displaced worker.